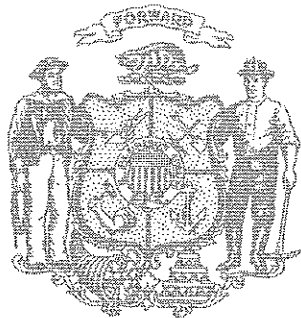


2001-03 WISCONSIN STATE BUDGET

COMPARATIVE SUMMARY OF BUDGET PROVISIONS

Enacted as 2001 Act 16

VOLUME II



LEGISLATIVE FISCAL BUREAU
DECEMBER, 2001

TABLE OF CONTENTS

Volume I

History of the 2001-03 Biennial Budget	1
Brief Chronology of the 2001-03 Budget	6
Key to Abbreviations	8
User's Guide	10
Legislative Fiscal Bureau Budget Issue Papers	12

OVERVIEW

All Funds Budget and Position Summaries

• Table 1--Appropriations and Authorizations	33
• Table 2--Comparative Summary of Appropriations and Authorizations	35
• Table 3--Total All Funds Appropriations by Agency	36
• Figure 1--All Funds Appropriations by Functional Area	38
• Figure 2--All Funds Appropriations by Purpose	39
• Table 4--All Funds FTE Positions by Agency	40
• Table 5--Full-Time Equivalent Positions by Funding Source	42
• Table 6--Comparative Summary of FTE Positions	43

General Fund Budget and Position Summaries

• Table 7--General Fund Condition Statement	45
• Table 8--Estimated General Fund Taxes	46
• Table 9--Estimated Departmental Revenues	47
• Figure 3--Estimated General Fund Revenues	48
• Figure 4--Use of General Fund Revenues	49
• Table 10--General Fund Appropriations by Agency	50
• Figure 5--General Fund Appropriations by Functional Area	52
• Figure 6--General Fund Appropriations by Purpose	53
• Figure 7--Local Assistance General Fund Appropriations	54
• Figure 8--State Operations General Fund Appropriations	55
• Figure 9--Aids to Individuals & Organizations General Fund Appropriations	56
• Table 11--Distribution of 2001-03 General Fund Appropriations	57
• Table 12--Ten Largest General Fund Programs for 2001-03	59
• Table 13--General Fund FTE Positions by Agency	60

Transportation Fund Budget

• Table 14--Transportation Fund Condition Statement	63
• Figure 10--Estimated Transportation Fund Revenues	64
• Figure 11--Transportation Fund Appropriations by Category	65

Lottery Fund Budget

- Table 15--Lottery Fund Condition Statement 67
- Figure 12--Lottery Fund Expenditures 68

GENERAL FUND TAXES

- General Fund Taxes 69
- Individual and Corporate Income Taxes 70
- Estate Tax 105
- General Sales and Use Tax 107
- Public Utility Taxes..... 117
- Excise Taxes and Regulation of Alcohol and Tobacco 122

STATE AGENCY BUDGET SUMMARIES

- Administration 135
 - General Agency Provisions 135
 - Information Technology 148
 - Land Information 151
 - Agency Services 161
 - Attached Programs 170
 - Division of Gaming 181
 - Office of Justice Assistance 204
- Adolescent Pregnancy Prevention and Pregnancy Services Board 215
- Agriculture, Trade and Consumer Protection 217
 - Departmentwide and Resource Management 217
 - Trade and Consumer Protection 231
- Arts Board 288

- Board of Commissioners of Public Lands 292
- Board on Aging and Long-Term Care 296
- Bonding Authorization 300
- Budget Management and Compensation Reserves 304
- Building Commission 313
- Building Program 316

- Child Abuse and Neglect Prevention Board 349
- Circuit Courts 352
- Commerce 365
 - Departmentwide and Economic Development 365
 - Building and Environmental Regulation 407

Corrections	428
• Departmentwide	428
• Adult Correctional Facilities	440
• Community Corrections	475
• Juvenile Corrections	483
Court of Appeals	502
District Attorneys	504
Educational Communications Board	510
Elections Board	519
Electronic Government	534
Employee Trust Funds	559
Employment Relations	575
Employment Relations Commission	579
Environmental Improvement Fund	587
Ethics Board	592
Financial Institutions	594
Forestry	641
Fox River Navigational System Authority	643
General Provisions	648
Governor	694
Health and Family Services	697
• Departmentwide and Management and Technology	697
• Medical Assistance	708
• Prescription Drug Assistance	751
• Health	767
• Care and Treatment Facilities	805
• Children and Families	817
• Community Aids and Supportive Living	839
• Family Care and Other Community-Based Long-Term Care Programs	862

Volume II

Higher Educational Aids Board	871
Historical Society	881
Insurance	886
Investment Board	898
Judicial Commission	900
Justice	901

Legislature.....	925
Lieutenant Governor.....	933
Lower Wisconsin State Riverway Board.....	935
Marquette Dental School.....	937
Medical College of Wisconsin.....	939
Military Affairs.....	941
• Agencywide.....	941
• Emergency Management.....	948
Minnesota-Wisconsin Boundary Area Commission.....	952
Miscellaneous Appropriations.....	953
Natural Resources.....	958
• Departmentwide.....	958
• Fish, Wildlife and Recreation.....	993
• Forestry and Parks.....	1019
• Water Quality.....	1037
• Air, Waste and Contaminated Land.....	1065
Personnel Commission.....	1099
Program Supplements.....	1101
Public Defender.....	1108
Public Instruction.....	1112
• General School Aids.....	1112
• Revenue Limits.....	1121
• Categorical Aids.....	1129
• Choice, Charter and Open Enrollment.....	1139
• Assessments and Licensing.....	1155
• School District Operations.....	1160
• Administrative and Other Funding.....	1168
Public Service Commission.....	1184
• Agencywide.....	1184
• Office of the Commissioner of Railroads.....	1200
Regulation and Licensing.....	1202
Revenue.....	1231
• Tax Administration.....	1231
• Lottery Administration.....	1240
Secretary of State.....	1244
Shared Revenue and Tax Relief.....	1247
• Direct Aid Payments.....	1248
• Property Tax Credits.....	1261
• Property Taxation.....	1263
• Local Revenue Options.....	1280
• Other Credits.....	1286

State Fair Park.....	1287
State Treasurer	1294
Supreme Court	1300
Technology for Educational Achievement in Wisconsin Board.....	1305
Tobacco Control Board.....	1317
Tobacco Settlement Securitization.....	1322
Tourism	1332
Transportation	1338
• Transportation Finance.....	1338
• Local Transportation Aid	1354
• Local Transportation Projects	1361
• State Highway Program.....	1372
• Motor Vehicles	1407
• State Patrol.....	1422
• Other Divisions.....	1426
University of Wisconsin Hospitals and Clinics Authority.....	1434
University of Wisconsin Hospitals and Clinics Board	1435
University of Wisconsin System	1436
Veterans Affairs	1466
• General Agency Provisions.....	1466
• Trust Fund Programs and Veterans Benefits.....	1480
• Homes and Facilities for Veterans	1486
Wisconsin Health and Educational Facilities Authority.....	1490
Wisconsin Housing and Economic Development Authority.....	1491
Wisconsin Technical College System.....	1494
Workforce Development	1502
• Departmentwide	1502
• Employment, Training and Vocational Rehabilitation Programs.....	1507
• Economic Support and Child Care	1532
• Child Support.....	1591

REPORTS AND STUDIES

Reports and Studies.....	1601
--------------------------	------

NON-FISCAL POLICY ITEMS

Non-Fiscal Policy Items.....	1609
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STATE AGENCY BUDGET SUMMARIES

Higher Educational Aids Board

Through Workforce Development

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$127,716,800	\$127,875,400	\$128,425,600	\$134,485,600	\$134,485,600	\$6,768,800	5.3%
FED	1,065,400	1,751,600	1,751,600	1,751,600	1,751,600	686,200	64.4
PR	2,361,600	2,541,700	2,541,700	2,373,400	2,373,400	11,800	0.5
SEG	<u>227,200</u>	<u>152,400</u>	<u>152,400</u>	<u>152,400</u>	<u>152,400</u>	<u>-74,800</u>	<u>-32.9</u>
TOTAL	\$131,371,000	\$132,321,100	\$132,871,300	\$138,763,000	\$138,763,000	\$7,392,000	5.6%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	12.36	12.36	12.36	12.36	12.36	0.00
PR	0.00	1.00	1.00	0.00	0.00	0.00
SEG	<u>0.64</u>	<u>0.64</u>	<u>0.64</u>	<u>0.64</u>	<u>0.64</u>	<u>0.00</u>
TOTAL	13.00	14.00	14.00	13.00	13.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget by \$16,800 GPR and -\$39,500 SEG annually for: (a) full funding of salaries and fringe benefits (\$9,400 GPR and -\$39,800 SEG annually); (b) reclassification of positions (\$5,600 GPR annually); and (c) full funding of lease costs and directed moves costs (\$1,800 GPR and \$300 SEG annually).

GPR	\$33,600
SEG	<u>-79,000</u>
Total	- \$45,400

2. BASE FUNDING REDUCTION [LFB Paper 245]

Governor/Legislature: Reduce the agency's GPR state operations appropriation by \$39,200 in each year. The total reduction amount was derived by making a reduction of 5% to this appropriation.

GPR	- \$78,400
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3. WHEG PROGRAM FOR UW STUDENTS

GPR	\$2,589,800
-----	-------------

Senate: Provide \$1,323,000 in 2001-02 and \$2,738,600 in 2002-03 to increase funding for the WHEG program for UW students by 7% annually. Total funding would increase from \$18,900,300 in 2000-01 to \$20,223,300 in 2001-02 and \$21,638,900 in 2002-03.

Under current law, the Wisconsin higher education grant (WHEG) program provides need-based grants to resident undergraduates enrolled at UW campuses, Wisconsin Technical College System (WTCS) institutions and tribal colleges. Funding for WHEG awards is provided in three separate appropriations within HEAB, one each for UW students, WTCS students and a PR appropriation for tribal college students.

Assembly: Provide \$378,000 in 2001-02 and \$763,600 in 2002-03 to increase funding for the WHEG program for UW students by 2% annually. Total funding would increase from \$18,900,300 in 2000-01 to \$19,278,300 in 2001-02 and \$19,663,300 in 2002-03.

Conference Committee/Legislature: Provide \$850,500 in 2001-02 and \$1,739,300 in 2002-03 to increase funding for the WHEG program for UW students by 4.5% annually. Total funding would increase from \$18,900,300 in 2000-01 to \$19,750,800 in 2001-02 and \$20,639,600 in 2002-03.

4. WHEG FUNDING FOR TECHNICAL COLLEGE STUDENTS

GPR	\$1,301,200
-----	-------------

Senate: Provide \$594,100 in 2001-02 and \$1,215,000 in 2002-03 to increase funding for the WHEG program for technical college students by 4.5% annually. Total funding would increase from \$13,201,900 in 2000-01 to \$13,796,000 in 2001-02 and \$14,416,900 in 2002-03.

Assembly: Provide \$264,000 in 2001-02 and \$533,300 in 2002-03 to increase funding for the WHEG program for technical college students by 2% annually. Total funding would increase from \$13,201,900 in 2000-01 to \$13,465,900 in 2001-02 and \$13,735,200 in 2002-03.

Conference Committee/Legislature: Provide \$429,100 in 2001-02 and \$872,100 in 2002-03 to increase funding for the WHEG program for technical college students by 3.25% annually. Total funding would increase from \$13,201,900 in 2000-01 to \$13,631,000 in 2001-02 and \$14,074,000 in 2002-03.

5. LINK FUNDING INCREASES TO TUITION INCREASE AT UW SYSTEM

Senate: Link annual increases in the appropriations for the Wisconsin higher education grant for WTCS students, UW System students and for minority undergraduate retention grants to the average prior year increase for resident undergraduate tuition at UW System comprehensive institutions starting in 2003-04. Effective July 1, 2003, modify these appropriations from biennial sum certain to be sum sufficient appropriations.

Conference Committee/Legislature: Delete provision.

6. TUITION GRANT PROGRAM

GPR	\$1,591,100
-----	-------------

Senate: Provide \$631,200 in 2001-02 and \$1,281,300 in 2002-03 to increase funding for the TG program by 3.0% annually. Total funding would increase from \$21,038,600 in 2000-01 to \$21,669,800 in 2001-02 and \$22,319,900 in 2002-03.

The tuition grant program provides need-based grants to resident undergraduates who attend private, nonprofit postsecondary institutions in Wisconsin.

Assembly: Provide \$420,800 in 2001-02 and \$850,000 in 2002-03 to increase funding for the TG program for private college students by 2% annually. Total funding would increase from \$21,038,600 in 2000-01 to \$21,459,400 in 2001-02 and \$21,888,600 in 2002-03.

Conference Committee/Legislature: Provide \$526,000 in 2001-02 and \$1,065,100 in 2002-03 to increase funding for the TG program for private college students by 2.5% annually. Total funding would increase from \$21,038,600 in 2000-01 to \$21,564,600 in 2001-02 and \$22,103,700 in 2002-03.

7. WISCONSIN TUITION GRANT -- MAXIMUM AWARD

Joint Finance/Legislature: Authorize the Higher Educational Aids Board to establish the maximum grant award for the tuition grant program. Permit the Board to increase the maximum grant award if the Board determines, to the best of its ability, that increasing the grant maximum would not decrease the total number of grant recipients receiving an award in the current year from the number who received an award in the previous academic year. Currently, the maximum tuition grant is statutorily set at \$2,300 annually.

[Act 16 Section: 1380m]

8. MARQUETTE DENTAL SCHOOL -- STUDENT TUITION ASSISTANCE

GPR	\$525,200
-----	-----------

Joint Finance: Provide \$175,100 in 2001-02 and \$350,100 in 2002-03 under the Higher Educational Aids Board to increase the maximum number of Wisconsin residents that qualify for tuition assistance at the dental school from 100 to 160. The funding provided assumes an additional 15 Wisconsin residents would be enrolled each year for the next four years. An additional \$175,100 in 2003-04 and \$350,100 in 2004-05 over total 2002-03 funding would be needed to fully fund the provision in the 2003-05 biennium.

Senate: Reduce funding by \$175,100 in 2001-02 and increase funding by \$144,700 in 2002-03, to: (1) reflect a delay in the effective date from 2001-02 to 2002-03 for the Joint Finance

provision that would increase the number of Wisconsin residents enrolled in the dental school that are eligible for tuition assistance from 100 to 160 residents; and (2) increase the amount of tuition assistance for Wisconsin residents enrolled in the dental school from the current level of \$11,670 per year to \$14,450 per year, beginning in 2002-03. The funding level assumes that an additional 15 Wisconsin residents would be enrolled in dental school each year over a four-year period, beginning in 2002-03.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 16 Section: 481m]

9. NURSING STUDENT LOAN PROGRAM

GPR	\$450,000
-----	-----------

Senate: Provide \$25,000 in 2002-03 for the nursing student stipend loan program and reinstate the program by deleting the current law provision prohibiting any new students from participating in the program. This program would provide need-based, forgivable loans of up to \$2,500 per year to upperclassmen resident undergraduate students who are enrolled full-time in an eligible Wisconsin institution's nursing program. The stipend loan would be forgiven at a rate of \$1,000 for each year of employment as a registered nurse in a Wisconsin hospital, nursing home or public health agency.

Require HEAB to establish a loan program to defray the cost of tuition, fees and expenses for persons enrolled in a program in the state that would lead to: (1) an associate's degree in nursing; (2) a bachelor's degree in nursing; (3) a second degree that would make the person eligible to take the nursing licensure examination; or (4) a diploma in nursing. A total of \$450,000 GPR would be provided for the program in 2002-03. The maximum loan a person could receive for a fiscal year would be \$3,000 and the maximum total amount of loans a person could receive would be \$15,000. A recipient would not be required to repay a loan while enrolled in an eligible nursing program. After the recipient of a loan completed a nursing program, HEAB would be required to forgive 25% of the loan's principal and interest for the first fiscal year, 25% of the loan's principal and interest for the second fiscal year, and 50% of the loan's principal and interest for the third fiscal year that the recipient was licensed and employed full-time in the state as a nurse. In making loans, HEAB would be required to give priority to members of minority groups and persons who reside in urban areas with unemployment rates higher than the state average. To the extent possible, loans would have to be awarded to persons with a financial need and who were likely work in the state upon completion of a degree. HEAB would promulgate rules to administer the program.

Assembly/Legislature: Provide \$450,000 in a new annual appropriation starting in 2002-03 for a nursing degree loan program. Require HEAB to establish a nursing student loan program, beginning in 2002-03, to defray the cost of tuition, fees and expenses for students enrolled in programs in Wisconsin that confer an associate degree of nursing, a bachelor's degree in nursing, a second degree in nursing or diploma of nursing. Require the Board to

provide eligible students with a maximum loan of \$3,000 per year, with a maximum loan total of \$15,000 per recipient, with no repayments during their enrollment in a program. Require HEAB to forgive 25% of the loan's principal and interest after the first full year and 25% after the second full year that the recipient is licensed and employed in Wisconsin as a nurse. Authorize the Board to forgive loans on a prorated basis for persons who are employed less than full time. Require the Board to promulgate rules to implement and administer the program.

