# Summary of Provisions

## January 2014 Special Session Bills

### General Fund Taxes and Property Taxes

### Workforce Development

Legislative Fiscal Bureau
January 28, 2014

# Introduction

On January 23, 2014, Governor Walker called the Legislature into special session to address two bills. The first (Assembly Bill LRB 4039 and companion Senate Bill LRB 4066), relates to general fund taxes and property taxes. The second (Assembly Bill LRB 3988 and companion Senate Bill LRB 4068), relates to funding for the Department of Workforce Development.

This document provides a summary of the provisions of each item of the special session bills.

Following this introduction are two tables. Table 1 shows a 2013-15 general fund condition statement. The condition statement reflects all bills enacted to date in this legislative session (thru 2013 Act 124), the Legislative Fiscal Bureau's January 16, 2014, revenue and expenditure estimates, and the January 2014 special session bills.

Prior to the preparation of the January 2014 special session bills, it was estimated that the gross balance in the state's general fund at the close of the 2013-15 biennium (June 30, 2015) would be $1,041.6 million. Under the special session bills, that balance would be reduced by $976.6 million to $65.0 million. Table 2 shows the fiscal effects of the provisions that account for the $976.6 million.

Following the tables is a description of the provisions of the special session bills. A description of the first bill begins on page 3. It is important to note that two items are not included in the bill, but have a significant fiscal effect that occurs under current law. One is an adjustment to the individual income tax withholding tables, which has been directed by the Governor to be implemented by the Department of Revenue. The other is transfers from the general fund to the budget stabilization fund, which would occur under current law. These two items are discussed at the end of the summary of the first bill.

The description of the provisions of the second bill (Workforce Development) begins on page 11.

# TABLE 1

## 2013-15 General Fund Condition Statement

| | 2013-14 | 2014-15 |
|---|---|---|
| **Revenues** | | |
| Opening Balance, July 1 | $759,205,000 | $618,652,900 |
| Taxes | 14,229,890,000 | 14,731,600,000 |
| Departmental Revenues | | |
| Tribal Gaming | 23,703,600 | 23,533,600 |
| Other | 576,818,000 | 535,113,000 |
| Total Available | $15,589,616,600 | $15,908,899,500 |
| **Appropriations, Transfers, and Reserves** | | |
| Gross Appropriations | $15,026,592,200 | $15,916,943,600 |
| Sum Sufficient Reestimates | -5,001,900 | -16,615,800 |
| Transfers to: | | |
| Transportation Fund | 60,877,000 | 143,837,100 |
| Veterans Trust Fund | 5,300,000 | 0 |
| Budget Stabilization Fund | 108,196,000 | 9,163,800 |
| Compensation Reserves | 78,752,200 | 133,056,500 |
| Less Lapses | -303,751,800 | -342,485,700 |
| Net Appropriations | $14,970,963,700 | $15,843,899,500 |
| **Balances** | | |
| Gross Balance | $618,652,900 | $65,000,000 |
| Required Statutory Balance | -65,000,000 | -65,000,000 |
| Net Balance, June 30 | $553,652,900 | $0 |

# TABLE 2

## 2013-15 General Fund Fiscal Effects

| | 2013-14 | 2014-15 |
|---|---|---|
| **Revenues** | | |
| Income Tax Rate Reduction | -$2,100,000 | -$96,500,000 |
| Manufacturing and Agriculture Credit | -11,300,000 | -24,000,000 |
| Historic Rehabilitation Credit | 0 | -1,000,000 |
| Research Credit | 0 | -500,000 |
| Exclusion/Credit for Income From Relocated Business | -110,000 | -140,000 |
| Effect on Property Tax/Rent Credits Due to Reduced Property Tax Levies | 0 | 2,640,000 |
| Adjust Withholding Tables | -156,500,000 | -166,100,000 |
| Total | -$170,010,000 | -$285,600,000 |
| **Appropriations, Transfers, and Reserves** | | |
| Wisconsin Technical College System Property Tax Relief Aid | $0 | $406,000,000 |
| Effect on Homestead Tax Credits Due to Reduced Property Tax Levies | 0 | -790,000 |
| Effect on Veterans and Surviving Spouses Tax Credits Due to Reduced Property Tax Levies | 0 | -1,530,000 |
| Total | $0 | $403,680,000 |
| **Transfer** | | |
| Budget Stabilization Fund | $108,196,000 | $9,163,800 |
| **Effect on General Fund Balance** | **-$278,206,000** | **-$698,443,800** |

