

TO: Supervisor Eddie Cullen, Chairman, Intergovernmental Relations Committee  
Members, Intergovernmental Relations Committee

FROM: Liz Stephens, Legislative Liaison

DATE: January 24, 2017

RE: January Legislative Update

I. 2017-18 Legislative Session

a. Session Overview

On Tuesday, January 2, 2017, all of Wisconsin's 99 State Representatives and 16 of Wisconsin's State Senators were sworn into office. During the 2017-18 legislative session, the State Senate will be comprised of 20 Republicans and 13 Democrats, with Republicans netting one new seat in the 2016 fall elections. The State Assembly's make up will consist of 64 Republicans and 35 Democrats, with the Republicans picking up one additional seat last fall. Legislative leadership remains largely unchanged in both houses.

Following is a list of leadership posts in both houses:

| <b>Senate Republican Leadership</b>                            | <b>Senate Democratic Leadership</b>                               |
|--|---|
| Senate Majority Leader Scott Fitzgerald (R-Juneau)             | Senate Minority Leader Jennifer Shilling (D-La Crosse)            |
| Senate Assistant Majority Leader Leah Vukmir (R-Brookfield)    | Senate Assistant Minority Leader Janet Bewley (D-Ashland)         |
| Senate President Roger Roth (R-Appleton)                       | Senate Democratic Caucus Chair Mark Miller (D-Monona)             |
| Senate President Pro Tempore Howard Marklein (R-Spring Green)  | Senate Democratic Caucus Vice-Chair Janis Ringhand (D-Evansville) |
| Senate Republican Caucus Chair Sheila Harsdorf (R-River Falls) |   |
| Senate Republican Caucus Vice-Chair Van Wanggaard (R-Racine)   |   |

| <b>Assembly Republican Leadership</b>                    | <b>Assembly Democratic Leadership</b>                              |
|--|--|
| Speaker Robin Vos (R-Rochester)                          | Democratic Leader Peter Barca (D-Kenosha)                          |
| Speaker Pro Tempore Tyler August (R-Lake Geneva)         | Assistant Minority Leader Dianne Hesselbein (D-Middleton)          |
| Majority Leader Jim Steineke (R-Kaukauna)                | Democratic Caucus Chair Mark Spreitzer (D-Beloit)                  |
| Assistant Majority Leader Robert Brooks (R-Saukville)    | Democratic Caucus Vice-Chair Steve Doyle (D-Onalaska)              |
| Republican Caucus Chair Daniel Knodl (R-Germantown)      | Democratic Caucus Secretary Beth Meyers (D-Bayfield)               |
| Republican Caucus Vice-Chair Romaine Quinn (R-Rice Lake) | Democratic Caucus Sergeant at Arms Christine Sinicki (D-Milwaukee) |

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|---|--|
| Republican Caucus Secretary Jessie Rodriguez (R-Oak Creek)    |  |
| Republican Caucus Sergeant at Arms Samantha Kerkman (R-Salem) |  |

b. Senate and Assembly In Session

Although legislative Committees have begun holding public hearings on numerous bills, Assembly leadership has indicated it will not hold a floor session in January, and the Senate has only held one limited floor period in which it approved its rules and a TIF district modification for the Village of Oostburg. Both houses are expected to convene floor sessions in February, with project labor agreement legislation (see more below) likely to be taken up.

c. Special Session to Combat Opioid Abuse

On Thursday, Jan. 5, Governor Walker issued Executive Order 230, which convenes a special of the Wisconsin State Legislature to consider issues related to combating opioid abuse.

The Executive Order was issued shortly after the release of a report by the Governor’s Task Force on Opioid Abuse. The Task Force, co-chaired by Lt. Governor Rebecca Kleefish and Rep. John Nygren (R-Marinette), was convened in September 2016 and included representatives from health care providers, law enforcement, public health officials, tribes and state agencies. The report recommends various legislation, administrative, and private sector action to combat opioid abuse.