[Act 16 Sections: 481e and 1380t]

10. ACADEMIC EXCELLENCE SCHOLARSHIP FUNDING [LFB
Paper 530]

GPR	\$124,000
-----	-----------

Governor/Legislature: Increase funding for the academic excellence scholarship program by \$62,000 annually to reflect a reestimate of the amount required to fully fund the scholarships in the 2001-03 biennium. This program provides scholarships to 12th grade students who have the highest grade point average in public and private high schools in the state.

11. RENAME THE ACADEMIC EXCELLENCE SCHOLARSHIP PROGRAM [LFB Paper
530]

Governor: Change the name of the academic excellence scholarship program to the "Governor Thompson scholarship program" and require HEAB, in any printed material or other information disseminated or otherwise distributed by the Board, to refer to the program as the "Governor Thompson scholarship program" and to refer to students who receive the award as "Governor Thompson scholars."

Senate/Legislature: Delete provision.

**12. ACADEMIC EXCELLENCE SCHOLARSHIPS FOR INTERNATIONAL BACCA-
LAUREATE SCHOLARS**

Joint Finance/Legislature: Permit the local school board of a school district operating one or more high schools or the governing body of each private high school to offer one of their academic excellence scholarships to the senior with the highest grade point average in the international baccalaureate diploma program.

Veto by Governor [A-3]: Delete provision.

[Act 16 Vetoed Section: 1381m]

13. INCREASE FUNDING FOR MINORITY UNDERGRADUATE RETENTION GRANTS PROGRAM

GPR	\$95,000
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Senate: Provide \$55,400 in 2001-02 and \$115,300 in 2002-03 to increase funding for minority undergraduate retention grants by 8.0% annually. Total funding would increase from \$693,100 in 2000-01 to \$748,500 in 2001-02 and \$808,400 in 2002-03.

Awards under the program are made to resident minority undergraduates, excluding first-year students. The student must be enrolled at least half-time at an independent college or a WTCS institution. Awards are based on financial need.

Conference Committee/Legislature: Modify Senate provision to instead, provide \$31,200 in 2001-02 and \$63,800 in 2002-03 to increase funding for the minority undergraduate retention grants by 4.5% annually. Total funding would increase from \$693,100 in 2000-01 to \$724,300 in 2001-02 and \$756,900 in 2002-03.

14. MINORITY UNDERGRADUATE RETENTION GRANT REPORT

Governor/Legislature: Require HEAB to report by November 1, 2001, and annually thereafter to DOA on the effectiveness of the minority undergraduate retention grant program. Under current law, awards under this program are made to resident minority undergraduates, excluding freshmen, enrolled at least half-time at Wisconsin Technical Colleges or private, nonprofit postsecondary institutions in the state.

[Act 16 Section: 1383]

15. MINORITY UNDERGRADUATE RETENTION GRANTS FOR FIRST-YEAR STUDENTS

Senate/Legislature: Expand the eligibility requirement for the minority undergraduate grant program to include first-year students. Currently, students who are freshmen cannot participate in the program.

Veto by Governor [A-1]: Delete provision.

[Act 16 Vetoed Section: 1382r]

16. SASI INITIATIVE

GPR	\$79,400
SEG	4,200
Total	\$83,600

Governor/Legislature: Provide \$39,700 GPR and \$2,100 SEG annually for basic desktop information technology support as part of a small agency support infrastructure (SASI) program. This support is currently provided to small agencies by DOA. The proposed funding would support user fee charges of \$2,200 per

year for each user account at the Board. The services supported include desktop applications and hardware; continuous help desk support; network infrastructure and security; centralized data storage, backup and disaster recovery; dialup service; and E-mail/messaging services.

17. INCREASE FUNDING FOR THE MINORITY TEACHER LOAN PROGRAM

GPR	\$32,900
-----	----------

Senate: Provide \$19,200 in 2001-02 and \$39,900 in 2002-03 to increase funding for the minority teacher loan program by 8% annually. Total funding would increase from \$240,000 in 2000-01 to \$259,200 in 2001-02 and \$279,900 in 2002-03.

Under current law, the minority teacher loan program provides loans at five percent interest in amounts of up to \$2,500 per year to Wisconsin resident, minority, undergraduate juniors or seniors. Recipients must be enrolled at least half-time in programs leading to teacher licensure at an independent or UW institution. A student who participates in this program must agree to teach in a Wisconsin school district in which minority students constitute at least twenty-nine percent of total enrollment or in a school district participating in the interdistrict pupil transfer program. For each year the student teaches in an eligible school district, 25% of the loan is forgiven. If the student does not teach in an eligible district, the loan must be repaid at an interest rate of 5%.

Conference Committee/Legislature: Modify Senate provision to provide \$10,800 in 2001-02 and \$22,100 in 2002-03 to increase funding of the minority teacher loan program by 4.5% annually. Total funding would increase from \$240,000 in 2000-01 to \$250,800 in 2001-02 and \$262,100 in 2002-03.

18. INCREASE FUNDING FOR TEACHER EDUCATION LOAN PROGRAM

GPR	\$25,000
-----	----------

Joint Finance: Provide \$25,000 in 2002-03 for the teacher education loan program. This program provides forgivable loans to persons enrolled in a teacher education program offered by the Milwaukee Teacher Education Center.

Senate: Provide an additional \$225,000 in 2002-03 to increase funding for the teacher education loan program.

Conference Committee/Legislature: Include Joint Finance provision.

19. REESTIMATE FEDERAL REVENUES

FED	\$686,200
-----	-----------

Governor/Legislature: Reestimate federal revenues by \$343,100 annually to reflect an anticipated increase in the amount of federal funding under the

leveraging education assistance partnership (LEAP) grant program and the special leveraging educational assistance partnership (SLEAP) grant program. In the 2001-03 biennium, the total amount received under the LEAP program is estimated at \$642,000 annually, and the amount received under the SLEAP program is estimated at \$233,800 annually. Federal monies from this program are combined with state funds under the talent incentive program (TIP).

20. MAINFRAME UPGRADE PROJECT [LFB Paper 146]

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-Lapse	\$0		\$168,300		\$168,300	
PR	\$168,300	1.00	-\$168,300	-1.00	\$0	0.00

Governor: Provide \$88,300 and 1.0 position beginning in 2001-02 and \$80,000 in 2002-03 to fund mainframe computer upgrades in a new appropriation created to receive monies transferred from other state agencies. Mainframe computer upgrades would enhance the current system's performance, bring the system up-to-date with programming technology and make it easier to adapt to future computer programming changes. Funding would come from the dissolution of the Wisconsin Advanced Telecommunications Foundation's endowment fund.

Senate/Legislature: Delete \$88,300 and 1.0 position in 2001-02 and \$80,000 in 2002-03 to fund mainframe computer upgrades.

Under the provisions of Act 16, these unallocated WATF proceeds would be used for TEACH block grants and would offset GPR expenditures for this purpose.

21. INDIAN STUDENT ASSISTANCE GRANT PROGRAM FUNDING

PR	\$7,800
----	---------

Governor/Legislature: Increase funding for the Indian student assistance grant program by \$7,800 in 2002-03. This program provides grants based on financial need to resident undergraduate and graduate students who are at least 25% Native American and who are attending an institution of higher education in the state. Funding for this program comes from Indian gaming compact receipts.

22. WHEG PROGRAM FOR TRIBAL COLLEGE STUDENTS

PR	\$4,000
----	---------

Governor/Legislature: Increase funding for Wisconsin higher education grants for tribal college students by \$4,000 in 2002-03. The program provides grants based on financial need to resident undergraduate students enrolled at least half-time attending

a tribal college in this state. Funding for this program comes from Indian gaming compact receipts.

23. STUDY ON STATE PAYMENT OF TWO YEARS OF POSTSECONDARY EDUCATION

Senate/Legislature: Require the Department of Administration to undertake a study of the development and implementation of a tuition grant program that provides state payment of two years of postsecondary education. Require DOA to include representatives from the Higher Educational Aids Board, Department of Public Instruction, UW System, the Wisconsin Technical College System and the Department of Workforce Development as part of the study team. Require DOA to submit a report on the results of the study to the Governor and the Legislature by July 1, 2002.

Veto by Governor [A-2]: Delete provision.

[Act 16 Vetoed Section: 9101(21g)]

24. REPORT ON FORGIVABLE LOAN PROGRAM FOR FARMERS

Senate/Legislature: Require HEAB to develop a program to forgive loans of students who graduate from the UW System or from the Wisconsin Technical College System and farm for a period of five consecutive years. Require HEAB to submit a report summarizing the program to the Governor and the Legislature by March 1, 2002.

[Act 16 Section: 9124(1x)]

25. STUDENT LOAN FORGIVENESS STUDY

Senate: Require HEAB, by January 1, 2002, to study and report on the cost, desirability, and effectiveness of creating a student loan forgiveness program to attract workers to the state.

Assembly: Require HEAB, by January 1, 2002, to study and report to the Legislature and Governor on the cost, desirability and effectiveness of creating a student loan forgiveness program to attract workers to the state and legislative recommendations.

Conference Committee/Legislature: Delete provision.

26. FAILURE TO REGISTER WITH THE SELECTIVE SERVICE

Assembly/Legislature: Prohibit an individual who has failed to register with the Selective Service System from access to certain state employment and state-supported student financial assistance. Under current federal law, virtually all male US citizens and male aliens living in

the US who are ages 18 through 25 must register with the system. Prohibitions include the following:

UW System. Restrict the Board from providing state-supported financial assistance to any person who has not registered, and is required to register, with the Selective Service System.

Higher Educational Aids Board. Restrict HEAB from providing any state-supported financial assistance to any person who has not registered, and is required to register, with the Selective Service System.

State Employment. Prohibit any person who has not registered, and is required to register, with the Selective Service System from obtaining the following types of state employment: (1) an original appointment to a position in the state classified service; (2) an appointment to a position in the UW System as a student assistant, as student hourly help or in a position where the employment is a necessary part of the individuals training; or (3) an appointment as a corps enrollee in the Wisconsin Conservation Corps. Specify that this provision would first apply to appointments made on the first day of the 13th month after this provision's effective date. In addition, specify that it would not be employment discrimination because of conviction record to refuse to employ in one of these positions a person who has been convicted for refusing to register with the Selective Service System and who has not been pardoned.

Specify that these provisions would take effect on the later of January 1, 2002 or the first day of the fourth month beginning after the act's effective date.

[Act 16 Sections: 1349u, 1380g, 2606m, 3061r, 3061t, 9336(2w) and 9436(2w)]

27. CLARIFY APPROPRIATION LANGUAGE

Governor/Legislature: Clarify an erroneous reference in the introduction to the agency's appropriations to correctly refer to HEAB.

[Act 16 Section: 481]

HISTORICAL SOCIETY

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	\$24,334,000	\$23,511,700	\$23,663,900	\$23,663,900	\$23,663,900	-\$670,100	-2.8%
FED	2,076,800	2,090,300	2,090,300	2,090,300	2,090,300	13,500	0.7
PR	12,554,200	11,130,200	11,210,200	11,210,200	11,210,200	-1,344,000	-10.7
SEG	<u>1,039,800</u>	<u>1,051,400</u>	<u>1,051,400</u>	<u>1,051,400</u>	<u>1,051,400</u>	<u>11,600</u>	1.1
TOTAL	\$40,004,800	\$37,783,600	\$38,015,800	\$38,015,800	\$38,015,800	-\$1,989,000	-5.0%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	139.50	139.50	139.50	139.50	139.50	0.00
FED	5.85	6.10	6.10	6.10	6.10	0.25
PR	32.80	22.72	22.72	22.72	22.72	-10.08
SEG	<u>3.25</u>	<u>3.75</u>	<u>3.75</u>	<u>3.75</u>	<u>3.75</u>	<u>0.50</u>
TOTAL	181.40	172.07	172.07	172.07	172.07	-9.33

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget by \$130,600 GPR, \$7,400 FED and 0.75 FED positions, -\$167,100 PR and -7.58 PR positions and \$5,800 SEG and 0.5 SEG positions in 2001-02 and by \$130,600 GPR, \$6,100 FED and 0.25 FED positions, -\$201,500

PR and -10.08 PR positions and \$5,800 SEG and 0.5 SEG positions in 2002-03 for: (a) removal of noncontinuing items from the base (-\$13,100 FED, -\$117,300 PR and -1.25 PR positions in 2001-02 and -\$14,400 FED and -0.5 FED position and -\$151,700 PR and -3.75 PR positions in 2002-03); (b) full funding of continuing salaries and fringe benefits (\$53,000 GPR, \$19,000 FED and 0.75 FED positions, -\$49,800 PR and -6.33 PR positions and \$5,800 SEG and 0.5 SEG positions annually); (c) reclassifications (\$33,300 GPR annually); (d) overtime (\$4,200 GPR annually); (e)

Funding Positions		
GPR	\$261,200	0.00
FED	13,500	0.25
PR	-368,600	-10.08
SEG	<u>11,600</u>	<u>0.50</u>
Total	-\$82,300	-9.33

night and weekend differential (\$10,200 GPR annually); (f) fifth week of vacation as cash (\$28,900 GPR and \$1,500 FED annually); and (g) full funding of lease costs and directed moves (\$1,000 GPR annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- \$1,051,600
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Governor: Reduce the agency's GPR state operations appropriations, excluding debt service and energy costs appropriations, by \$525,800 in each year. The total reduction amount was derived by making a reduction of 5% to these appropriations. Include session law language permitting the agency to submit an alternative plan to the Secretary of Administration for allocating the required reduction among its sum certain GPR appropriations for state operations purposes. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of Administration does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance/Legislature: Modify the Governor's recommendation to provide that the Historical Society may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reduction to other sum certain GPR appropriations for state operations made to the agency.

[Act 16 Section: 9159(1)]

3. DEBT SERVICE REESTIMATES

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$144,100	\$152,200	\$8,100
PR	- 130,200	0	- 130,200
Total	-\$274,300	\$152,200	-\$122,100

Governor: Reestimate debt service costs by -\$6,700 GPR and -\$100,200 PR in 2001-02 and -\$137,400 GPR and -\$30,000 PR in 2002-03.

Joint Finance/Legislature: Provide an additional \$61,800 GPR in 2001-02 and \$90,400 GPR in 2002-03 to reflect a reestimate of debt service costs.

4. FUEL AND UTILITY REESTIMATE

GPR	\$112,200
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Governor/Legislature: Provide \$62,500 in 2001-02 and \$49,700 in 2002-03 to reflect reestimated costs for fuel and utilities.

5. PROGRAM REVENUE REESTIMATES

PR	- \$925,200
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Governor/Legislature: Reduce funding by \$462,600 annually to reflect revenue and expenditure reestimates. The adjustments include -\$322,600 annually from admissions, sales and other receipts at historic sites, and -\$140,000 annually for interest and principal repayments.

6. POSITION TRANSFER

Governor/Legislature: Transfer 0.75 GPR position from the Division of Museum Services to the Division for Archives, Research and Library Services to more accurately reflect the position's duties.

7. PROGRAM AND APPROPRIATION CONSOLIDATION

Governor/Legislature: Consolidate the State Historical Society's appropriation structure that currently has five divisions and 59 appropriations into one division with 15 appropriations. Under the bill, the Archives, Research and Library Services Division would be repealed and renamed History Services. The separate divisions for Historic Sites, Historic and Burial Sites Preservation, Executive and Administrative Services and Museum Services would be eliminated. Appropriations under these divisions would be consolidated under the one division. Statutory language relating to the appropriations and associated funding and position authority would be modified to accommodate the consolidation. Two separate GPR appropriations for general program operations would be maintained to separate historic sites and museum services from other general program operations. The bill would also eliminate a 1999 Wisconsin Act 9 provision that required the Society to produce a CD-ROM for restoration of the state capitol, and the associated appropriation. In addition, the appropriations that provided one-time funding for the Plover heritage park and the Neenah clock tower project would be eliminated.

[Act 16 Sections: 486 thru 493, 494 thru 538, 541, 881, 979, 980, 995, 1410, 1413, 1414 and 2853]

8. HISTORICAL LEGACY TRUST FUNDS [LFB Paper 535]

PR-REV	\$40,000
PR	\$40,000

Joint Finance/Legislature: Eliminate the historical legacy program and appropriation, and transfer the unreserved balance of the historical legacy trust fund (approximately \$40,000) to the Society's appropriation for admissions, sales and other receipts. The funds would be used to provide \$40,000 in 2001-02 to fund marketing activities for Old World Wisconsin. The historical legacy trust fund

bicentennial account would remain and would continue to generate interest on the reserved \$50,000 for the state's bicentennial account.