**Biennial Effect on General Fund Balance** **-$976,649,800**

# General Fund Taxes and Property Taxes

## (LRB 4039/1 and LRB 4066/1)

## General Fund Taxes

### 1. INCOME TAX RATE REDUCTION

GPR-Tax - $98,600,000

Reduce the marginal tax rate that applies to income that falls within the bottom income tax bracket of the state's individual income tax from 4.4% to 4.0%, effective with tax years beginning after December 31, 2013, and modify employers' withholding tables to reflect the proposed rate reduction on April 1, 2014. Decrease estimated individual income tax collections by $2,100,000 in 2013-14 and $96,500,000 in 2014-15. The fiscal effect related to the revised withholding tables is reflected in a separate entry. The rate and bracket structures under current law and under the special session bills are shown below.

| Tax Year 2014 Tax Brackets | | | Tax Rates | |
|---|---|---|---|---|
| Single | Married-Joint | Married-Separate | Current Law | Special Session Bills |
| Less than $10,910 | Less than $14,540 | Less than $7,270 | 4.40% | 4.00% |
| 10,910 to 21,820 | 14,540 to 29,090 | 7,270 to 14,540 | 5.84 | 5.84 |
| 21,820 to 240,190 | 29,090 to 320,250 | 14,540 to 160,130 | 6.27 | 6.27 |
| 240,190 and Over | 320,250 and Over | 160,130 and Over | 7.65 | 7.65 |

[LRB 4039/1 and LRB 4066/1 Sections: 24 thru 26]

### 2. MANUFACTURING AND AGRICULTURE CREDIT

GPR-Tax - $35,300,000

Modify the current law procedures for claiming the manufacturing and agriculture credit so that the credit may be claimed as an offset to both the regular tax and the alternative minimum tax under the individual income tax. These provisions would apply retroactively to tax years beginning on January 1, 2013. Decrease estimated individual income tax collections by $11,300,000 in 2013-14 and $24,000,000 in 2014-15. Due to the credit's phase-in, this provision would reduce estimated individual income tax collections by $39,000,000 in 2015-16 and by $49,300,000 in 2016-17 and thereafter.

The credit was created in 2011 Act 32 and is being phased in between tax years 2013 and 2016. The credit is available to taxpayers to offset the tax on income from manufacturing and agricultural activities in Wisconsin. Currently, individual income tax provisions allow the manufacturing and agriculture credit to be used only to reduce regular tax liability.

[LRB 4039/1 and LRB 4066/1: Sections: 30, 32, 34, 9337(5), and 9437(2)]

### 3. HISTORIC REHABILITATION CREDIT

| GPR-Tax | - $1,000,000 |
|---|---|

Modify the current law procedures for claiming the state historic rehabilitation credit so that the credit may be claimed as an offset to both the regular tax and the alternative minimum tax. These provisions would first apply in taxable years beginning on January 1, 2014. Decrease estimated individual income tax collections by $1,000,000 in 2014-15.

The historic rehabilitation credit is available to natural persons based on their expenditures for preserving or rehabilitating historic properties that are owner-occupied residences. Under current law, the state historic rehabilitation credit may be used only to reduce regular tax liability under the individual income tax. Wisconsin also offers a separate historic rehabilitation credit for non-residential properties that is a supplement to the federal historic rehabilitation credit. The state supplement to the federal historic rehabilitation credit already may be claimed as an offset to both the regular tax and the alternative minimum tax under the state individual income tax.