The Governor is expected to introduce 11 pieces of legislation as part of the Special Session, including:

- Permit certain school personnel - such as school nurses – to administer an opioid antagonist to students who overdose at school.
- Permit the University of Wisconsin’s Office of Educational Opportunity to create recovery charter school for students requiring in-patient care.
- Extend limited immunity for certain criminal prosecutions to individuals who overdose.
- Annually train 20 recovery specialists to serve at substance abuse and peer support sites.
- Dedicate \$2 million to allow up to 25 hospitals with high rates of drug overdose to hire in-house recovery coaches, including \$500,000 to support these coaches and peer specialists in community corrections settings.
- Authorize the expenditure of \$2 million to fund new medically assisted treatment centers.
- Create an Addiction Treatment & Recovery Hotline, staffed by trained specialists, to connect individual to addiction resources in their region.
- Increase funding for drug courts.
- Create a director-level position in the Secretary’s office at DHS to develop the statewide needs assessment and strategic plan to fight against addiction.
- Permit the civil commitment of persons addicted to opioids.
- Create four new Department of Justice criminal investigation positions and provide funding.

The precise timing of the Special Session remains unknown; however, it is widely expected that the Assembly will take action on the package prior to the Senate.

d. Other Session Priorities

There is one scheduled floor period in February and two in March during which time it is expected that numerous legislative priorities will be considered.

In addition, the Governor and legislative leaders in both houses have expressed their intent to advance various proposals during the legislative session, many of which have not yet been introduced, including:

- Senate Bill 3/Assembly Bill 24: Project Labor Agreements. The bills prohibit state and local governments from engaging in the following activities related to procurement activities or public works contracts: 1) requiring that a bidder enter into an agreement with a labor organization; 2) considering, when awarding a contract, whether a bidder has or has not entered into an agreement with a labor organization; or, 3) requiring that a bidder enter into an agreement that requires that the bidder or bidder's employees become or remain members of a labor organization or pay any dues or fees to a labor organization. Both bills have had a public hearing.
- Pursue waivers from the federal Department of Health Services (DHS) to expand drug testing requirements for public assistance beneficiaries and to implement Medicaid block grant funding.
- Seek federal authorization for tolling on interstate highways.
- Eliminate all remaining prevailing wage requirements.
- Allow the use of CBD oil (marijuana extract) for medical purposes.

e. Proposals Affecting Milwaukee County

In addition to the general proposals described above, several proposals having a specific impact on Milwaukee County or in which Milwaukee County officials have expressed interest, have been introduced or are circulating for co-sponsorship, including:

- LRB-1383: Mass Transit Fares (Allen, Scott). This bill requires urban mass transit systems to recover a minimum percentage of system operating expenses from passenger fares as a condition of receiving state aid as follows: 18 percent in 2018; 20 percent in 2019; 22 percent in 2020; and 25 percent in 2021 and thereafter. According to the Legislative Fiscal Bureau, Milwaukee County receives 36.7% of its revenue from fares; however, unexpected settlement agreements arising out of litigation and possible federal stimulus funds could affect the ratio of fares to other funding sources. There is currently no Senate companion bill.
- LRB-0808: Lead Testing (Johnson, La Tonya). This bill requires that a landlord conduct a test for lead for each water supply or plumbing system serving a premises prior to entering into a rental agreement with a prospective tenant for that premises. Under the bill, the landlord must disclose the results of the test for lead and disclose whether any water supply or plumbing system serving the premises contains lead pipes or lead service lines. The bill provides that if a landlord fails to fulfill any of the obligations regarding testing, disclosure, or providing the pamphlet, the rental agreement for that premises is void and unenforceable in its entirety.
- LRB-0867: Prosecuting Prostitutes Under 18 (Billings, Jill). Under this bill, a person who is under the age of 18 may not be prosecuted for committing an act of prostitution.
- LRB-0002: Department of Children and Families Headquarters (Sanfelippo, Joe). This bill requires the Department of Children and Families to develop a plan to move DCF headquarters from the city of Madison to Milwaukee County. The bill requires DCF to include in the plan the costs of relocating the headquarters, a timeline for implementing the relocation, and a list of options for

Milwaukee County locations. The bill requires DCF to complete the plan in time for the plan to be included in DCF's 2019-21 biennial budget request.