[Act 16 Sections: 120g, 120r, 492, 539, 540, 1141g, 1141r, 1411m and 9125(1mk)]

9. NATIVE TRIBAL HISTORY PUBLICATION

PR	\$25,000
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Joint Finance/Legislature: Provide \$25,000 in 2001-02 in a new appropriation funded from tribal gaming revenues to provide funding to the Merrill Historical Society for publication of a native tribal history of the upper Wisconsin river valley. Specify that on June 30 of each year, the unencumbered balance of the appropriation would lapse to the tribal gaming receipts appropriation.

[Act 16 Sections: 493m and 891p]

10. POWER'S BLUFF COUNTY PARK

PR	\$15,000
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Joint Finance/Legislature: Provide \$15,000 in 2001-02 in a new appropriation funded from tribal gaming revenues to fund the Society's costs related to identifying unmarked American Indian gravesites at Power's Bluff County Park in Wood County. Specify that on June 30 of each year, the unencumbered balance of the appropriation would lapse to the tribal gaming receipts appropriation.

[Act 16 Sections: 493d and 891t]

11. PURCHASE OF INSTRUCTIONAL MATERIALS

Joint Finance/Legislature: Allow school districts to use moneys from the common school fund to purchase instructional materials from the Historical Society to use in teaching Wisconsin history. Under current law, income from the common school fund is distributed annually to school districts for the purchase of library books and other instructional materials for libraries.

[Act 16 Section: 1409]

12. CITY STADIUM COMMEMORATIVE PROJECT

Senate: Provide \$30,000 GPR in 2001-02 for a grant to the Greater Green Bay Area Foundation for the City Stadium Commemorative Project to commemorate the football field where City Stadium was located prior to Lambeau Field. The estimated cost of the first phase of the project is \$180,000.

Conference Committee/Legislature: Delete provision.

13. HISTORICAL SOCIETY AUTHORITY TO SET FEES

Senate: Provide statutory language that would allow the Historical Society to set fees for existing and new services and products that are not specified under current law, without promulgating rules. This would clarify that the Historical Society has the authority to set fees for its services and products that may not be specified in the statutes.

Conference Committee/Legislature: Delete provision.

INSURANCE

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
PR	\$29,241,800	\$32,202,600	\$32,151,200	\$32,151,200	\$32,151,200	\$2,909,400	9.9%
SEG	<u>138,734,800</u>	<u>153,546,100</u>	<u>153,522,500</u>	<u>153,522,500</u>	<u>153,522,500</u>	<u>14,787,700</u>	10.7
TOTAL	\$167,976,600	\$185,748,700	\$185,673,700	\$185,673,700	\$185,673,700	\$17,697,100	10.5%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
PR	120.25	121.25	121.25	121.25	121.25	1.00
SEG	<u>13.75</u>	<u>13.75</u>	<u>13.75</u>	<u>13.75</u>	<u>13.75</u>	<u>0.00</u>
TOTAL	134.00	135.00	135.00	135.00	135.00	1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 540]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	-\$1,101,800	\$0	-\$1,101,800
SEG	<u>25,000</u>	<u>-23,600</u>	<u>1,400</u>
Total	-\$1,076,800	-\$23,600	-\$1,100,400

Governor: Delete a net amount of \$538,400 (-\$550,900 PR and \$12,500 SEG) for the following: (a) turnover reduction (-\$119,100 PR annually); (b) remove noncontinuing funding (-\$765,200 PR annually); (c) full funding of salaries and fringe benefits (\$296,100 PR and \$10,000 SEG annually); (d) BadgerNet increases (\$1,800 PR annually); and (e) fifth week of vacation as cash (\$35,500 PR and \$2,500 SEG annually). In addition, transfer \$50,900 (\$16,800 PR and \$34,100 SEG) annually from unallotted reserve to supplies and services.

Joint Finance/Legislature: Reduce funding by \$11,800 SEG annually to eliminate one-time funding and to reflect the amount of ongoing segregated funds needed to support the imaging of state life insurance files (\$22,300 annually).

2. INFORMATION TECHNOLOGY -- REPLACE HARDWARE AND SOFTWARE

PR	\$1,165,600
SEG	61,000
Total	\$1,226,600

Governor/Legislature: Provide \$613,300 (\$582,800 PR and \$30,500 SEG) annually to increase funding for the scheduled replacement of the agency's current inventory of hardware and software. The bill includes \$291,400 PR annually for OCI's administrative and support services appropriation to reflect that these costs are assessed to OCI's general PR program operation budget on a charge-back basis and therefore, "double-counted" in the agency's budget.

3. RENT AND MOVING EXPENSES

PR	\$1,022,200
SEG	63,200
Total	\$1,085,400

Governor/Legislature: Provide \$381,900 (\$359,600 PR and \$22,300 SEG) in 2001-02 and \$703,500 (\$662,600 PR and \$40,900 SEG) in 2002-03 to fund moving expenses and costs associated with renting additional space. The administration anticipates that OCI will move to GEF 3, an existing state office building in Madison, in January, 2002. This item includes \$179,800 PR in 2001-02 and \$331,300 PR in 2002-03 in the agency's administrative and support services appropriation to reflect that these costs would be charged to the appropriate programs and therefore, "double-counted" in the agency's budget.

4. INFORMATION TECHNOLOGY -- PROGRAMMING SERVICES [LFB Paper 541]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$767,200	-\$42,600	\$724,600

Governor: Provide \$354,200 in 2001-02 and \$413,000 in 2002-03 to fund applications development services. The funding budgeted in the agency's general program operations budget to support these costs (\$177,100 in 2001-02 and \$206,500 in 2002-03) is equivalent to the estimated costs of supporting 3.0 state positions, beginning in 2001-02, to provide these programming services. The administration indicates that OCI would purchase these programming services from the Department of Electronic Government, which would be created in the bill. The bill would increase OCI's administrative and support services appropriation to reflect that these costs would be assessed to OCI's general PR program operations budget on a charge-back basis and therefore, "double-counted" in the agency's budget.

Joint Finance/Legislature: Modify the Governor's recommendation to: (a) provide that if the Governor's recommendation to create a new Department of Electronic Government, or

comparable proposal for the provision of centralized information technology services to state agencies is not approved, OCI would be authorized 3.0 additional programmer positions, beginning in 2001-02; (b) provide that the funding would be one-time, and that if positions are approved, they would be two-year project positions; and (c) reduce funding by \$42,600 in 2001-02 to eliminate one-time funds included in the bill for permanent property to reflect that the current contracted programming staff have equipment that could be used by new contractors or staff.

5. FINANCIAL EXAMINATIONS -- CPA ASSISTANCE AND EXAMINER TRAINING

PR	\$356,300
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Governor/Legislature: Provide \$178,500 in 2001-02 and \$177,800 in 2002-03 in one-time funding to support assistance with financial examinations and training. The bill provides: (a) \$160,000 annually for OCI to contract with certified public accounting firms to assist with financial examinations of insurance companies as new OCI staff are being trained; and (b) \$18,500 in 2001-02 and \$17,800 in 2002-03 to increase training for new and experienced examiners.

6. SEMI-AUTOMATIC PAY PROGRESSIONS

PR	\$346,500
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Governor/Legislature: Provide \$144,200 in 2001-02 and \$202,300 in 2002-03 to fund semi-automatic pay progressions and raised minimum rates for insurance financial examiners, as authorized in the latest bargaining contract and by the Department of Employment Relations (DER). Under the contract, effective December 31, 2000, insurance financial examiners are eligible for pay increases every six months, based on their seniority, up to a certain level of pay. In addition, DER has authorized increases in minimum rates to assist OCI in hiring examiners.

7. ADMINISTRATIVE SERVICES CHARGES

PR	\$133,600
SEG	<u>205,000</u>
Total	\$338,600

Governor/Legislature: Provide \$169,300 (\$66,800 PR and \$102,500 SEG) annually to fund increased costs of services provided by the Division of Administrative Services to other OCI programs. The bill provides \$66,800 PR annually to reflect pay plan adjustments for staff in the Division of Administrative Services. In addition, the bill would provide \$102,500 SEG annually to fund increases in administrative costs assessed to the patients compensation fund (\$77,200 SEG), the state life insurance fund (\$500 SEG) and the local government property insurance fund (\$24,800 SEG). OCI administrative services are provided on a charge-back basis, and are therefore, "double-counted" in the agency's budget.

8. INSURANCE EXAMINER FOR MARKET REGULATION

Funding Positions		
PR	\$86,900	1.00

Governor/Legislature: Provide \$42,900 in 2001-02 and \$44,000 in 2002-03 to support 1.0 insurance examiner position, beginning in 2001-02, for the Bureau of Market Regulation. The position would evaluate the use of the Internet in marketing, sales and customer service in the insurance industry and, to a lesser extent, help the Bureau meet increased workload relating to property and casualty insurance issues. OCI currently has 21.0 FTE insurance examiners. The funding includes \$3,100 in 2001-02 and \$600 in 2002-03 for information technology costs that are assessed to OCI's general PR program operations budget on a charge-back basis and therefore, "double-counted" in the agency's budget.

9. MEDIGAP HELPLINE [LFB Paper 542]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$69,600	-\$8,800	\$60,800

Governor: Provide \$31,600 in 2001-02 and \$38,000 in 2002-03 to increase funding for the Medigap helpline administered by the Board on Aging and Long-Term Care. The Board's staff provide information and counseling on Medicare supplemental insurance, long-term care insurance and medical assistance to persons who call the toll-free helpline. The helpline is supported from insurance revenues collected by OCI and transferred to the Board.

Joint Finance/Legislature: Reduce funding by \$4,400 annually to reflect the actual level of expenditures authorized under the bill for the Board to operate the Medigap helpline.

10. CONSUMER EDUCATION MATERIALS

PR	\$67,100
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Governor/Legislature: Provide \$33,100 in 2001-02 and \$34,000 in 2002-03 to increase funding for consumer education materials. OCI distributed over 117,400 copies of brochures, pamphlets and booklets in 1999-00. This funding is intended to enable OCI to maintain its current distribution level, develop new publications and begin developing and distributing publications in Spanish. The funding includes \$8,800 annually in postage costs which are assessed to OCI's PR general program operations appropriation on a charge-back basis and therefore, "double-counted" in the agency's budget.

11. POSTAGE

PR	\$47,600
SEG	600
Total	\$48,200

Governor/Legislature: Provide \$24,100 (\$23,800 PR and \$300 SEG) annually to fund increased postage costs resulting from the January, 2001, increases in postage rates.

12. LOCAL GOVERNMENT PROPERTY INSURANCE FUND

SEG	\$14,394,500
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Governor/Legislature: Provide \$6,141,900 in 2001-02 and \$8,252,600 in 2002-03 to reflect a reestimate of operational and contractual administrative expenses associated with the local government property insurance fund (LGPIF). The LGPIF offers property insurance for tax-supported local government property, such as government buildings, schools and libraries. The bill would provide \$6,097,400 in 2001-02 and \$8,183,800 in 2002-03 to reflect a reestimate of operational costs related to claims and loss expenses, dividend payouts, rating bureau assessments and reinsurance costs. In addition, the bill would provide \$44,500 in 2001-02 and \$68,800 in 2002-03 to fund projected increases in contractual expenses resulting from increased administrative costs, such as underwriting, rating and policy issuance, claims and loss adjustment administration and dividend distribution payouts. OCI indicates that the LGPIF is insuring more policyholders at higher replacement values, resulting in greater loss payouts and higher administrative expenses.

13. STATE LIFE INSURANCE FUND -- FINANCIAL MANAGEMENT SYSTEM

SEG	\$62,000
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Governor/Legislature: Provide \$56,000 in 2001-02 and \$6,000 in 2002-03 to purchase a new insurance financial management system for the state life insurance fund (SLIF). The SLIF provides low-cost life insurance coverage of up to \$10,000 to residents of Wisconsin. The new system is intended to address Legislative Audit Bureau recommendations that OCI perform monthly reconciliations with WISMART, comply with National Association of Insurance Commissioners mandated accounting standards and allow for a more complete set of financial records to assist in financial audits.

14. TREATMENT OF CERTAIN REVENUES [LFB Paper 543]

Governor: Specify that 90% of the revenues OCI collects to pay for: (a) expenses involved in the conversion of a domestic mutual into a stock corporation; and (b) reasonable costs incurred by OCI in employing experts to assist with industry examinations or reviews be deposited to the agency's PR general program operations appropriation. The remaining 10% of these revenues would be deposited to the general fund as GPR-earned revenues.

Current law specifies that 90% of revenue from various licenses and other fees charged by OCI, fees paid by examinees to pay for the costs of OCI examination expenses and publication sales be credited to this appropriation. However, the statutes do not make specific references to the treatment of revenues derived from these conversions or fees charged for experts to assist with industry examinations and reviews. Under current practice, OCI deposits 90% of the revenue from expert fees and 100% of the revenue it assesses to cover the cost of conversions of domestic mutuals into stock corporations to the PR general program operations appropriation. Consequently, the bill would require OCI to charge approximately 111.1% of its

expenses relating to these conversions, of which 90% would be deposited to the agency's PR general program operations appropriation to fund 100% of the agency's expenses relating to the conversion.

Joint Finance/Legislature: Modify the Governor's recommendation to specify that 90% of revenues that OCI collects to pay for expenses involved in all types of conversions for which OCI receives reimbursement be credited to the agency's program revenue general operations appropriation. The remaining 10% of these revenues would be deposited to the general fund.

[Act 16 Sections: 462 and 462c]

15. AUTHORITY TO SET FEES BY RULE [LFB Paper 544]

Governor: Authorize the Commissioner to establish, by rule, fees paid to OCI that are currently established by statute. Specify that a rule promulgated for current statutory fees may provide for a maximum fee amount, and that the Commissioner could charge a lesser amount than the maximum fee amount specified in rule. Provide that the statutory fees would apply unless the Commissioner specifies, by rule, different fees. Eliminate statutory maximum amounts for certain fees that OCI may, under current law, establish by rule.

OCI fees include licensing fees, filing fees, listing fees, fees assessed for the preparation and furnishing of specified documents and fees assessed for certified copies of OCI documents. Revenues from insurance fees support OCI's general operations, except costs relating to examinations of insurance companies and management of segregated funds. As under current law, the Commissioner would be authorized to increase fees if the statutory fees, or fees established by rule, are insufficient to support OCI services.

Joint Finance/Legislature: Delete provision.

16. ANNUAL REPORT

Governor/Legislature: Eliminate the current requirement that the Commissioner have sufficient copies of the annual report printed to meet all requests for copies. Instead, require the Commissioner to have the report published in sufficient quantity to meet all requests. The modification would allow the report to be provided electronically, as well as in printed form. The price of the report is determined by the Commissioner.

[Act 16 Section: 3735]

17. JOINT PROVISION OF HEALTH CARE BENEFITS BY POLITICAL SUBDIVISIONS

Joint Finance/Legislature: Allow any political subdivision (defined as any city, village, town or county) and one or more other political subdivision, that together have at least 100

employees, to jointly provide health care benefits on a self-insured basis. The coverage would be subject to current statutory requirements that apply to self-insured health plans of a city, village or town and to counties that currently provide joint coverage.

Under current law, a city, village, town, county or school district may provide health care benefits to its officers and employees on a self-insured basis, subject to certain requirements. In addition, two or more counties, or two or more school districts, that together have at least 100 employees, may jointly provide health insurance on a self-insured basis.

The extension to allow any political subdivisions, that together have more than 100 employees, to join to provide self-insured health care benefits, would first apply to employees who are covered by a collective bargaining agreement upon the expiration, extension, renewal or modification of the agreement.

[Act 16 Sections: 2001q, 2003r, 2014m, 2014n, 3143m, 3733r, 3761r and 9359(3mk)]

18. COVERAGE OF CONTRACEPTIVE ARTICLES AND SERVICES

Senate: Require every health insurance policy, including managed care plans, health care plans offered by the state and every self-insured health plan of a school district, county, city or village to provide coverage for contraceptive articles and services if the policy or plan covers outpatient health care services, preventive treatments and services or prescription drugs and devices.

Define contraceptive articles as any of the following: (a) a drug, medicine, mixture, preparation, instrument, article or device of any nature that is approved by the Federal Food and Drug Administration (FDA) for use to prevent pregnancy, that is prescribed by a licensed health care provider to prevent pregnancy and that may not be obtained without a prescription; and (b) a hormonal compound that is taken orally and that is approved by the FDA for use to prevent pregnancy. Specify that a contraceptive article would not include any drug, medicine, mixture, preparation, instrument, article or device of any nature prescribed for use in terminating the pregnancy of a woman who is known by the prescribing licensed health care provider to be pregnant.

Require coverage for all of the following: (a) contraceptive articles; (b) medical services, including counseling and physical examinations, for the prescription or use of a contraceptive article or of a procedure to prevent pregnancy; and (c) medical procedures performed to prevent a pregnancy. Specify that coverage may be subject to exclusions or limitations, including copayments and deductibles, that apply generally to the benefits that are provided under the policy or self-insured health plan.