[LRB 4039/1 and LRB 4066/1: Sections: 29, 31, 33, 35, 9337(2), and 9437(3)]

### 4. RESEARCH CREDIT

| GPR-Tax | - $500,000 |
|---|---|

Modify the current law procedures for claiming the research credit so that the credit may be claimed as an offset to both the regular tax and the alternative minimum tax under the individual income tax. These provisions would first apply to taxable years beginning on January 1, 2014. Under current law, the research credit may be used only to reduce regular tax liability under the individual income tax. Decrease estimated individual income tax collections by $500,000 in 2014-15. The research credit is based on the increase in a corporation's qualified research expenditures in Wisconsin, and may be claimed under the individual income tax by taxpayers with an ownership interest in a pass-through business.

The state also offers a research facilities credit based on the expenditures for constructing or equipping new research facilities or expanding existing research facilities. This credit may be claimed under the individual income tax as an offset only to regular tax, and not as an offset to the alternative minimum tax. A third research credit called the super research and development credit is available only to corporations and cannot be claimed on the individual income tax by taxpayers with an ownership interest in a pass-through business. 2013 Act 20 eliminated the research facilities credit and the super research and development credit beginning in tax year 2014.

[LRB 4039/1 and LRB 4066/1: Sections: 27, 33, 36, 9337(2), and 9437(3)]

### 5. NET OPERATING LOSS CARRY BACK

Specify that taxpayers are not required to carry back a net operating loss to the preceding two years if the taxpayer chooses not to do so. Specify that this provision would first apply in taxable years beginning on January 1, 2014. In addition, specify that the Department of Revenue

(DOR) may not pay interest on any overpayment of taxes resulting from the carry back of net operating losses, effective on January 1, 2014.

Prior to Act 20, Wisconsin allowed net operating losses to be carried forward for up to 15 years, but did not allow net operating losses to be carried back. Under Act 20, taxpayers are allowed to carry forward net operating losses for 20 years and carry back losses for two years, beginning with tax year 2014. The proposed change clarifies that the Act 20 provision regarding carry backs is permissive and not mandatory. These provisions would decrease estimated individual income tax collections by a minimal amount, beginning in 2014-15.

[LRB 4039/1 and LRB 4066/1 Sections: 21 thru 23, and 9337(3)&(4)]

## 6. EXCLUSION/CREDIT FOR INCOME FROM RELOCATED BUSINESS

| GPR-Tax | - $250,000 |
|---|---|

Provide that businesses that relocate to Wisconsin in 2013 may claim the business relocation exclusion or tax credit for two years, as described below.

**Individual Income Tax Exclusion**. Under current law, for taxable years beginning after December 31, 2010, and before January 1, 2014, for two consecutive taxable years beginning with the taxable year in which the claimant's business locates to this state from another state or another country and begins doing business in this state, a business may exclude any profit or loss from a trade or business, plus ordinary gain or loss on the sale of business assets, from state individual income taxes. The January 1, 2014, sunset date for the exclusion was enacted in 2013 Act 20 (the 2013-15 biennial budget)

Under the special session bills, no person could claim this exclusion for taxable years beginning after December 31, 2013, except that a claimant who is first eligible to claim an exclusion beginning after December 31, 2012, and before January 1, 2014, could claim the exclusion the following taxable year. This would allow the two-year exclusion for businesses that first qualify in 2013.

**Corporate Income Tax Credit.** Current law provides a credit against the claimant's corporate income/franchise tax liability for a business that locates to this state from another state or country, and begins doing business in Wisconsin. The credit equals the amount of tax liability after applying all other allowable credits, deductions and exclusions. The credit can be claimed for two consecutive tax years, beginning with the tax year in which the claimant relocates to Wisconsin.

Under Act 20, the relocated business credit was eliminated for tax years beginning after December 31, 2013. Act 20 also specifies that relocated business credits for taxable years that begin before January 1, 2014, may be carried forward to taxable years that begin after December 31, 2013.

The special session bills would delete the current carry-forward provision for the credit, and instead specify that a claimant who is first eligible to claim a credit for taxable years beginning after December 31, 2012, and before January 1, 2014, may claim the credit in the following taxable year. This would correct a flaw in the current carry-forward statute and allow corporations that first claim the credit in 2013 to receive the credit for two years.