- Request for Legislative Audit Bureau (LAB) audit of correctional supervision in Milwaukee County (Sanfelippo/Vukmir). Sen. Vukmir and Rep. Sanfelippo are circulating a letter for additional signatures which will be sent to the co-chairs of the Legislative Audit Committee requesting an audit of correctional supervision in Milwaukee County. The audit is for the adult population and asks for specifics on how Milwaukee County administers community supervision.

## II. 2017-19 Biennial State Budget

### a. Budget Introduction

The Governor has requested that a Joint Session of the Legislature be convened on Wednesday, February 8, 2017 at 4:00 p.m. in order to deliver his budget address. The Governor introduced his 2015-17 budget on February 3, 2015, so the timing is similar to past budgets. Immediately after the Governor's budget address, the legislature's Joint Finance Committee (JFC) will convene to introduce companion budget bills in both houses. Subsequent to its introduction, the Legislative Fiscal Bureau (LFB) will develop a list of the non-fiscal policy items in the budget and the Co-Chairs of the Committee will determine which of those items will be removed from the budget for introduction as standalone legislation.

It is customary that the LFB release revenue estimates in January ahead of the Governor's budget address. According to the LFB revenue estimate, which covers FY2016-17 and the 2017-19 biennium, revenue collections will be \$454.6 million (\$63.4 million in 2016-17, \$145.3 million in 2017-18, and \$245.9 million in 2018-19) higher than originally estimated by a November report issued by the state Departments of Revenue and Administration. This news is welcome as it limits the discrepancy between agency budget requests and actual revenue available.

### b. Joint Finance Committee

The Legislature's Joint Finance Committee (JFC) is charged with reviewing and modifying the Governor's proposed budget prior to advancing it to the houses. The JFC is widely considered the most powerful state budget writing committee in the country.

Few changes were made to the membership of the Joint Committee on Finance (JFC) over last session with Republicans remaining in control of the Committee by a margin of 12 to 4. On the Republican side of the aisle, Assembly Speaker Vos appointed two new members to the JFC, Reps. Mark Born (R-Beaver Dam) and Mike Rohrkaste (R-Neenah). In doing so, he removed Rep. Michael Schraa (R-Oshkosh) and filled a vacancy left by retiring Rep. Dean Knudson (R-Hudson). Senate Majority Leader Fitzgerald announced that he would retain the same membership on the Committee. Assembly Democratic Leader Barca reappointed Rep. Gordon Hintz (D-Oshkosh) and replaced Rep. Chris Taylor (D-Madison) with Rep. Katrina Shankland (D-Stevens Point). Senate Democratic Leader Shilling reappointed Sens. Lena Taylor (D-Milwaukee) and Jon Erpenbach (D-Middleton) to the Committee.

The 2017-18 membership of the Joint Finance Committee is as follows:

| <b>Senate</b>                                     | <b>Assembly</b>                                    |
|---|--|
| Senator Alberta Darling (R-River Hills), Co-Chair | Representative John Nygren (R-Marinette), Co-Chair |
| Senator Luther Olsen (R-Ripon)                    | Representative Dale Kooyenga (R-Brookfield)        |

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|--|--|
| Senator Sheila Harsdorf (R-River Falls)  | Representative Mike Rohrkaste (R-Neenah)           |
| Senator Tom Tiffany (R-Hazelhurst)       | Representative Mary Felzkowski (R-Irma)            |
| Senator Leah Vukmir (R-Wauwatosa)        | Representative Mark Born (R-Beaver Dam)            |
| Senator Howard Marklein (R-Spring Green) | Representative Amy Loudenbeck (R-Clinton)          |
| Senator Lena Taylor (D-Milwaukee)        | Representative Katrina Shankland (D-Stevens Point) |
| Senator Jon Erpenbach (D-Middleton)      | Representative Gordon Hintz (D-Oshkosh)            |