Specify that the coverage requirements would not apply to: (a) a disability insurance policy that covers only specific diseases; (b) a health care plan offered by a limited service health organization, or by a provider plan that is not a managed care plan; (c) a Medicare replacement

policy, Medicare supplement policy or a long-term care insurance policy; or (d) a disability insurance policy that is issued to a religious employer, if the employer requests that the insurer issuing the policy not provide coverage for contraceptive articles and services on the basis that the articles and services covered are contrary to the religious employer's religious tenets. A religious employer that requests that contraceptive coverage not be covered would be required to provide written notice to a prospective insured person under the policy, prior to the person's coverage, that specifies the articles and services that would not be covered.

Specify that the provision would take effect on the first day of the sixth month beginning after publication of the bill, and would apply to policies that are issued, renewed or established on that date.

Conference Committee/Legislature: Delete provision.

19. ELIMINATE POINT- OF- SERVICE OPTION PLAN REQUIREMENT

Assembly: Delete the requirement that employers with 25 or more full-time employees that offer their employees a health maintenance organization (HMO) or preferred provider plan that provides comprehensive health care services also offer a point-of-service (POS) option plan. A POS option plan allows a person enrolled in an HMO or a preferred provider plan to obtain health services from a provider that is not participating in the HMO or preferred provider plan, provided that: (1) the nonparticipating provider holds a license or certificate that authorizes or qualifies the provider to provide the services; (2) the amount paid to the nonparticipating provider is limited to the amount that would be paid for those services under the HMO or preferred provider plan; and (3) the enrollee pays any additional costs or charges related to the coverage.

Under provisions enacted in 1999 Wisconsin Act 9, employers with 25 or more full-time employees that offer HMOs or preferred provider plans must also offer a POS option plan. The Insurance Commissioner is required to promulgate rules to administer the requirement. This requirement took effect April 1, 2001.

Conference Committee/Legislature: Delete provision.

20. EXPANSION OF INDEPENDENT REVIEW PROCEDURE

Senate: Expand the applicability of the independent review procedure to include the following types of coverage: (a) coverage that is only accident or disability insurance, or any combination of the two types; (b) coverage issued as a supplement to liability insurance; (c) liability insurance, including general liability insurance and automobile liability insurance; and (d) automobile medical payment insurance. The independent review procedure refers to instances in which an insured may have certain denials of coverage by a health plan independently reviewed by one or more health care providers not associated with the plan

under which coverage was denied. The reviews apply to coverage for treatment that will exceed \$250, and that is determined by the plan to be experimental or as not meeting the plan's requirements for medical necessity, appropriateness, health care setting, level of care or effectiveness. The procedure currently applies to hospital or medical policies generally, but excludes accident or disability income insurance, liability insurance, coverage issued as a supplement to liability insurance, worker's compensation, automobile medical payment insurance, credit only insurance, coverage for on-site medical clinics, separate policies for limited benefits, such as dental or vision, long-term care or nursing home care and medical supplement insurance.

Conference Committee/Legislature: Delete provision.

21. MANAGED CARE AND PREFERRED PROVIDER PLANS

Assembly/Legislature: Replace all current statutory references to "managed care plans" with references to "defined network plans." Require defined network plans to include a sufficient number and sufficient types of qualified providers to meet the anticipated needs of its enrollees with respect to covered benefits and normal practices and standards in the geographic area. Under current law, managed care plans must include a sufficient number, and sufficient types, of providers to meet anticipated needs with respect to covered benefits. Require defined network plans or, if specified under contract, a provider, to notify all plan enrollees of continuity of care provisions whenever a participating provider terminates participation in a plan. Continuity of care refers to requirements for plans to provide coverage of providers' services under certain circumstances, if the plan represented that the provider was or would be a participating provider in marketing materials provided to enrollees.

Change the definition of a preferred provider plan to specify that a preferred provider plan provides coverage without referral, regardless of whether the health care services are performed by participating or nonparticipating providers.

For preferred provider plans that cover the same services when the services are performed by a nonparticipating provider as a participating provider, make the following modifications: (a) modify access standards to specify that standards relating to adequate choice, primary provider selection, specialist providers and telephone access do not apply to those preferred provider plans; (b) allow those preferred provider plans to contract for services related to clinical protocols and utilization management; (c) require those preferred provider plans to appoint a medical director, who shall be a physician, only to the extent that the plan or its designee assumes responsibility for clinical protocols and utilization management; and (d) require those preferred provider plans to develop procedures for remedying quality of care problems, including written procedures for taking appropriate corrective action.

Specify that preferred provider plans that do not cover the same services when the services are performed by a nonparticipating provider, as when those services are performed by a participating provider, would continue to be subject to current law standards relating to

adequate choice, primary provider selection, specialist providers, telephone access and quality assurance. In addition, they would continue to be required to appoint a physician as medical director who would be responsible for clinical protocols, quality assurance and utilization management policies of the plan.

Allow, instead of require, as provided under current law, the Insurance Commissioner to promulgate rules for preferred provider plans and defined network plans, as appropriate, for the following: (a) to ensure that enrollees are not forced to travel excessive distances to receive health care services; (b) to ensure that the continuity of patient care for enrollees meets statutory continuity of care requirements; (c) to define substantially equivalent coverage of health care expenses; and (d) to ensure that employees offered a health maintenance organization or a preferred provider plan that provides comprehensive services are given adequate notice of the opportunity to enroll, and provided complete and understandable information concerning the differences between the plans, including differences among providers available and differences resulting from special limitations or requirements imposed by an institutional provider, because of its affiliation with a religious organization.

Finally, provide that any rules relating to preferred provider and defined network plans recognize the differences between preferred provider plans and other types of defined network plans, take into account the fact that preferred provider plans provide coverage for the services of nonparticipating providers and be appropriate to the type of plan to which the rules apply.

[Act 16 Sections: 1398wm, 1398y, 3741amc thru 3741xmt, 3763f and 3763g]

22. MOTOR VEHICLE INSURANCE -- NONORIGINAL MANUFACTURER REPLACEMENT PARTS

Senate: Modify laws relating to the use of nonoriginal manufacturer replacement parts in vehicles five years of age or newer to provide that an insurer may not require the use of a nonoriginal manufacturer replacement part in the repair of the insured's motor vehicle, unless the insurer receives authorization from the insured before the part is installed. Replacement parts affected include any nonmechanical sheet metal or plastic parts that generally constitute the exterior of a vehicle.

Specify that authorization could be obtained on a form entitled "Replacement Parts Notice and Authorization Form" that includes: (a) a clear identification of each nonoriginal manufacturer replacement part that will be used in the repair of the insured's motor vehicle if the insured provides authorization for the part's use; (b) a statement that the insured may choose to have replacement parts that are made by or for the manufacturer of the insured's motor vehicle used in the repair of the insured's motor vehicle; (c) a statement that the insurer's obligation to cover repairs to the insured's motor vehicle will not be affected by the insured's choice under (b); (d) a statement that nonoriginal manufacture replacement parts are not covered by the warranty of the manufacturer of the insured's motor vehicle; and (e) two signature lines for the insured's signature, with one line designated as authorizing the use, in

the repair, of nonoriginal manufacturer replacement parts and the other line designating as requiring the use, in the repair, of only replacement parts made by or for the manufacturer of the insured's motor vehicle. Specify that the form would allow the insured to authorize the use of a nonoriginal manufacturer replacement part or to require the use of a replacement part made by or for the manufacturer of the insured's motor vehicle with respect to each replacement part to be used in the repair.

Require that the notice be attached to the repair estimate prepared by the insurer, or be delivered before repairs begin if the insurer approves an estimate obtained by the insured. Prohibit the insurer from requiring the person repairing the vehicle to provide the notice and authorization form. Delete current law provisions that allow the intent to use nonoriginal manufacturer replacement parts in the repair of a motor vehicle that is five years old or newer to be given over the telephone. The provision would not apply to motorcycles, mopeds, semitrailers or trailers designed for the use in combination with a truck or truck tractor.

Under current law, an insurer may not require the use of a nonoriginal manufacturer replacement part in the repair of an insured's motor vehicle, including motorcycles, unless the insurer provides notice of each nonoriginal manufacturer part that is intended to be used in the repair. The notice appears or is attached to the estimate of the cost repair. The insurer must deliver the estimate and notice to the insured prior to the repair, except: (1) if the insured authorizes the repair to begin prior to the approval by the insurer; or (2) if notice of the intent to use nonoriginal manufacturer parts is given by telephone. In these two cases, the notice may be mailed within three working days.

Conference Committee/Legislature: Delete provision.

23. PAYMENT OF INSURANCE CLAIMS FOR MEDICAL OR SURGICAL PROCEDURES

Assembly: Prohibit an insurer from denying payment under an individual or group disability policy or a certificate of group disability insurance policy, for a medical or surgical service or procedure on the basis that the service or procedure is an integral part of a component of a second medical or surgical procedure. Specify that an exception would be provided if, under Medicare Part B, payment for the first service or procedure is included in the payment for the second service or procedure.

Specify that this prohibition would apply to disability insurance policies, which are defined as surgical, medical, hospital, major medical or other health service coverage, but would not include hospital indemnity policies or ancillary coverages such as income continuation, loss of time or accident benefits. Specify that this provision would also apply to health care coverage plans offered by the state, plans offered by the Group Insurance Board, sickness plans offered by cooperative associations, limited service health organizations, preferred provider plans and managed care plans. Provide that this prohibition would not be subject to employer bargaining under Chapter 111 of the statutes.

The provision would first apply to insurance policies that are inconsistent with the provision upon renewal of those policies, and to collective bargaining agreements on the day on which the collective bargaining agreement expires or is extended, modified or renewed.

Conference Committee/Legislature: Delete provision.

24. CLAIMS FOR CHIROPRACTIC SERVICES

Senate/Legislature: Provide that an insurance claim for payment for chiropractic services is overdue if it is not paid within 30 days after the insurer receives documentation of the services provided unless, within those 30 days, the insurer provides a written statement to the insured that, on the basis of an independent evaluation, the insurer restricts or terminates the insured's coverage for the treatment, and the restriction results in the patient being liable for payment. Specify that, if an existing policy, plan or contract is inconsistent with this provision, the provision would first apply to the policy, plan or contract on the day on which the policy, plan or contract is terminated or renewed, whichever occurs first.

Generally, under current law, insurance claims are considered overdue if they are not paid within 30 days, unless the insurer has reasonable proof to establish that the insurer is not responsible for the payment. Overdue payments are subject to 12% interest annually.

[Act 16 Sections: 3755g, 3760m and 9327(1c)]

25. PAYMENT OF CLAIMS THAT MAY BE PAYABLE UNDER WORKER'S COMPENSATION

Senate: Require an insurer that issues a health care plan to pay a claim covered under the health care plan that may be payable under worker's compensation, but has not yet been finally determined to be payable under worker's compensation, within 30 days after the insurer is furnished with written notice of the fact of a covered loss and the amount of the loss. Specify that any part or all of a claim that is not paid within 30 days of the written notice would be overdue.

Under current law, a payment is not considered overdue if the insurer has reasonable proof to establish that the insurer is not responsible for the payment. This provision would require an insurer to pay a claim within 30 days even if the claim may be payable under worker's compensation. Overdue payments bear simple interest at 12% per year.

Conference Committee/Legislature: Delete provision.

INVESTMENT BOARD

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
PR	\$39,104,400	\$39,104,400	\$39,104,400	\$39,104,400	\$39,104,400	\$0	0.0%

Provisions of 1999 Wisconsin Act 9 changed the manner by which the Investment Board's budget is determined. Under s. 25.187 of the statutes, the agency's budget for a fiscal year is indexed to 0.0275% of assets under management on April 30 of the preceding fiscal year. On April 30, 2000, the Investment Board had \$71,108,000,000 of assets under management, which established a budget for the 2000-01 adjusted base year of \$19,552,200. The agency is not requesting a change to these adjusted base amounts. The actual budget levels for the 2001-02 fiscal year will be determined by the amount of assets under management on April 30, 2001, and the actual budget levels for the 2002-03 fiscal year will be determined by the amount of assets under management on April 30, 2002.

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
PR	104.50	104.50	104.50	104.50	104.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard adjustments to the base budget that make offsetting transfers within the same appropriation. As part of these proposed transfers, \$2,835,200 annually budgeted as one-time financing and \$2,464,700 annually budgeted in unallotted reserve would be shifted to the following expenditure purposes: (a) salaries and fringe benefits (\$3,409,900 annually); (b) supplies and services (\$1,619,300 annually); and (c) permanent property (\$270,700 annually).

2. REVISED DEPOSITORY SELECTION BOARD MEMBERSHIP

Governor/Legislature: Revise the membership of the Depository Selection Board by deleting the Executive Director of the Investment Board and adding the Secretary of Revenue.

Under current law, the Depository Selection Board (attached administratively to DOA) is comprised of the State Treasurer, the Secretary of Administration and the Executive Director of the Investment Board. The Depository Selection Board establishes procedures for the selection of depositories for public funds and for contracting for banking services.

[Act 16 Section: 139]

JUDICIAL COMMISSION

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	<u>Act 16 Change Over Base Year Doubled</u>	
						Amount	Percent
GPR	\$465,400	\$432,600	\$432,600	\$432,600	\$432,600	-\$32,800	- 7.0%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	<u>Act 16 Change Over 2000-01 Base</u>
GPR	2.00	2.00	2.00	2.00	2.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- \$9,600
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Governor/Legislature: Provide -\$5,000 in 2001-02 and -\$4,600 in 2002-03 for the following: (a) full funding of continuing salaries and fringe benefits (-\$5,200 annually); and (b) full funding of lease costs and directed moves (\$200 in 2001-02 and \$600 in 2002-03).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- \$23,200
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Governor/Legislature: Reduce the Commission's largest GPR state operations appropriation, general program operations, by \$11,600 annually. This amount represents a reduction of 5% of the Commission's total GPR adjusted base for state operations.

JUSTICE

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$77,443,400	\$74,514,800	\$75,632,200	\$75,741,400	\$75,741,400	-\$1,702,000	- 2.2%
FED	12,339,600	13,508,700	14,956,400	14,956,400	14,956,400	2,616,800	21.2
PR	53,855,000	60,520,000	62,283,000	62,273,800	62,054,800	8,199,800	15.2
SEG	<u>470,400</u>	<u>574,400</u>	<u>574,400</u>	<u>574,400</u>	<u>574,400</u>	<u>104,000</u>	<u>22.1</u>
TOTAL	\$144,108,400	\$149,117,900	\$153,446,000	\$153,546,000	\$153,327,000	\$9,218,600	6.4%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	412.65	399.85	409.15	409.15	409.15	- 3.50
FED	24.25	24.25	24.25	24.25	24.25	0.00
PR	143.75	137.25	138.25	138.25	138.25	- 5.50
SEG	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>0.00</u>
TOTAL	583.40	564.10	574.40	574.40	574.40	- 9.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide \$1,108,300 GPR, \$582,800 FED, \$23,900 PR and \$50,100 SEG in 2001-02, \$1,513,500 GPR, \$586,300 FED, \$72,300 PR and \$53,900 SEG in 2002-03, and -1.5 GPR and -8.5 PR positions annually for the following: (a) turnover reduction (-\$578,400 GPR annually); (b) removal of noncontinuing elements from the base (-\$800 GPR and -1.5 GPR positions annually, and -\$557,600 PR in 2001-02, -\$563,000 PR in 2002-03 and -8.5 PR positions annually); (c) full funding of continuing salaries and fringe benefits (\$923,500 GPR, \$564,400 FED and \$108,600 PR annually); (d) funding of 2000-01 s. 13.10 ongoing increases (\$30,400 SEG annually); (e) reclassifications (\$3,600 GPR, \$9,900 FED, \$94,100 PR and \$8,200 SEG in 2001-02 and \$6,200 GPR, \$13,400 FED, \$147,700 PR and \$12,000 SEG in

Funding Positions		
GPR	\$2,621,800	- 1.50
FED	1,169,100	0.00
PR	96,200	- 8.50
SEG	<u>104,000</u>	<u>0.00</u>
Total	\$3,991,100	- 10.00

2002-03); (f) BadgerNet increases (\$82,600 GPR and \$34,300 PR annually); (g) overtime (\$599,000 GPR, \$8,500 FED, \$327,800 PR and \$11,500 SEG in 2001-02 and \$986,200 GPR, \$8,500 FED, \$327,800 PR and \$11,500 SEG in 2002-03); (h) night and weekend differential (\$10,200 GPR and \$2,200 PR annually); (i) fifth week of vacation as cash (\$64,900 GPR and \$11,800 PR in 2001-02 and \$80,300 GPR and \$12,000 PR in 2002-03); and (j) full funding of lease costs and directed moves (\$3,700 GPR and \$2,700 PR annually). The 10.0 positions removed as non-continuing elements include: (a) 6.0 PR project financial specialist positions relating to caregiver record checks that expired July 1, 2000; (b) 1.5 PR project positions relating to delinquent obligation collections that expired January 4, 1998; (c) 1.0 PR project justice program chief position relating to upgrading electronic criminal history systems that will expire on July 20, 2002; and (d) 1.5 GPR project positions relating to mental health commitment standards that expired June 30, 1999.