These provisions would reduce state income and franchise tax collections by an estimated $110,000 in 2013-14 and $140,000 in 2014-15.

[LRB 4039/1 and LRB 4066/1 Sections: 17 thru 20, 38, and 40]

**7. ELECTRONIC MEDICAL RECORDS TAX CREDIT**

Provide that the electronic medical records tax credit could not be claimed based on amounts paid after December 31, 2013, even if the taxpayer's 2013 tax year extends into calendar year 2014.

Under current law, for taxable years beginning after December 31, 2011, and before January 1, 2014, a claimant may claim an income or franchise tax credit equal to 50% of the amount the claimant paid in the taxable year for information technology hardware or software that is used to maintain medical records in electronic form, if the claimant is a health care provider. The maximum total amount of credits that can be claimed in a tax year is $10 million.

[LRB 4039/1 and LRB 4066/1 Sections: 28, 37, and 39]

**8. JOBS TAX CREDIT**

Provide that in order to claim a jobs tax credit, the claimant would have to increase employment in this state over the base year employment in this state. This provision is intended to clarify that to be eligible for a credit the business must increase employment in Wisconsin, whether by creating new jobs or relocating jobs from another state.

Under current law, among other requirements, in order to be eligible for a jobs credit, a person certified by the Wisconsin Economic Development Corporation must increase net employment in the person's business above the net employment in the person's business during the year before the person was certified.

[LRB 4039/1 and LRB 4066/1 Section: 44]

**9. SALES TAX EXEMPTIONS FOR PRINTING INDUSTRY**

Make technical modifications to sales and use tax exemptions, as created under 2013 Wisconsin Act 20, for certain items purchased by certain persons primarily engaged in commercial printing. Specify that the proposed modifications would take effect and first apply retroactively to sales made on or after October 1, 2013.

**Current Law.** Current law provides sales and use tax exemptions for certain items purchased by persons primarily engaged in commercial printing, not including screen printing or book printing, without publishing, except for gray goods; printing, or printing and binding, books or pamphlets without publishing the books or pamphlets; or performing prepress and postpress services in support of printing activities. The exemptions from the tax for the entities described above are for their purchases of:

a. computers and servers that are used to store copies of the product that are sent to a printing press; and

b. tangible personal property purchased from out-of-state sellers that are temporarily stored, remain idle, and are not used in this state for not more than 180 days and that are then delivered and used outside of this state.

These provisions took effect on October 1, 2013.

**Proposed Modifications.** Specify that the current law exemptions would, instead, be available to persons primarily engaged in, as determined by DOR, commercial printing, book printing, or support activities for printing described under the North American Industry Classification System (NAICS) codes 323111, 323117, and 323120 [The activities identified in these NAICS codes are identical to those that qualify for the exemptions under current law].

Specify that the exemption under "a." would apply to computers and servers used primarily to store copies of the product that are sent to a digital printer, a platemaking machine, or a printing press, or used primarily in prepress or postpress activities. Define "prepress activities" to include making print-ready plates, typesetting, trade binding, and sample mounting. Define "postpress activities" to include paper bronzing, die-cutting, edging, embossing, folding, gilding, gluing, and indexing. The proposed changes would clarify that the computers and servers would have to be primarily used to store copies of product and that the copies would not have to be sent directly to a printing press.

Modify the exemption under "b." to specify that, after storage in Wisconsin, the property must be delivered and used solely outside of this state.

As noted, these changes would take effect and first apply retroactively to sales made on October 1, 2013, which corresponds to the Act 20 starting date for the exemptions. According to DOR, these modifications are expected to have a minimal impact on state tax revenues.

[LRB 4039/1 and 4066/1 Sections: 42, 43, 9337(1), and 9437(1)]

## 10. HOMESTEAD CREDIT -- LOSS CARRY-BACKS

Specify that loss carry-backs must be added back in computing household income for purposes of the homestead tax credit. Under current law, loss carry-forwards are added back to the claimant's income in calculating household income. The bill would ensure that loss carry-backs are treated the same as loss carry-forwards. Specify that this change would first apply to taxable years beginning on January 1, 2014. This change would result in a minimal decrease in homestead tax credits.