c. Anticipated Budget Issues

i. Transportation Funding

Increased funding for the state’s transportation infrastructure is expected to remain at the top of the list of contentious issues this session. The Governor has vowed to veto any tax or fee increases not offset by corresponding tax reductions in other areas of the budget. Senate Republicans have generally expressed support for the Governor’s framework while Assembly Republicans have expressed a willingness to explore “all options”, including tax increases. Prior to his resignation in December, former DOT Secretary Mark Gottlieb submitted his budget request, which included significant increases for local government programs, including General Transportation Aids and Routine Maintenance Agreements for counties to maintain state highways. That same proposal, however, included significant reductions to the majors and mega programs and included proposals to delay numerous enumerated projects.

However, subsequent to the LFB’s announcement that revenue estimates had improved, Assembly Republicans proposed a framework for increasing transportation fund revenues. Major components of the plan include providing for at least \$300 million in tax relief reforms coupled with transportation cost savings, reforms and a corresponding increase in transportation revenue to address the long-term solvency in the transportation fund. According to Speaker Vos, the \$300 million in tax relief is a starting point, while potential new revenues for the transportation fund would be capped at \$300 million.

ii. Public Assistance Reform

Governor Walker recently announced *Wisconsin Works for Everyone*, his public assistance reform package, which will be included in his 2017-19 state budget. The program proposes changes to FoodShare, on a pilot basis, to extend work requirements from able-bodied adult without children (ABAWD) to working-age able-bodied adults with school-age children. The proposed work requirements are consistent with the current requirements for ABAWD; requiring those who do not work 80 hours a month to participate in job training requirements. The package does not propose time-limits on the receipt of benefits and any sanctions for noncompliance would be partial, and only affect the adult portion of payment.

The proposal also calls for WHEDA to seek a federal waiver for HUD to pilot a work requirement for working-age able-bodied adults within the housing voucher program. The program would purportedly be paired with intensive case management and partnerships with providers of employment services.

Consistent with an earlier request from Sen. Darling, the Governor also indicated that the package would reform childcare subsidies by establishing a phase-out structure. The program would require working families to make copayments of \$1 for every \$3 they exceed the 200 percent of the Federal Poverty Limit until the family copayments reach the full cost of childcare.

The package also calls for a five-county demonstration program to help noncustodial parents find work and make child support payments. The program would make participation court-ordered for those at risk of jail time for nonpayment of support.

In addition, the package will make changes to the Medicaid Purchase Plan (MAPP) to remove the 150 percent of the Federal Poverty Limit cap. The program would require participants to show proof of paid employment, in-kind work, or participation in pre-employment programming to be eligible for additional support.

The package also includes include items to help offenders with re-entry and reduce recidivism. Specifically, the proposal includes calls to expand Windows to Work, expand vocational training thru contracts with the Technical Colleges, provide funding for two new mobile labs for in-institution technical training, dedicate a position at DWD to expand apprenticeships for inmates, expand the Opening Avenues to Reentry Success program (OARS) to five additional counties, and establish a mentorship pilot program for inmates.

Finally, the package includes two new earned-income tax credits. The first credit would be for youth aging out of the foster care system and those who exit the Supplemental Security Income (SSI) at age 18. The second is an earned-income tax credit to low-income noncustodial parents for making child support obligations.

### iii. Other Possible Budget Provisions

In addition to transportation and public assistance changes, other issues likely to be addressed by the Governor or the Legislature in the state budget include:

- Tuition tax cut for UW System schools
- Back-to-school sales tax holiday
- Assisting inmates in entering the workforce
- Increased entrance fees for state parks
- Dismantling of DNR in to two separate agencies
- Provide increases for salaries for Assistant District Attorneys
- Increased funding for broadband expansion
- Assisting veterans, people with disabilities and former drug addicted individuals in attaching to work
- Nominal changes to juvenile corrections

Other budget issues which may be addressed in the 2017-19 that may specifically affect Milwaukee County include:

- Debt collection services transferred to the state
- Local control provisions

Subsequent to the budget's introduction, and throughout the budget process, I will keep you apprised of actions of interest to and affecting Milwaukee County.