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- \$3,540,000
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Governor: Reduce the Department of Justice's (DOJ's) largest GPR state operations appropriation by \$1,770,000 annually. [The bill actually reduces DOJ's second largest GPR state operations appropriation, the legal services' general program operations appropriation. DOJ's largest GPR state operations appropriation is the law enforcement services' general program operations appropriation.] This amount represents 5% of the agency's total GPR adjusted base for state operations. No later than 90 days after the effective date of the bill, permit DOJ to submit an alternative plan to the Secretary of Administration for allocating the required reduction among its sum certain GPR state operations appropriations. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of Administration does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance/Legislature: Provide that DOJ may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate the reduction to other DOJ sum certain GPR appropriations for state operations.

[Act 16 Section: 9159(1)]

3. TRANSFER OF CONSUMER PROTECTION LEGAL FUNCTIONS TO THE DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION [LFB Paper 215]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$1,617,400	-9.30	\$1,617,400	9.30	\$0	0.00

Governor: Delete \$808,700 and 9.3 consumer protection positions annually (4.8 attorneys, 2.0 consumer protection investigators, 1.0 legal secretary, 1.0 paralegal and 0.5 legal assistant) from DOJ's Division of Legal Services and transfer the funding and positions to the Department of Agriculture, Trade and Consumer Protection (DATCP).

Make the following statutory changes concerning consumer protection legal services: (a) eliminate DOJ's concurrent authority to determine violations, initiate prosecutorial proceedings and accept, in lieu of prosecuting, written assurance of discontinuance of alleged violations concerning cases relating to fraudulent representations; (b) eliminate DOJ's concurrent authority to determine violations, initiate prosecutorial proceedings and enforce forfeitures concerning cases relating to telecommunications trade practices; (c) delete the requirement that a DOJ representative be a member of the advisory group that DATCP must form before preparing any proposed rule on telecommunication services; (d) authorize a district attorney instead of DOJ to file complaints and prosecute actions before DATCP concerning unfair methods of competition in business or unfair trade practices or both; (e) provide that DATCP would replace DOJ as the state agency that would bring an action in the name of the state to enjoin any corporation, or limited liability company from doing business in this state and canceling or revoking its certificate of authority, incorporation, or organization for violating any unfair trade practices order; (f) eliminate DOJ's concurrent authority to commence actions to recover civil forfeitures on behalf of the state for violations of injunctions involving fraudulent representations, unfair trade practices and fraudulent drug advertising; (g) provide that DATCP would replace DOJ as the state agency, in addition to district attorneys, empowered to seek court-ordered forfeitures for violations of the self-service storage facilities laws; (h) remove DOJ as an agency to which a court could award reasonable and necessary expenses of prosecution, including attorney fees, under the Marketing; Trade Practices Chapter of the statutes (Chapter 100) and provide that 10% of money awarded under the Chapter for the costs of investigation and the expenses of prosecution, including attorney fees, would no longer be credited to DOJ's investigation and prosecution appropriation; and (i) no longer require DOJ to furnish all legal services required by DATCP relating to the enforcement of various consumer protection statutes; instead, authorize DOJ to furnish these legal services upon the request of DATCP.

On the effective date of the bill, DOJ's assets and liabilities primarily related to the provision of consumer protection legal services, as determined by the DOA Secretary, would become assets and liabilities of DATCP. The bill provides that the incumbent employees holding the transferred positions would be transferred to DATCP and would maintain their employment rights and status. Tangible personal property, pending matters, contracts and contract responsibilities relating to the provision of consumer protection legal services would be transferred to DATCP. Rules and orders relating to the provision of consumer protection legal services under DOJ would remain in effect until their specified expiration date or until modified or rescinded by DATCP.

Prior to the 1995-97 biennial budget act, DATCP and DOJ were provided broad authority under state trade practice statutes to regulate and prosecute fraudulent advertising and representation and unfair trade practices. DATCP was also provided authority to regulate

product safety. Prior to 1996, the statutes authorized either or both of the Departments to enforce a variety of consumer protection laws. On July 1, 1996, most of the state's consumer protection authority was consolidated in DATCP. Under the transfer, DOJ retained 9.3 positions to perform state consumer protection legal services.

Under current law, DOJ retains much of its concurrent authority to determine violations of, and initiate prosecutorial proceedings on, cases relating to fraudulent representation, unfair trade practices and telecommunications trade practices. However, DOJ can only commence an action in circuit court after consulting with DATCP. DOJ can also represent the state in court on consumer protection cases referred for adjudication by DATCP or other state agencies. In addition, DOJ has certain federal authority to join the Federal Communications Commission and the Federal Trade Commission in bringing actions in federal court.

Joint Finance: Delete provision.

Senate: Transfer \$1,059,800 GPR and 15.5 GPR consumer protection positions annually from DATCP to DOJ (2.0 attorneys, 1.0 consumer complaint supervisor, 4.0 consumer protection investigators, 1.0 investigator supervisor, 5.5 consumer specialists and 2.0 program assistants). Provide DOJ \$221,200 GPR in 2001-02 and \$442,400 GPR in 2002-03 and 10.5 GPR consumer protection positions annually (8.5 consumer specialists and 2.0 paralegals).

Transfer Department of Health and Family Services' authority and related administrative rules for fitness center staff requirements under s. 100.178 and all of DATCP's authority and related administrative rules for the following statutory sections to DOJ:

100.15	Regulation of trading stamps
100.16	Selling with pretense of prize; in-pack chance promotion exception
100.17	Guessing contests
100.171	Prize notices
100.173	Ticket refunds
100.174	Mail-order sales regulated
100.175	Dating service contracts
100.177	Fitness center and weight reduction center contracts
100.18	Fraudulent representations
100.182	Fraudulent drug advertising
100.20	Methods of competition and trade practices
100.205	Motor vehicle rustproofing warranties
100.207	Telecommunications services
100.208	Unfair trade practices in telecommunications
100.209	Cable television subscriber rights
100.2095	Labeling of bedding
100.28	Sale of cleaning agents and water conditioners containing phosphorus
100.31	Unfair discrimination in drug pricing
100.37	Hazardous substances act

100.38	Antifreeze
100.41	Flammable fabrics
100.42	Product safety
100.43	Packaging standards; poison prevention
100.44	Identification and notice of replacement part manufacturer
100.46	Energy consuming products
100.50	Products containing or made with ozone-depleting substances
Chap 136	Future service plans
Chap 344	Vehicle financial responsibility
Chap 704	Landlord and tenant
Chap 707	Timeshares
Chap 779	Liens

In addition, transfer DATCP's current authority to file court actions in all other Chapter 100 (Marketing; Trade Practices) sections to DOJ. Further, require DOJ to represent DATCP in any court action relating to the enforcement of Chapter 100, and remove DATCP's authority to be represented by its attorneys or to appoint special counsel to prosecute or assist in the prosecution of all cases arising under Chapter 100 of the statutes, except for s. 100.206 (music royalty collections; fair practices), s. 100.21 (substantiation of energy savings or safety claims), s. 100.30 (unfair sales act) and s. 100.51 (motor fuel dealerships). Under the provision, DATCP would be allowed to continue to commence an action in court to recover allowed claims on behalf of vegetable producers.

Allow DOJ (rather than DATCP) to enjoin a violation of milk payment audit requirements upon DATCP request. Further, require the Department of Commerce to consult with DOJ (rather than DATCP) when establishing rules relating to quality standards for local energy resource systems. Require DATCP to consult with DOJ in developing license applications and other forms required for pawnbrokers, secondhand article dealers and secondhand jewelry dealers.

In addition, require that DOJ, instead of DATCP, be awarded consumer protection assessments on all fines and forfeitures for violations under Chapter 100 or corresponding rules or ordinances. Provide DOJ \$175,000 PR annually in a new, annual appropriation and require that any revenue received from these assessments that exceeds \$185,000 in any fiscal year be deposited to the state's general fund. In addition to other allowable penalties, allow the court to award the reasonable and necessary costs of investigation and an amount reasonably necessary to remedy the harmful effects of the violation from any person who violates Chapter 100 provisions. Require that all of these monies that the court awards be deposited in the state's general fund, and require 10% of the money deposited in the general fund for the costs of investigation and the expenses of prosecution, including attorney fees, to be credited to a current DOJ investigation and prosecution appropriation.

Transfer the assets, liabilities and obligations primarily associated with the transferred consumer protection functions from DATCP to DOJ on the effective date of the bill. Provide that the incumbent DATCP employees who would be transferred to DOJ would maintain all their civil service and other employee rights held prior to transfer. Further, transfer all tangible personal property, records, pending matters, contracts and contract responsibilities relating to transferred consumer protection provisions and specify that all rules and orders relating to the transferred consumer protection provisions remain in effect until their specified expiration date or until modified or rescinded by DOJ. Provide that if the Departments were unable to agree on an equitable division or transfer of staff, the Secretary of Administration would settle the dispute. Further, provide that if either Department is dissatisfied with the Secretary's decision, the Department could bring the matter to the Joint Committee on Finance for affirmation or modification of the decision.

Under the provision, DOJ would have 35.3 positions related to consumer protection, as shown in the following table.

<u>Position Titles</u>	<u>Current DATCP</u>	<u>Eliminated DATCP</u>	<u>Transferred to DOJ</u>	<u>Current DOJ</u>	<u>New DOJ</u>	<u>Proposed DOJ</u>
Administrator	0.45	-0.45				
Attorney	2.00		2.00	4.80		6.80
Budget Policy Supervisor	0.30	-0.30				
Communications Specialist	0.50	-0.50				
Consumer Complaint Supervisor	1.00		1.00			1.00
Consumer Protection Bureau Director	0.75	-0.75				
Consumer Protection Investigator	13.65	-9.65	4.00	2.00		6.00
Consumer Protection Investigator Supervisor	4.00	-3.00	1.00			1.00
Consumer Specialist	11.15	-5.65	5.50		8.50	14.00
Legal Assistant				0.50		0.50
Legal Secretary	0.50	-0.50		1.00		1.00
Paralegal				1.00	2.00	3.00
Program & Planning Analyst	0.80	-0.80				
Program Assistant	<u>8.65</u>	<u>-6.65</u>	<u>2.00</u>			<u>2.00</u>
Total Consumer Protection Positions	43.75	-28.25	15.50	9.30	10.50	35.30

Assembly: Restore the Governor's provision.

Conference Committee/Legislature: Include the Joint Finance provision which maintains current law. (However, due to a drafting error, the act retains a provision requiring DOJ to furnish all legal services required by DATCP relating to the enforcement of the state hazardous substance act [s. 100.37] and product safety provisions under s. 100.42.)

[See "Agriculture, Trade and Consumer Protection -- Trade and Consumer Protection" for additional information.]

[Act 16 Section: 2855]

4. ATTORNEY GENERAL AUTHORITY IN CIVIL RIGHTS ACTIONS AND INQUESTS

Joint Finance: Provide that, if any person, whether or not acting under color of law, interferes with the exercise or enjoyment by any individual of a right secured by the Constitution or laws of the United States, or of a right secured by the Constitution or laws of Wisconsin, the Attorney General may bring an action for injunction or other appropriate equitable relief to protect the peaceable exercise or enjoyment of the right secured.

Expand the notification requirement of coroners and medical examiners to report certain kinds of deaths to include not only district attorneys, but also the Attorney General. Grant the Attorney General the same authority that district attorneys have under current law to: (a) order autopsies; (b) request that a coroner or medical examiner conduct a preliminary examination; and (c) order and participate in inquests. Provide that if an inquest is conducted concerning the death of a person whose identity is unknown or whose body is unclaimed and the Attorney General ordered the inquest, the cost of the inquest (other than the compensation of the coroner and any deputy coroners) as well as the expenses of burial or cremation of the body, would be required to be audited and paid by DOJ. Under the provision, counties would continue to pay, as under current law, such costs for inquests ordered by the district attorney or circuit court. Under current law, district attorneys have authority to order and participate in inquests determining the cause of a person's death. If a district attorney refuses to order an inquest, a coroner or medical examiner may petition the circuit court to order an inquest. The circuit court may order an inquest under these circumstances if it finds that the district attorney has abused his or her discretion in not ordering an inquest. This provision would be expanded to provide that the circuit court would also be allowed to order an inquest if it finds that the Attorney General abused his or her discretion in not ordering an inquest.

Assembly: Delete the Joint Finance provision which provided that, if any person, whether or not acting under color of law, interferes with the exercise or enjoyment by any individual of a right secured by the Constitution or laws of the United States, or of a right secured by the Constitution or laws of Wisconsin, the Attorney General may bring an action for injunction or other appropriate equitable relief to protect the peaceable exercise or enjoyment of the right secured.

Conference Committee/Legislature: Retain Joint Finance provision.

Veto by Governor [D-18]: Delete provision.

[Act 16 Vetoed Sections: 1996m, 2854m, 4033g thru 4033n and 4034b thru 4034y]

5. TRANSFER OF COUNTY-TRIBAL LAW ENFORCEMENT GRANT PROGRAM TO THE OFFICE OF JUSTICE ASSISTANCE [LFB Paper 169]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	-\$1,544,000	- 1.00	\$1,544,000	1.00	\$0	0.00

Governor: Delete \$772,000 and 1.0 budget and policy analyst position annually and transfer the county-tribal law enforcement grant program from DOJ to the Office of Justice Assistance in DOA. Eliminate DOJ's county-tribal appropriations and the statutory authority for DOJ's administration of the program. Under current law, in order to receive grant funding, a county that has one or more federally-recognized Indian reservations within or partially within its boundaries must enter into an agreement with an Indian tribe located in the county to establish a cooperative county-tribal law enforcement program. The county and tribe must also develop and annually submit to DOJ a joint program plan and report on the performance of law enforcement activities on the reservation in the previous fiscal year. Tribal gaming receipts provide the program revenue for the county-tribal law enforcement grant program. [See "Administration -- Office of Justice Assistance" for program modifications.]

Joint Finance/Legislature: Delete provision. In addition, provide that the unencumbered balances in the county-tribal programs, local assistance and the county-tribal programs, state operations appropriations on June 30 of each year revert to the Indian gaming receipts appropriation in DOA.

[Act 16 Sections: 771m and 772m]

6. ELIMINATION OF THE RESEARCH AND INFORMATION SERVICES UNIT [LFB Paper 560]

	Funding Positions	
GPR	-\$393,000	- 2.00

Governor/Legislature: Delete \$196,500 and 2.0 positions annually to eliminate the research and information services unit. The bill would delete the unclassified position of director of research and information and a related program and planning analyst position. The bill would repeal statutory language providing that the Attorney General may appoint in the unclassified service a director of research and information services and is authorized to set this position's salary. The research and information services unit is responsible for: (a) developing large-scale policy initiatives; (b) researching and answering media, legislative and citizen inquiries about legal cases, opinions and investigations undertaken by DOJ; (c) preparing and editing news releases, articles, policy statements and position papers for DOJ; (d) writing and editing speeches and correspondence for the Attorney General and other DOJ executives; (e) developing department-wide reports, brochures and pamphlets; and (f) coordinating and editing the content of DOJ's website.

[Act 16 Sections: 993 and 2854]

7. LAW ENFORCEMENT TRAINING FUND AND ASSESSMENT [LFB Paper 191]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	-\$451,400	\$93,100	-\$358,300
PR	\$3,651,000	\$0	\$3,651,000

Governor: Provide \$1,809,000 in 2001-02 and \$1,842,000 in 2002-03 for expanded law enforcement training and increased reimbursements to law enforcement agencies. Delete the law enforcement training fund's receipt of penalty assessment revenues and instead create a new law enforcement training fund assessment, with revenues from the new assessment credited to the law enforcement training fund. These provisions are detailed as follows:

a. *Increased Law Enforcement Training Funding.* The additional funding would be provided to: (1) increase the reimbursement for annual recertification training of law enforcement officers from \$160 to \$220 per officer; (2) increase the reimbursement and expand the training for new law enforcement recruits from 400 hours to 520 hours per recruit; (3) recreate a statewide program for law enforcement management training; and (4) expand the specialized training for specialized law enforcement officers (such as investigators, tactical units and field training officers). The funding would be allocated as follows: (1) \$973,000 in 2001-02 and \$1,006,000 in 2002-03 for increased reimbursement for annual recertification training expenses; (2) \$336,000 annually for increasing the training hours for new law enforcement recruits; (3) \$350,000 annually for recreating a law enforcement management training program; and (4) \$150,000 annually for expanding the training for specialized law enforcement officers. The current statutory provisions requiring 400 hours of law enforcement recruit training and the reimbursement for annual recertification training of at least \$160 per officer would not change.

b. *Creation of a Law Enforcement Training Fund Assessment to Replace Penalty Assessment Funding.* Under current law, twenty-seven fifty-fifths of all penalty assessment surcharge revenues are deposited to DOJ for the law enforcement training fund and for crime laboratory equipment and supplies. Under current law, whenever a court imposes a fine or forfeiture for a violation of state law or municipal or county ordinance (except for violations involving smoking in restricted areas, failing to properly designate smoking or nonsmoking areas, nonmoving traffic violations or violations of safety belt use), the court also imposes a penalty assessment of 23% of the total fine or forfeiture.