[LRB 4039/1 and 4066/1 Sections: 41 and 9337(3)]

### 11. PROPERTY TAX RELIEF AID

| | |
|---|---|
| GPR | $406,000,000 |

Provide $406,000,000 in 2014-15 in a new, capped sum sufficient appropriation under the Wisconsin Technical College System (WTCS) for property tax relief aid. Require the state WTCS Board to distribute this aid to each technical college district board beginning on February 20, 2015, and annually thereafter on the third Friday in February. Provide that each district board would receive an amount calculated by: (a) dividing the district's equalized value as of January 1, 2014, by the total equalized value of all districts as of January 1, 2014; and (b) multiplying the quotient determined under (a) by $406,000,000. Provide that equalized value excludes the value of tax incremental districts. Specify that for the payment in 2016 and annually thereafter, each district board would receive the same amount as in 2015. Require the state WTCS Board to notify each district board by October 15, 2014, of the amount of aid it will receive on February 20, 2015.

[LRB 4039/1 and 4066/1 Sections: 1 thru 3, 16, and 9143(1)]

### 12. INTERACTIVE EFFECTS DUE TO REDUCED TECHNICAL COLLEGE PROPERTY TAX LEVIES

| | |
|---|---|
| GPR | - $2,320,000 |
| GPR-Tax | $2,640,000 |

Decrease estimated GPR expenditures by $2,320,000 and increase estimated individual income tax collections by $2,640,000 in 2014-15 to reflect reduced state tax credit claims resulting from lower property taxes levied by technical college districts under the changes described above. Lower property tax bills will result in smaller estimated state credits claimed under the school property tax/rent credit (-$2,640,000), veterans and surviving spouses property tax credit (-$1,530,000), and the homestead credit (-$790,000). The school property tax/rent credit is a nonrefundable tax credit, so changes in credit amounts affect individual income tax collections (lower credits result in higher tax collections). The veterans and surviving spouses property tax credit and the homestead credit are refundable tax credits and are reflected as expenditures in the state appropriation schedule (lower credits result in reduced appropriations).

### 13. REPLACE LEVY LIMIT WITH REVENUE LIMIT

Replace the current limit that applies to each technical college district's tax levy with a revenue limit that would apply to the sum of the district's tax levy and the property tax relief aid received by the district under Item #11. As under the current levy limit, tax levy would be defined to exclude taxes levied for the purpose of paying principal and interest on valid bonds and notes, other than noncapital notes issued on or after July 2, 2013. Beginning in the 2014-15 school year and for each school year thereafter, specify that no district board could increase its revenue by a percentage that exceeds the district's valuation factor. As under the current levy limit, valuation factor would be defined as a percentage equal to the greater of either: (a) zero percent; or (b) the percentage change in the district's January 1 equalized value due to the aggregate new construction, less improvements removed, in municipalities located in the district, as determined by the Department of Revenue.

Specify that the current law levy limit provisions related to excess levy, referendum approval needed to exceed the limit, and carry forward of any under levy, would be modified to apply to the proposed revenue limits.

[LRB 4039/1 and 4066/1 Sections: 2 and 4 thru 15]

## Individual Income Tax Withholding and Budget Stabilization Fund

### 14. ADJUST WITHHOLDING TABLES

| GPR-Tax | - $322,600,000 |
|---|---|

Section 71.64(9)(b) of the state statutes authorizes DOR to adjust the individual income tax withholding tables to reflect changes in tax rates, the imposition of a surtax, or statutory changes to the brackets. DOR last changed the withholding tables in October, 2009, to reflect the creation of a new top bracket and rate in 2009 Act 28 and to reflect the inflationary effects of indexing. In the past, provisions have been enacted that require DOR to make withholding adjustments or to refrain from making withholding adjustments in response to certain law changes. The bills do not contain a provision requiring DOR to modify the withholding tables, but the Governor has directed DOR to implement withholding changes beginning on or after April 1, 2014. The administration indicates that these changes will reduce estimated individual income tax collections by $156,500,000 in 2013-14 and by $166,100,000 in 2014-15.