Under the bill, the penalty assessment surcharge would be reduced from 23% to 13% of the total fine or forfeiture imposed. The law enforcement training fund and crime laboratory equipment appropriations would no longer be recipients of penalty assessment surcharge revenues. Instead, all penalty assessment surcharge revenues would be deposited in DOA's Office of Justice Assistance penalty assessment surcharge receipts appropriation for distribution as provided in that appropriation. [See "Administration -- Office of Justice Assistance."]

The bill would create a new law enforcement training fund assessment, imposed whenever the penalty assessment surcharge is assessed, equal to 11% of the total fine or forfeiture. Under the bill, when payments of assessments are made a condition of probation by the court, payment would first be applied to payment of the penalty assessment until paid in full and then applied to the law enforcement training fund assessment until paid in full. The bill would also modify the drug abuse program improvement surcharge from 50% of the fine and penalty assessment, to 50% of the fine, penalty assessment and law enforcement training fund assessment.

All law enforcement training fund assessment revenues would be deposited to DOJ's penalty assessment surcharge receipts appropriation, which would be renamed the law enforcement training fund assessments, receipts appropriation. DOJ's current receipt of twenty-seven fifty-fifths of penalty assessment surcharge revenues represents approximately 11.29% of the total fine or forfeiture. Under the bill, the law enforcement training fund assessment would equal 11% of the total fine or forfeiture. The decrease in program revenue to DOJ as a result of this change is estimated under the bill to be \$225,700 annually. Under the bill, the law enforcement training fund and crime laboratory equipment appropriations would now receive PR funding from the new law enforcement training fund assessment.

c. *Effective Date.* The changes regarding the penalty assessment surcharge and the law enforcement training fund assessment would first take effect and apply to assessments imposed on the effective date of the bill.

Joint Finance/Legislature: Delete the Governor's provision to create a separate law enforcement training fund assessment. Instead, increase the penalty assessment surcharge from 23% to 24% of a total fine or forfeiture to first take effect and apply to assessments imposed for violations that occur on the effective date of the bill. Provide that the penalty assessment revenues be distributed with thirteen twenty-fourths of penalty assessment moneys deposited to OJA and eleven twenty-fourths deposited to DOJ's law enforcement training fund. Reestimate program revenues by \$32,500 in 2001-02 and \$60,600 in 2002-03.

[Act 16 Sections: 766 thru 768, 2014, 2858, 3445, 3774, 3777n, 4017 and 9359(4c)]

8. AUTOMATED FINGERPRINT IDENTIFICATION SYSTEM (AFIS) REPLACEMENT

PR	\$3,140,200
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Governor/Legislature: Provide \$940,100 in 2001-02 and \$2,200,100 in 2002-03 to upgrade DOJ's automated fingerprint identification system (AFIS) that was installed in 1993. Under current law, fingerprints, photos and demographic information for all persons arrested, taken into custody or sentenced to prison must be submitted to DOJ as the state repository for criminal history information. Funding would come from a variety of sources including: (a) \$940,100 annually from the criminal history improvement set-aside of the federal Byrne program and matching penalty assessment monies; (b) \$760,000 in 2002-03 from the National Criminal History Improvement Project; and (c) \$500,000 in proceeds in 2002-03 from the sale of

the old AFIS system. In addition, \$200,000 annually from DOJ's current PR base for AFIS maintenance that derives from criminal history search fees would be applied to the purchase. The executive budget book indicates that since the new system would be under warranty for one year, these maintenance funds could be used against the purchase price of the new system. Maintenance on the current AFIS system totals approximately \$400,000 annually.

9. TRANSFER OF TRAINING POSITIONS

Governor/Legislature: Transfer 5.0 PR positions that provide training for local law enforcement agencies from the transaction information for management and enforcement (TIME) system terminal charge appropriation to the law enforcement training fund, state operations appropriation. The TIME system appropriation is funded through user fees to law enforcement agencies. The law enforcement training fund is supported by penalty assessment revenues. The TIME system provides law enforcement agencies access to information regarding state and national wanted, missing, and unidentified persons; stolen motor vehicles; identifiable stolen property; driver and vehicle registration data; and state and national criminal history record information.

10. PROGRAM REVENUE FUNDING FOR CRIMINAL HISTORY SYSTEMS POSITIONS

Funding Positions		
PR	\$179,800	1.00

Governor/Legislature: Provide \$89,900 annually to convert 1.0 project justice program chief position to permanent. [Funding and position authority for the project position is deleted as a noncontinuing element under the standard budget adjustments.] In addition, transfer funding for the justice program chief position and five other permanent criminal history systems positions from the interagency and intra-agency assistance; investigations appropriation to the criminal history searches; fingerprint identification appropriation. These positions were previously funded with criminal history improvement program monies from DOA's Office of Justice Assistance, but under the bill would be funded with criminal history search fee revenues.

The six positions are responsible for upgrading the transaction information for management and enforcement (TIME) system, automated fingerprint identification system (AFIS), and other electronic criminal history systems. The TIME system gives law enforcement agencies access to information regarding: state and national wanted, missing, and unidentified persons; stolen motor vehicles; identifiable stolen property; driver and vehicle registration data; and state and national criminal history record information. The AFIS system is used to electronically store fingerprints that are required by law to be submitted to DOJ as the state repository for criminal history information.

11. HANDGUN PURCHASER RECORD CHECK FEE [LFB Paper 561]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$240,100	-\$240,100	\$0

Governor: Increase the handgun purchaser record check fee from \$8 to \$12. Under current law, when a firearms dealer sells a handgun, he or she may not transfer possession of that handgun until: (a) the gun purchaser has provided photographic identification to the firearms dealer and the dealer has inspected the identification; (b) the gun purchaser has completed the notification form that provides information on the purchaser's name, date of birth, gender, race and social security number to allow DOJ to perform an accurate record search; (c) the dealer has provided the information to DOJ and requested a firearms restrictions record search; and (d) 48 hours have lapsed, subject to an extension under certain circumstances, and DOJ has not notified the dealer that the transfer would be a violation of state law. The handgun purchaser record check fee is assessed on firearms dealers (who may pass the charge on to the purchaser) for each background check. The revenues from the fee are provided to DOJ for the cost of operating the record check program. In calendar year 2000, DOJ, with a staff of eight, processed 32,320 handgun purchaser record checks. The Governor estimates that the fee increase would generate an additional \$102,900 in 2001-02 and \$137,200 in 2002-03 in program revenue, which would cover operating costs of the handgun hotline in the second year of the biennium and offset a portion of the deficit in this program revenue appropriation. It is estimated that the appropriation will end 2000-01 with a deficit of \$529,100 and, with the proposed fee increase, would end the 2001-03 biennium with a deficit of \$509,600.

Joint Finance: Delete provision.

Senate: Increase the handgun purchaser record check fee from \$8 to \$17 in order to eliminate the deficit in the gun purchaser record checks program revenue appropriation. The fee increase is estimated to generate \$231,500 in 2001-02, and \$308,700 in 2002-03 of additional program revenue. With this increase, it is projected that the appropriation would have a positive balance by 2004-05.

Assembly: Reduce the lapse of penalty assessment funds to the general fund from the penalty assessment surcharge receipts appropriation in the Office of Justice Assistance (OJA) on July 1, 2001, from \$875,200 to \$136,400, and provide \$369,400 PR annually in penalty assessment funds to a newly-created firearms restrictions record searches appropriation to support DOJ activities regarding background checks for handgun purchases. Delete \$369,400 PR annually from the gun purchaser record checks appropriation and eliminate the \$8 fee charged for each firearms restrictions record search, resulting in an annual decrease in revenue from the fee of \$274,400. These changes would result in funding for DOJ's activities regarding background checks for handgun purchases being provided from penalty assessment revenues instead of the current handgun purchaser record check fee of \$8. Provide that any revenue that would be

deposited in the current handgun purchaser record check appropriation that receives the handgun purchaser record check fees under current law would lapse to the general fund.

Provide that upon review or appeal of a decision to deny an individual the right to purchase a handgun, if DOJ determines that the individual was incorrectly denied approval based on incorrect information in a criminal history record or incorrect information received in a firearms restrictions record search, DOJ must immediately do all of the following: (a) update any relevant DOJ records to reflect the correct information; (b) notify the agency that provided incorrect information to DOJ that the information provided was incorrect and request that the agency update its records to reflect the correct information; and (c) notify any agency or person to which DOJ provided notice of the non-approval that the non-approval was based on incorrect information and that it has been reversed. Require DOJ to promulgate rules providing for the correction of such inaccurate information.

Conference Committee/Legislature: Delete the Senate and Assembly provisions and, therefore, maintain current law.

12. CRIME LABORATORY EQUIPMENT

PR	\$290,000
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Governor/Legislature: Provide \$200,000 in 2001-02 and \$90,000 in 2002-03 to replace obsolete equipment, resolve outstanding year 2000 information technology issues and to purchase new technology for the three state crime laboratories. Program revenue would come from the existing \$5 crime laboratories and drug law enforcement assessment and the existing \$250 DNA surcharge.

13. ENHANCED USE OF DNA EVIDENCE

Funding Positions		
PR	\$201,800	2.00

Governor/Legislature: Provide \$93,300 in 2001-02 and \$108,500 in 2002-03 and 2.0 forensic scientist positions to conduct DNA profile searches and analyze cold cases. One forensic scientist position would be located at the State Crime Laboratory in Milwaukee and the other forensic scientist position would be located at the State Crime Laboratory in Madison. Rename the drug law enforcement and crime laboratories appropriation the drug law enforcement, crime laboratories, and genetic evidence activities appropriation. Provide that a portion of the moneys from this appropriation be transferred to a newly-created appropriation under the District Attorneys for DNA evidence activities. Program revenue is provided from a portion of the existing \$5 crime lab and drug law enforcement assessment and the \$250 DNA surcharge.

[Act 16 Section: 770]

14. REIMBURSEMENT FOR COUNTY VICTIM AND WITNESS ASSISTANCE PROGRAMS

PR

\$650,000

Governor/Legislature: Provide \$215,000 in 2001-02 and \$435,000 in 2002-03 for reimbursement to counties for their victim and witness assistance programs. Under current law, counties with victim and witness assistance programs may be reimbursed for up to 90 percent of their program costs. Adjusted base funding totals \$5,232,500 from four funding sources: (a) \$1,497,100 GPR; (b) \$2,111,600 PR from "part A" of the crime victim and witness assistance surcharge and from the delinquency victim and witness surcharge; (c) \$850,800 PR from the federal Byrne anti-drug grant funds administered by OJA; and (d) \$773,000 PR from penalty assessment surcharge revenues administered by OJA. Actual reimbursements to individual counties depend on the amount of allowable costs incurred and the amount of funds available for reimbursement of these county costs. In 1999-00, counties were reimbursed for 69.2% of their costs. Program revenue would come from "part A" of the crime victim and witness assistance surcharge and the delinquency victim and witness surcharge revenues. If a court imposes a sentence or places a person on probation, the court also imposes the crime victim and witness assistance surcharge (\$50 for each misdemeanor offense and \$70 for each felony offense). The initial \$30 of the surcharge for a misdemeanor and \$50 for a felony is termed "part A".

15. RESTITUTION APPROPRIATION [LFB Paper 562]

Governor: Convert the legal services' restitution appropriation from a continuing to an annual appropriation and amend the appropriation to provide that all moneys received by DOJ to provide restitution to victims under a court order or settlement agreement be credited to the appropriation. Under current law, only moneys received by DOJ to provide restitution to victims when ordered by a court as the result of prosecutions of medical assistance fraud, marketing and trade practices violations, violations of environmental laws and violations under federal antitrust law are required to be deposited to the appropriation. As a continuing appropriation, DOJ has the authority to expend all monies received to make court-ordered restitution payments for the above violations. For other restitution payments received by the Department, DOJ deposits the money to a holding account from which it distributes the funds as provided in the court order or settlement agreement, including distribution of restitution funds that are not made to specific victims. There is no funding in the appropriation under the bill. With the change to an annual appropriation, therefore, before DOJ could distribute a restitution payment received under a court order or settlement agreement, DOJ would need to request and receive increased expenditure authority from DOA and the Joint Committee on Finance under a s. 16.515 action.

Joint Finance/Legislature: Delete provision. In addition, require DOJ to semi-annually submit a report to the Department of Administration and the Joint Committee on Finance regarding money received by DOJ under a court order or a settlement agreement for providing restitution to victims. Provide that the report specify: (a) the amount of restitution received by

DOJ during the reporting period; (b) the persons to whom DOJ paid restitution and the amount paid to each recipient during the reporting period; and (c) DOJ's methodology for selecting recipients and determining the amount paid to each recipient.

[Act 16 Section: 2856d]

16. MODIFICATIONS TO APPROPRIATIONS

Governor/Legislature: Make the following changes to DOJ appropriations: (a) rename the law enforcement services' interagency and intra-agency assistance; investigations appropriation the interagency and intra-agency assistance appropriation and broaden the allowable receipt of funds to the appropriation from moneys received for anti-drug abuse law enforcement assistance and drug investigations and analysis to moneys received for law enforcement assistance; and (b) amend the victims and witnesses' interagency and intra-agency assistance; reimbursement to counties appropriation to delete the requirement that funding for services relating to victims and witnesses be provided only to state agencies.

[Act 16 Sections: 769 and 774]

17. GPR-EARNED REESTIMATE [LFB Paper 564]

GPR-REV	\$1,115,200
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Joint Finance/Legislature: Reestimate the revenues to be received by DOJ and deposited to the general fund by \$557,600 annually. Based on actual 1999-00 and estimated 2000-01 GPR-Earned revenues for the Department and a DOA-directed change in the accounting of bond counsel reimbursement, it is estimated that the GPR-Earned revenues for DOJ will be \$1,402,800 annually.

18. FEDERAL FUNDING REESTIMATE [LFB Paper 563]

FED	\$1,447,700
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Joint Finance/Legislature: Provide \$799,600 in 2001-02 and \$648,100 in 2002-03 to the federal aid, state operations appropriation under the law enforcement services program to reflect anticipated grants from the federal Drug Enforcement Administration and the federal Office of National Drug Control Policy.

19. SPECIAL COUNSEL [LFB Paper 565]

GPR	-\$500,000
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Joint Finance/Legislature: Reestimate the sum sufficient special counsel appropriation by -\$250,000 annually to reflect estimated expenditures of \$850,000 annually. The special counsel appropriation pays for the costs associated with special counsel appointed by the Governor to: (a) assist the Attorney General in any action or proceeding; (b) act instead of the Attorney General in any action or proceeding, if the Attorney General is in any way interested adversely

to the state; (c) defend any action instituted by the Attorney General against any officer of the state; (d) institute and prosecute an action or proceeding which the Attorney General deems it the duty of the Attorney General to defend rather than prosecute; and (e) defend national guard members for acts performed while in the performance of military duty. Adjusted base funding for special prosecution costs is \$1,100,000 GPR.

20. AUTOMATED FINGERPRINT IDENTIFICATION SYSTEM WORKSTATION GRANT PROGRAM [LFB Paper 191]

	Jt. Finance /Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR	\$219,000	-\$219,000	\$0

Joint Finance/Legislature: Provide \$219,000 in 2001-02 in penalty assessment revenues to create a grant program in DOJ to fund the purchase by local law enforcement agencies of automated fingerprint identification system (AFIS) workstations. Direct DOJ to create criteria and procedures for use in administering the AFIS grant program. Provide that grant funds may only be used by local law enforcement agencies to purchase AFIS workstations and to cover the initial costs of installing a Badgernet line for the workstation. Require local law enforcement agencies to enter into agreements with DOJ which would define the duties and obligations of both DOJ and the local law enforcement agencies regarding the use of AFIS workstations and local access to the state AFIS and criminal records databases. Create a program revenue appropriation in DOJ to receive the funds and specify that the appropriation's funds be used for the AFIS workstation grant program.

Veto by Governor [D-20]: Delete provision.

[Act 16 Vetoes Sections: 395 (as it relates to s. 20.455(2)(kh)), 770n, 770p, 855n, 855p, 9131 and 9431(1c)]

21. HOTLINE FOR REPORTING DANGEROUS WEAPONS IN SCHOOLS

GPR	\$100,000
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Assembly: Require DOJ to maintain a toll-free telephone number for persons to provide information anonymously regarding dangerous weapons in public schools. Require DOJ to use the same toll-free telephone number for this purpose that it currently uses for: (a) persons to anonymously provide tips regarding suspected controlled substances violations; and (b) pharmacists to report suspected controlled substances violations.

Provide that if a call concerning dangerous weapons in public schools is made after normal retail business hours, as determined by departmental rule, DOJ must provide for the call to be received by a telephone answering system or service. Require the telephone answering system or service to provide a message that requests the person calling to call "911" or a local

law enforcement agency, if the person is calling to provide information regarding dangerous weapons in a public school.

Immediately upon receiving any information regarding dangerous weapons in a public school, or immediately at the beginning of the next retail business day if the information is not received during normal retail business hours, require DOJ to provide the information to the: (a) administration of the relevant public school; and (b) the appropriate law enforcement agency for the municipality in which the public school is located.

Provide that these changes would first take effect on the first day of the fourth month after publication of the bill.

Conference Committee/Legislature: Modify the Assembly provision to provide \$50,000 annually to DOJ for: (a) purchasing public information and promotion services regarding the hotline; and (b) requiring that after-hours calls to the hotline be answered by a person, not an answering machine.

[Act 16 Sections: 2857g thru 2857n and 9431(2p)]

22. REDUCE STATE PAYMENT OF UNCLAIMED WINNINGS BY RACETRACKS

GPR	\$9,200
PR	-9,200
Total	\$0

Senate: Provide \$18,400 GPR in 2002-03 for gaming-related law enforcement activities in DOJ as part of a provision to allow Wisconsin racetrack licensees to retain unclaimed winnings currently paid to the state, effective July 1, 2002. Under the provision, GPR funding would be provided to reflect the resulting estimated 2002-03 decrease in program revenue.

Conference Committee/Legislature: Provide \$9,200 GPR and delete \$9,200 PR in 2002-03 for gaming-related law enforcement activities in DOJ as part of a provision to allow Wisconsin racetrack licensees to retain 50% of unclaimed winnings currently paid to the state, effective July 1, 2002. The provision would first apply to prizes that are unclaimed on the 90th day after the effective date. Under the provision, GPR funding would be provided and PR funding would be reduced to reflect the resulting estimated 2002-03 decrease in program revenue.

[See Administration--Division of Gaming for more information.]

23. ALZHEIMER'S DISEASE RECOGNITION AND SAFE-RETURN PROGRAM

Senate: Provide \$30,000 GPR annually to a newly-created appropriation in DOJ for publicity activities for a program administered by a nongovernmental entity that registers persons with Alzheimer's disease or other related dementias in a national database and

provides the persons identification bracelets which facilitate their safe return to caregivers if they become lost or wander.

In addition, require the 400 hours of initial law enforcement training to include at least one hour of instruction on recognizing the symptoms of Alzheimer's disease or other related dementias and interacting with and assisting persons who have Alzheimer's disease or other related dementias. Require that at least one hour of the four required hours of annual recertification training for law enforcement officers include the Alzheimer's disease or other related dementias training outlined above. Define "Alzheimer's disease" for purposes of the law enforcement training requirements to mean a degenerative disease of the central nervous system characterized especially by premature senile mental deterioration, and also includes any other irreversible deterioration of intellectual faculties with concomitant emotional disturbance resulting from organic brain disorder.

Conference Committee/Legislature: Modify the provision to provide the Department of Health and Family Services, rather than DOJ, with funding for publicity activities.

Veto by Governor [D-19]: Delete the requirement that at least one hour of the four-hour annual law enforcement recertification training include Alzheimer's disease or other related dementias training.

[Act 16 Sections: 2858L thru 2858n]

[Act 16 Vetoed Section: 2858p]

24. LAW ENFORCEMENT TRAINING ON DOMESTIC ABUSE

Assembly/Legislature: Expand the current law requirement that the preparatory program of law enforcement training include an adequate amount of training to enable officers to deal effectively with domestic abuse incidents, to include training that addresses the emotional and psychological effect that domestic abuse has on victims.

[Act 16 Section: 2858n]

25. COLLECTION OF DATA CONCERNING MOTOR VEHICLE CONTACTS

Senate: Require law enforcement agencies to obtain the following information with respect to each motor vehicle contact made on or after January 1, 2002, by a law enforcement officer employed by the agency and to forward the information to DOJ: (a) the reason for the motor vehicle contact; (b) the age, gender, and race or ethnicity of the operator of the motor vehicle; (c) the number of persons in the motor vehicle; (d) whether a search was conducted of the motor vehicle, its operator, or any passenger, and for each search conducted: (1) whether the search was based on probable cause or reasonable suspicion to believe that an offense had been, was being, or was about to be committed, or whether the search was based on the consent of the

person searched or, for a motor vehicle search, on the consent of the operator or other authorized person; (2) if the search was of a passenger, the age, gender, and race or ethnicity of the passenger; and (3) what, if anything, was seized as a result of the search; (e) whether any person who was asked to consent to a search of the motor vehicle or of his or her person refused to consent; (f) whether the motor vehicle contact or a search conducted during the contact resulted in the operator or any passenger being given a written or verbal warning of, or a citation for, a violation of any law or ordinance and, if so, a listing of each warning or citation given and the alleged violation for which the warning or citation was given; (g) whether the motor vehicle contact or a search conducted during the contact resulted in the arrest of the operator or any passenger and, if so, a listing of each arrest made and the reason for the arrest; (h) the location of the motor vehicle contact, including the street address, if any; and (i) the date, time, and duration of the motor vehicle contact.

Define "motor vehicle contact" to mean any of the following: (a) the provision of assistance to the operator of, or the passengers in, a motor vehicle that is already stopped in any public or private place; (b) contact with an operator of, or passengers in, a motor vehicle involved in a traffic accident; or (c) the stop or detention of a motor vehicle that is traveling in any public or private place, or the detention of an occupied motor vehicle that is already stopped in any public or private place, for the purpose of investigating any alleged or suspected violation of a state or federal law or city, village, town, or county ordinance.

Require DOJ to compile and analyze the information, along with any other relevant information, to determine, both for the state as a whole and for each individual law enforcement agency, all of the following: (a) whether the number of motor vehicle contacts and searches involving motor vehicles operated or occupied by members of a racial or ethnic minority compared to the number of motor vehicle contacts and searches involving motor vehicles operated or occupied solely by persons who are not members of a racial or ethnic minority is disproportionate based on an estimate of the population and characteristics of all persons traveling on state highways, on an estimate of the populations and characteristics of persons traveling on state highways who are violating a law or ordinance, or on some other relevant population estimate; and (b) whether any disproportion found is the result of racial or ethnic profiling, racial or ethnic stereotyping, or other race-based or ethnicity-based discrimination or selective enforcement.

Annually on or before March 31 of each year, beginning March 31, 2003, require DOJ to submit a report to the Legislature, the Governor and to the Director of State Courts summarizing the information submitted to it by law enforcement agencies and require the report to describe the methods and conclusions of its analysis. Require DOJ to annually forward this information to the Department of Transportation (DOT) and require DOT to annually analyze the forwarded information concerning motor vehicle contacts made during the previous year by law enforcement agencies to determine, along with any other relevant information, all of the following: (a) the effects, if any, of motor vehicle contacts on state and local traffic enforcement; (b) whether certain motor vehicle driving patterns and driver behavior

have contributed to the frequency of motor vehicle accidents, injuries and death; (c) specific enforcement strategies that may promote highway safety, including the selection of specified areas for increased traffic law enforcement; and (d) other activities that may promote highway safety, such as highway redesigning, increased signage and modification of any existing speed limits. Require DOT to prepare an annual report that summarizes the Department's analysis and that describes the methods and conclusions of the analysis. Require DOT, on or before June 30, 2003, and on or before each June 30 thereafter, to submit the annual report to the Legislature, Governor and the Director of State Courts.

Require law enforcement training to include training designed to prevent the use of race or ethnicity, racial or ethnic profiling, racial or ethnic stereotyping, or other race-based or ethnicity-based discrimination or selection as a basis for detaining, searching, or arresting a person or for otherwise treating a person differently from persons of other races or ethnic backgrounds. Finally, require DOJ to promulgate rules to carry out its responsibilities, including specifying the type of assistance that constitutes a motor vehicle contact, prescribing a form for use in obtaining information, and establishing a schedule for forwarding information to the Department.

Conference Committee/Legislature: Delete provision.

26. OFFICE OF PUBLIC INTERVENOR

Senate: Provide \$241,400 GPR and 2.0 GPR assistant attorneys general annually to create an Office of Public Intervenor in DOJ. Require the Attorney General (AG) to designate an assistant attorney general as public intervenor. Provide that the public intervenor may, on his or her own initiative or upon the request of any committee of the Legislature, formally intervene in the following proceedings whenever such intervention is needed for the protection of public rights in water and other natural resources, as provided in the navigable waters chapters of the statutes and as defined by the Supreme Court: (a) navigable waters, harbors and navigation; (b) regulation of dams and bridges affecting navigable waters; (c) water and sewage (except servicing septic tanks, soil absorption fields, holding tanks, grease traps and privies); (d) pollution discharge elimination; (e) air pollution; (f) solid waste facilities; (g) hazardous waste management; (h) remedial actions; (i) metallic mining; (j) nonmetallic mining reclamation; oil and gas; and (k) general environmental provisions.

Require the agency head responsible for the above proceedings to give written notices of these proceedings to the public intervenor, to the natural areas preservation council and to agency division administrators primarily assigned the departmental functions under the following chapters: (a) wild animals and plants; (b) water and sewage; (c) air pollution; (d) solid waste facilities; (e) hazardous waste management; (f) remedial action; (g) metallic mining; (h) nonmetallic mining reclamation; oil and gas; and (i) general environmental provisions. Require the public intervenor to formally intervene in the above proceedings when requested to do so by one of these agency division administrators.

Provide that the public intervenor formally intervene by filing a statement to that effect with the examiner or other person immediately in charge of the proceeding. Upon that filing, provide that the public intervenor be considered a party to the proceeding with full power to present evidence, subpoena and cross-examine witnesses, submit proof, file briefs or do any other acts appropriate for a party to the proceedings.

In carrying out his or her duty to protect public rights in water and other natural resources, authorize the public intervenor to initiate actions and proceedings before any agency or court in order to raise issues, including issues concerning constitutionality, present evidence and testimony, and make arguments.

Require Department of Natural Resources (DNR) personnel, upon the request of the public intervenor, to investigate, study and report on items requested by the public intervenor in connection with intervention proceedings, either before or after the intervenor's formal intervention. Require personnel of state agencies, at the public intervenor's request, to provide information, serve as witnesses in intervention proceedings and otherwise cooperate in the carrying out of the public intervenor's functions.

Authorize the public intervenor to appeal administrative rulings to the courts. In all administrative and judicial review proceedings, require the public intervenor to be identified as "public intervenor". Do not preclude any division of DNR, as well as any other department or independent agency, from appearing by its staff as a party in any proceeding intervened in by the public intervenor. Prohibit the public intervenor from initiating any action or proceeding concerning the issuance of obligations by the Building Commission. For purposes of recovering costs from a state agency in any action by a state agency or in certain proceedings for judicial review of administrative decisions, do not include the public intervenor as a state agency from which such costs would be recoverable.

Require the AG to appoint a public intervenor advisory committee, consisting of seven to nine members with backgrounds in or demonstrated experience in, or records relating to, environmental protection or natural resource conservation. Require at least one of the members to have working knowledge in business and at least one of the members to have working knowledge in agriculture. Require the public intervenor advisory committee to: (a) advise the public intervenor on the intervenor's duty to protect public rights in water and other natural resources; (b) conduct open meetings; and (c) permit public participation and public comment on public intervenor activities.

Conference Committee/Legislature: Delete provision.

27. STATE EMPLOYMENT OF LEGAL COUNSEL

Assembly: Provide that no state agency in the executive branch could employ legal counsel except by contract and provide that all contracts for legal services entered into by the Governor for employment of special counsel or entered into by any state agency in the

executive branch, must be awarded only by solicitation of bids under the Department of Administration's statutory bid process.

Prohibit the Governor from entering into a contract for the provision of legal services under which the state is obligated or reasonably anticipated to be obligated to pay more than \$1,000,000, unless the Governor first files the proposed contract with the Chief Clerk of each house of the Legislature and complies with the procedure described below. Provide that if the Governor does not receive a report from a legislative committee recommending changes to a proposed contract within 60 days of the date on which the proposed contract was filed with each house of the Legislature, the Governor could enter into the contract as proposed.

Provide that if the Governor receives a timely report from a legislative committee concerning a proposed legal services contract, the Governor must review the report and, if the Governor determines to make any changes to the proposed contract that is the subject of the report, file a revised copy of the proposed contract with the Chief Clerk of each house of the Legislature.

Provide that if the Governor does not make all of the changes to a proposed legal services contract recommended by a legislative committee, the Governor must submit a report to the Chairperson or Co-Chairpersons of the committee that recommended the changes with an explanation of the reasons why all of the proposed changes were not made. Provide that if the Governor submits such a report to the Chairperson or Co-Chairpersons of the legislative committee, the Governor must not enter into the proposed legal services contract until at least 45 days after submittal of the Governor's report.

Provide that every legal services contract entered into by the Governor or a state agency in the executive branch which provides for counsel to be retained on a contingent fee basis must contain a provision requiring the counsel to submit a statement of the number of hours worked under the contract, the expenses incurred in relation to the contract and the net charge per hour under the contract, computed on the basis of the total charges, less expenses, divided by the number of hours worked. Provide that the Governor or agency head must not: (a) authorize payment to be made under the contract until the statement is submitted; (b) enter into any contract that requires the state to pay for legal services at a rate that exceeds \$1,000 per hour; and (c) authorize any payment to be made exceeding the rate of \$1,000 per hour. Provide that if a contract provides for a contingent or fixed fee, the hourly charge must be computed in the manner specified above.

Provide that if the legal services to be performed by any person for a state agency in the executive branch will or reasonably may be anticipated to exceed \$1,000,000, the employment must be by contract, which must be signed by the Governor. Provide that prior to approving any such contract for the provision of legal services, the Governor must file the proposed contract with the Chief Clerk of each house of the Legislature. Such contracts would be subject to the same procedures outlined for other legal services contracts of \$1,000,000 or more identified above.

Upon the filing of a proposed legal services contract for a \$1,000,000 or more proposed to be entered into by the Governor or a state agency in the executive branch, require the Chief Clerk of the legislative house to whom it is referred to refer the proposed contract to the presiding officer of that house, who must promptly refer any proposed contract to the appropriate standing committee of the given legislative house. Provide that within 30 days after such a referral, a committee to which a proposed legal services contract is referred may hold a public hearing concerning the proposed contract and issue a report to the Governor recommending changes to the proposed contract.

Provide that these changes would first apply to contracts for the employment of counsel entered into on the effective date of the bill.

Conference Committee/Legislature: Delete provision.

28. CHILDHOOD SEXUAL ABUSE TREATMENT AND PREVENTION GRANT PROGRAM

Senate: Require DOJ to administer a childhood sexual abuse treatment and prevention grant program under which DOJ would award grants to nonprofit organizations and public agencies to provide services to victims of childhood sexual abuse and for the prevention of childhood sexual abuse. Require DOJ to establish eligibility criteria to be used in deciding whether to award such grants. Define "sexual abuse" as a violation of the sexual assault, prostitution, sexual assault of a child, engaging in repeated acts of sexual assault of a child, sexual exploitation of a child, causing a child to view or listen to sexual activity, incest with a child, sexual intercourse with a child age 16 or older, or exposing genitals or pubic area statutory provisions, or a violation of any other state or federal law that would be violation of the above referenced statutory provisions if committed in this state. Define "victim of childhood sexual abuse" as an individual who has been sexually abused and who, at the time that the sexual abuse occurred, was a minor.

Provide that such grants be funded with at least 1% of the moneys received by the state each fiscal year under the federal temporary assistance for needy families block grant (TANF) program. Provide that no grant could be awarded unless DOJ first certifies that the grant would be used for services and programs that may be funded with moneys received under the federal TANF program. Create an appropriation under DOJ to receive the federal TANF funds, transferred from the Department of Workforce Development. Provide that these provisions take effect on July 1, 2003.

Conference Committee/Legislature: Delete provision.

29. PROSECUTION DIRECTIVE TO THE ATTORNEY GENERAL

Assembly: Direct the Attorney General to vigorously prosecute and pursue the repayment of a loan for a trade mission to Africa made from the minority business development finance and education and training grants program.

Conference Committee/Legislature: Delete provision.

LEGISLATURE

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$120,657,800	\$124,261,000	\$123,973,000	\$124,202,800	\$123,973,000	\$3,315,200	2.7%
PR	<u>2,850,800</u>	<u>2,958,000</u>	<u>2,958,000</u>	<u>2,958,000</u>	<u>2,958,000</u>	<u>107,200</u>	3.8
TOTAL	\$123,508,600	\$127,219,000	\$126,931,000	\$127,160,800	\$126,931,000	\$3,422,400	2.8%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	811.17	811.17	811.17	813.42	811.17	0.00
PR	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>0.00</u>
TOTAL	830.97	830.97	830.97	833.22	830.97	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 580]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$8,808,800	-\$288,000	\$8,520,800
PR	<u>107,200</u>	<u>0</u>	<u>107,200</u>
Total	\$8,916,000	-\$288,000	\$8,628,000

Governor: Provide adjustments to the base budget for: (a) turnover reductions (-\$182,000 GPR annually); (b) removal of noncontinuing elements from the base (-\$54,900 GPR and -\$60,000 PR annually); (c) full funding of continuing salaries and fringe benefits (\$1,951,700 GPR and \$18,900 PR in 2001-02 and \$1,870,100 GPR and \$18,900 PR in 2002-03); (d) reclassifications (\$236,500 GPR and \$73,200 PR in 2001-02 and \$185,500 GPR and \$94,200 PR in 2002-03); (e) overtime (\$112,700 GPR in 2001-02 and \$116,800 GPR in 2002-03); (f) fifth week vacation as cash (\$58,900 GPR in 2001-02 and \$64,700 GPR in 2002-03); and (g) full funding of lease costs (\$2,241,000 GPR and \$11,000 PR in 2001-02 and \$2,444,700 GPR and \$11,000 PR in 2002-03).