From the taxpayer's perspective, the lower amount of withheld income taxes will be exactly offset by a decreased refund or larger payment (remittance) when the taxpayer's return is filed the following spring. However, because of timing differences in state cash flows, the withholding table changes will result in a one-time state revenue loss of approximately $322.6 million in the 2013-15 biennium.

The revenue loss in 2013-14 will occur because withholding taxes will be reduced for three months--from April through June, 2014--with no offsetting reduction in refunds (or increase in remittances) from tax year 2013.

In 2014-15, withholding taxes will be reduced for twelve months, which will be partially offset by lower refunds (and larger remittances) paid in the Spring of 2015. However, the lower refunds will reflect only nine months of reduced withholding taxes in calendar year 2014 (from April through December), which means there will be a second one-time loss in 2014-15. Beginning in 2015-16, the reduced withholding taxes will be offset by lower refunds and higher remittances during the tax filing season.

The Governor directed the DOR Secretary to implement withholding changes in a letter dated January 22, 2014. In making the changes, the letter instructs the Secretary to modify the tables to reflect the inflationary adjustments to the tax brackets and to the sliding scale standard deduction that have occurred under indexing, the tax rate and bracket modifications enacted under 2013 Act 20, and the tax rate reduction proposed in the specials session bill(s). The following table reflects the effect of each change.

**Estimated One-Time Revenue Reduction Resulting from Withholding Changes**
**($ in Millions)**

| Change Due To: | 2013-14 | 2014-15 | Biennium |
|---|---|---|---|
| Indexing | -$73.4 | -$75.1 | -$148.5 |
| Act 20 Rate & Bracket Changes | -61.7 | -68.5 | -130.2 |
| Proposed Tax Rate Change | -21.4 | -22.5 | -43.9 |
| Total | -$156.5 | -$166.1 | -$322.6 |

## 15. TRANSFER TO BUDGET STABILIZATION FUND

| GPR-Transfer | $117,359,800 |
|---|---|

Current law governing transfers from the general fund to the budget stabilization fund specifies that half of any excess of actual general fund tax revenues in a fiscal year over the amount included in the biennial budget act must be deposited into the budget stabilization fund after the close of that fiscal year. The budget stabilization fund currently has a balance of $279.3 million.

Current law further states that if a transfer to the budget stabilization fund would reduce the balance of the general fund below the required statutory reserve, then the transfer must be reduced as needed to maintain the required reserve. The statutory reserve is set at $65 million annually. For example, if the gross balance in the general fund at the end of a fiscal year was $100 million, the most that could be transferred to the budget stabilization fund would be $35 million.

Using the increased revenue projections for the 2013-15 biennium presented in the Fiscal Bureau letter dated January 16, 2014, if no changes were made to the state's budget, it is estimated that $193.2 million in 2013-14 and $249.8 million in 2014-15 would be transferred to the budget stabilization fund. Under LRB-4039/1 and 4066/1, it is estimated that $108,196,000 would be transferred in 2013-14 and $9,163,800 in 2014-15. The transfer amount in 2013-14 equals 50% of the amount by which projected general fund tax revenues 2013-14 exceed the estimate used in the biennial budget act, after consideration of the proposed tax reductions in the bill. The transfer amount in 2014-15 is the most that could be transferred and still maintain the $65 million statutory reserve.

The transfer amounts shown in this entry are not specified in the bill, but rather reflect the operation of the current law transfer provisions under the proposed changes in the bill.

# Workforce Development

## (LRB 3988/2 and LRB 4068/1)

### 1. WORKFORCE DEVELOPMENT GRANTS AND SERVICES

Transfer $32,900,000 GPR in 2013-14 and $2,500,000 GPR in 2014-15 from the Joint Committee on Finance's (JFC's) general program supplementation appropriation to the Department of Workforce Development's (DWD's) workforce training program; grants appropriation. In addition, modify the name for DWD's appropriation to be the workforce training program; grants <u>and services</u> appropriation. Require DWD, when submitting its 2015-17 agency budget request, to submit information concerning the workforce training program; grants and services appropriation as if the transfer had not been made.

Require DWD to allocate the additional $35,400,000 in the 2013-15 biennium for all of the following.

a. Grants to technical colleges for the reduction of waiting lists for enrollment in programs and courses in high-demand fields, as determined by DWD.

b. Grants for collaborative projects among school districts, technical colleges, and businesses to provide high school pupils with industry-recognized certifications in high-demand fields, as determined by DWD.

c. Grants to public and private organizations or services provided by DWD to enhance employment opportunities for persons with disabilities.

d. Administration of the grants and services listed above.

Specify that if DWD determines that the full amount of the $35,400,000 allocation will not be needed for the administration and allocation of the grants and services listed above, the Department must allocate funds for workforce training grants, as authorized under 2013 Wisconsin Act 9.

Specify that the report DWD must submit to the Governor and the JFC Co-Chairpersons by December 31, annually, pursuant to Act 9, must also include information on: (1) the extent to which waiting lists for enrollment in courses and programs provided by technical colleges in high-demand fields are reduced as a result of the grants allocated under "a"; (2) the number of high school pupils who participated in certification programs under "b"; and (3) the number of persons with disabilities who participate in employment enhancement activities under "c". Specify that, when implementing the grants, services, and administrative costs described under "a" through "d", DWD must receive and review applications for grants and prescribe the form, nature, and extent of the information that must be contained in an application for those grants. In addition, require reports from grant recipients describing how the grant monies were expended and the outcomes achieved as a result of the waiting-list reduction activities, certification program, or employment enhancement activities implemented by the grant recipient.

Pursuant to 2013 Wisconsin Act 9, DWD is provided $7,500,000 GPR in 2013-14 and 2014-15 in the newly created workforce training program; grants appropriation for the purpose of awarding grants to public and private organizations for the development and implementation of the workforce training program. Act 9 requires that an organization that receives a grant must use it for the training of unemployed and underemployed workers and incumbent employees of Wisconsin businesses. DWD is required to: (a) promulgate rules determining what criteria and procedures must be used for awarding grants; (b) prescribe what information must be included in a grant application; and (c) require reports from grant recipients describing how those monies were used. The Department is required to consult with the Wisconsin Technical College System (WTCS) Board and with the Wisconsin Economic Development Corporation (WEDC) for implementation of this program. Act 9 also requires DWD to submit a report to the Governor and to the JFC Co-Chairpersons by December 31 of each year describing the Department's activities and expenditures under the workforce training grants program, including: (1) the number of unemployed and underemployed workers and incumbent employees who participate in such training; (2) the number of unemployed workers who obtain gainful employment; (3) underemployed workers who obtain new employment; (4) incumbent employees who receive increased compensation after participating in such training; and (5) the wages earned by those workers and employees both before and after participating in such a training program.

The special session bills would create a parallel program for awarding the grants and providing the services described above. DWD would have the same authority for promulgating rules and awarding grants under this program. The proposed grants and services would be subject to similar reporting requirements as grants awarded under Act 9, and DWD would be required to consult with the WTCS Board and WEDC for implementing the grants and services described under these provisions.

On January 8, 2014, JFC retained $32,900,000 GPR in 2013-14 and $2,500,000 GPR in 2014-15 in the Committee's general program supplementation appropriation that were related to 2013-15 amounts reserved for WEDC programs and operations expenses. Joint Finance chose to retain these monies due to surplus segregated state and WEDC fund balances that existed during the 2013-15 biennium. The amount of GPR monies that would be transferred to DWD under these provisions reflects the same amount of money that the Committee chose to retain related to WEDC. As a result of these provisions and previous actions by Joint Finance, all of the funds that the Committee chose to retain related to WEDC's budget on January 8, 2014, would be reallocated for DWD grants, services, and administrative costs associated with these proposed provisions.