Joint Finance/Legislature: Modify the full funding of lease costs for the Assembly, Senate, Retirement Committees and certain legislative services agencies based on updated space allocations, recalculation of rent costs and changes in building ownership. Adjust the funding as follows: (a) increase funding for the Assembly by \$10,000 GPR annually; (b) for the Senate, decrease funding by \$174,800 GPR in 2001-02 and by \$233,700 GPR in 2002-03; (c) decrease funding for the Legislative Reference Bureau by \$153,000 GPR in 2001-02 and increase funding by \$2,400 GPR in 2002-03; (d) increase funding for the Legislative Technology Services Bureau by \$109,600 GPR in 2001-02 and by \$33,300 GPR in 2002-03; (e) increase funding for the Legislative Fiscal Bureau by \$68,000 GPR annually; (f) decrease funding for the Legislative Council by \$2,100 GPR annually; and (g) decrease funding for the Retirement Committees by \$11,300 GPR in 2001-02 and by \$12,300 GPR in 2002-03.

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- \$6,032,800
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Governor/Legislature: Reduce the agency's following GPR state operations appropriations by a total of \$3,016,400 in each year. The total reduction amount was derived by making a reduction of 5% to each appropriation's adjusted base level resulting in the individual appropriation annual reduction amounts shown in the following table:

<u>Appropriation Name</u>	<u>Annual Reduction Amount</u>
Assembly Operations	-\$1,074,000
Senate Operations	-696,400
Legislative Documents	-414,300
Membership Dues	-8,400
Retirement Committees	-11,100
Actuarial Studies	-800
Revisor of Statutes Bureau	-37,700
Legislative Reference Bureau	-191,300
Legislative Audit Bureau	-217,700
Legislative Fiscal Bureau	-136,400
Legislative Council	-143,700
Legislative Technology Services Bureau	<u>-84,600</u>
TOTAL	-\$3,016,400

3. SENATE -- REDISTRICTING COSTS

GPR	\$413,600
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Governor: Provide \$413,600 in 2001-02 for the following costs associated with work on redistricting plans for the Senate: (a) \$257,400 for salary and fringe benefits costs for 4.0 one-year project positions; and (b) \$156,200 for consultants.

Joint Finance: Modify Governor's provision to delete authorization for 4.0 one-year project positions.

Senate: Modify Joint Finance provision to include session law language specifying that, for the 2001-03 fiscal biennium, no more than \$350,000 GPR may be expended from the appropriation for the operations of the Senate for legal and consulting services associated with the redistricting of state congressional and legislative districts. Exclude from these limits the cost of services performed by employees of the Legislature in performance of their regular job responsibilities. Further, provide that these limits may be exceeded by an amount that is unanimously approved by all members of the Senate Organization Committee. The effect of this change would be to reduce the budgeted level for redistributing costs to \$350,000 GPR, a reduction of \$63,600 GPR in 2001-02 in the Senate budget for that year.

Conference Committee/Legislature: Delete Senate provision.

4. ASSEMBLY -- REDISTRICTING COSTS

GPR	\$413,600
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Governor: Provide \$413,600 in 2001-02 for the following costs associated with work on redistricting plans for the Assembly: (a) \$257,400 for salary and fringe benefit costs for 4.0 one-year project positions; and (b) \$156,200 for consultants.

Joint Finance: Modify Governor's provision to delete authorization for 4.0 one-year project positions.

Senate: Modify Joint Finance provision to include session law language specifying that, for the 2001-03 fiscal biennium, no more than \$350,000 GPR may be expended from the appropriation for the operations of the Assembly for legal and consulting services associated with the redistricting of state congressional and legislative districts. Exclude from these limits the cost of services performed by employees of the Legislature in performance of their regular job responsibilities. Further, provide that these limits may be exceeded by an amount that is unanimously approved by the all members of the Assembly Organization Committee. The effect of this change would be to reduce the budgeted level for redistricting costs to \$350,000 GPR, a reduction of \$63,600 GPR in 2001-02 in the Assembly budget for that year.

Conference Committee/Legislature: Delete Senate provision.

5. REVISOR OF STATUTES BUREAU -- TRANSFER POSITION TO LTSB

Governor/Legislature: Transfer funding (\$51,100 annually for salary and fringe benefit costs) and position authority for 1.0 information specialist position from the Revisor of Statutes Bureau to the Legislative Technology Services Bureau (LTSB).

6. SETTING LEGISLATIVE PER DIEM RATE

Governor/Legislature: Repeal the current statutory provision that requires the Secretary of the Department of Employment Relations to recommend to the Joint Committee on Employment Relations for its approval the daily amount that legislators may receive for in-session food and lodging expenses. Under current law, this amount, as recommended by the Secretary and approved by the Joint Committee, is included in the biennial state compensation plan as part of the schedule of uniform travel amounts. Under the proposed change, the per diem amount would be set by statute at an amount equal to 90% of the per diem rate for federal government employees who stay in the City of Madison while on federal government business. [Note: Currently, 90% of federal per diem rate for Madison is \$88. On January 4, 2001, the Joint Committee on Employment Relations approved a recommendation from the Secretary of Employment Relations to modify the state compensation plan to increase the legislative per diem rate from \$75 to \$88.] The Secretary of Employment Relations would be required to certify to the chief clerk of each house on December 1st of each even-numbered year what federal per diem rate is in effect on that date and 90% of that rate would then serve as the per diem rate for the forthcoming biennial legislative session. This amount would no longer be a part of state compensation plan and no legislative approval would be required in setting the new rate.

[Act 16 Sections: 102, 984 and 985]

7. LEGISLATIVE COUNCIL STUDY ON THE NEW ECONOMY

Senate/Legislature: Request that the Legislative Council study how state government, the state's research universities and the state's business community can foster economic development in this state by assisting and developing businesses and industries that are based on science and technology. Provide that if the Council conducts the study, it shall provide its findings and recommendations to the Chief Clerk of each house of the Legislature by January 1, 2002, and that notice of receipt of the report shall be included in the Assembly and Senate Journals. Specify that the report include recommendations on ways to: (a) increase the number and percentage of jobs in this state in businesses and industries that are based on science and technology; (b) increase the average earnings of employees employed in this state in businesses and industries that are based on science and technology; (c) increase the amount of venture capital invested in the state and the amount spent on research and development in this state; (d) increase the number of homes in this state that have computers and access to the internet. Also, require that the study include a recommended strategy to bring the best and brightest researchers to this state.

Veto by Governor [E-29]: Delete provision.

[Act 16 Vetoed Section: 9132(4z)]

8. LEGISLATIVE COUNCIL STUDY OF JURY SELECTION

Senate/Legislature: Request that the Legislative Council study how juries are selected. Specify that the study address what actions are needed to increase the number of persons in this state serving on juries who are members of racial and ethnic minority groups to achieve the goal that juries in this state reflect the racial and ethnic composition of the areas from which the juries are selected. Provide that if the Council conducts the study, it shall report its findings and recommendations to the Chief Clerk of each house of the Legislature and notice of receipt of the report shall be included in the Assembly and Senate Journals.

Veto by Governor [E-29]: Delete provision.

[Act 16 Vetoed Section: 9132(4b)]

9. LEGISLATIVE HOTLINE

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	-\$4,000	\$4,000	\$0

Assembly/Legislature: Provide for the end of the legislative hotline, effective July 1, 2002. Reduce funding in the Assembly and Senate general program operations appropriations by \$2,000 GPR each in 2002-03 for the cost of centrex lines and the 800 hotline number. Specify that the central legislative hotline number no longer be included on the state maps published by the Department of Transportation. Provide that the Assembly and Senate Organization Committees may allow the maintenance of one toll-free service per member of the Assembly or Senate. Specify that the toll free service shall be for use of members of the public to contact members of the Legislature. Require that the Assembly and Senate Organization Committees publish the number of the toll-free telephone service for each member of the Assembly or Senate.

Veto by Governor [E-27]: Delete provision. [Continued hotline expenditures of \$2,000 GPR in 2002-03 for the Assembly and the Senate are projected.]

[Act 16 Vetoed Sections: 102p, 2304p and 9432(1z)]

10. FUNDING FOR ASSEMBLY CAPSTONE PROGRAM

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$19,000	-\$19,000	\$0

Assembly/Legislature: Provide \$9,500 annually for 75% reimbursement of tuition costs for Assembly staff enrolled in the LaFollette Institute Capstone Program (where a certificate is

award after completion of four graduate level classes) as a part of the Assembly Staff Leadership Development Program.

Veto by Governor [E-30]: Delete increased funding by reducing the sum sufficient expenditure estimates for the Assembly by \$9,500 GPR in 2001-02 and in 2002-03 by deleting \$21,344,000 and writing in \$21,334,500 in 2001-02 and by deleting \$20,934,200 and writing in \$20,924,700 in 2002-03.

[Act 16 Vetoes Section: 395 (as it relates to s. 20.765(1)(a))]

11. INTERIM EXPENSE ALLOWANCE

Assembly: Repeal the statutory provision that allows the payment of interim expenses to legislators for each full calendar month during which the Legislature is in actual session for three days or less. The monthly allowance amount is \$25 for State Representatives and \$75 for State Senators. However, currently the Assembly does not pay this allowance. Reduce estimated expenditures for the Senate by \$14,900 in 2001-02 and \$12,300 in 2002-03.

Conference Committee/Legislature: Delete Assembly provision.

12. ADMINISTRATIVE RULES PROCEDURES

Assembly/Legislature: Emergency Rules. Reduce the initial length of time that emergency administrative rules may be in effect from the current 150 calendar days to 90 calendar days. In addition, modify the maximum length of time that an extension of the effective period of emergency administrative rules may be in effect from the current 120 calendar days (composed of any number of individual extensions of not to exceed 60 days per extension and the overall total of 120 days) to 180 calendar days (composed of any number of individual extensions of not to exceed 90 days per extension and the overall total of 180 days).

Agency Submittal of Approved Rules to Revisor of Statutes. Establish a requirement that any proposed administrative rule, following legislative review and approval under s. 227.19, must be submitted by the promulgating agency to the Revisor of Statutes and the Secretary of State within 30 days after legislative review of the rule is completed. Under current law, there is no required time period by which an agency must submit a proposed rule to the Revisor of Statutes for promulgation. An agency may withdraw a proposed rule at any time by notifying the Legislature of such withdrawal. Further, any proposed rule which has not been promulgated by an agency within four years after the year in which it was submitted to Administrative Rules Clearinghouse is considered withdrawn.

Veto by Governor [E-28]: Delete provisions.

[Act 16 Vetoes Sections: 3034d, 3034j and 3034k]

13. LEGISLATIVE AUDIT BUREAU STUDY OF THE MILWAUKEE PARENTAL CHOICE PROGRAM

Assembly: Require the Legislative Audit Bureau to administer a twelve-year longitudinal study of the Milwaukee parental choice program. Direct the Bureau to seek private sources of funding for the study. Authorize 1.0 PR position for the Bureau, funded from the gifts and grants appropriation, to monitor the study. Require the study to use standardized examinations and review graduation rates and other indicators of academic achievement. Require the results of the study to be submitted to the Legislature periodically over the twelve-year period, with the first report to be released no later than October 15, 2003.

Conference Committee/Legislature: Delete provision.

14. PRISON IMPACT ASSESSMENTS

	Legislature (Chg. to Base)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$214,800	2.25	-\$214,800	-2.25	\$0	0.00

Conference Committee/Legislature: Require the Legislative Fiscal Bureau (LFB) to prepare a prison impact assessment for any bill (or, if requested, for any bill draft) that creates a felony or modifies the period of imprisonment for a felony. Specify that except as otherwise provided by the joint rules of the Legislature, the LFB is required to prepare the assessment within 21 calendar days after the date on which the Bureau receives a copy of a bill (or the date on which the Bureau receives a request to prepare the assessment from the requester of the bill draft). Provide \$101,500 in 2001-02 and \$113,300 in 2002-03 and 2.25 positions to the Bureau for this purpose.

Require that a prison impact assessment contain all of the following: (a) projections of the impact on statewide populations of prisoners, probationers, parolees and persons on extended supervision; (b) an estimate of the fiscal impact of population changes on state expenditures, including expenditures for the construction and operation of state prisons for the current fiscal year and on an annualized basis; and (c) a statement of the methodologies and assumptions used in preparing the assessment.

Direct that prison impact assessments be reproduced and distributed in the same manner as are amendments to bills. Require that a bill draft that requires an assessment by the LFB have that requirement noted on its jacket when the jacket is prepared. Specify that when a bill that requires an assessment is introduced, the Legislative Reference Bureau must submit a copy of the bill to the LFB. Specify that no public hearing before a standing committee may be held and no committee vote may be taken regarding any bill or bill draft that requires a prison impact assessment unless the assessment has been prepared.

Require that the Department of Corrections provide the LFB with information on current and past admissions, on length of time served by inmates, and any other information needed by the Bureau to prepare the assessments. Require that the Circuit Courts and the Office of Justice Assistance in the Department of Administration provide the LFB with information to assist the Bureau in preparing the assessments.

Specify that the provision applies to bills introduced or requests for assessments for bill drafts made on or after July 1, 2002.

Veto by Governor [D-26]: Delete the statutory provisions; eliminate the increased funding (\$101,500 GPR in 2001-02 and \$113,300 GPR in 2002-03) by deleting the amounts in the appropriation schedule for the Legislative Fiscal Bureau and writing in lower amounts; and delete the positions by requesting the DOA Secretary not to authorize the additional positions.

[Act 16 Vetoed Sections: 97m, 114v and 395 (as it relates to s. 20.765(3)(d))]

LIEUTENANT GOVERNOR

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	\$1,051,200	\$1,126,600	\$1,126,600	\$1,126,600	\$1,126,600	\$75,400	7.2%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	7.75	7.75	7.75	7.75	7.75	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$42,600
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Governor/Legislature: Provide adjustments to the base budget for:
 (a) full funding of continuing salaries and fringe benefits (\$9,200 annually); and (b) reclassifications (\$12,100 annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	-\$52,600
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Governor/Legislature: Reduce the agency's GPR state operations appropriation by \$26,300 annually. The reduction amount equals 5% of the adjusted base level for this appropriation.

3. SASI INITIATIVE

GPR	\$85,400
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Governor/Legislature: Provide \$42,700 annually for basic desktop information technology support as part of a small agency support infrastructure (SASI) program. This support is currently provided to small agencies by DOA. The proposed funding would support

DOA user fee charges of \$2,200 per year for each user account at the Lieutenant Governor's office (\$30,800 annually) and new BadgerNet connections (\$11,900 annually). The services supported at DOA include desktop applications and hardware; continuous help desk support; network infrastructure and security; centralized data storage, backup and disaster recovery; dialup service; and E-mail/messaging services.

LOWER WISCONSIN STATE RIVERWAY BOARD

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
SEG	\$260,200	\$307,600	\$307,600	\$307,600	\$307,600	\$47,400	18.2%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
SEG	2.00	2.00	2.00	2.00	2.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

SEG	\$14,400
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Governor/Legislature: Provide \$7,200 annually for adjustments to the agency's base budget for: (a) full funding of continuing position salaries and fringe benefits (\$2,100 in each year); and (b) a salary increase for the executive director (\$5,100 in each year).

2. SASI INITIATIVE

SEG	\$33,000
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Governor/Legislature: Provide \$16,500 annually from the water resources and forestry accounts of the conservation fund for basic desktop information technology support as part of a small agency support infrastructure (SASI) program. This support is currently provided to small agencies by the Department of Administration (DOA). The services supported at DOA include desktop applications and hardware; continuous help desk support; network infrastructure and security; centralized data storage; backup and disaster recovery; dialup service; and e-mail/messaging services.

3. KICKAPOO RESERVE MANAGEMENT BOARD AND LOWER WISCONSIN STATE RIVERWAY BOARD REPORT

Joint Finance/Legislature: Require the Kickapoo Reserve Management Board and the Lower Wisconsin State Riverway Board to jointly submit a report to the Building Commission and the Joint Committee on Finance, after consulting with the tribal governments with whom they have signed memorandums of understanding and the DNR Parks Director. Require that the report include a recommendation on how revenue may be generated through hunting, camping, parking or other fees in order to cover operational costs of the two Boards and resubmit plans for building facilities, which given their close proximity, have their own individual emphases.

Veto by Governor [B-89]: Delete provision.

[Act 16 Vetoed Sections: 1263h and 1404f]

MARQUETTE DENTAL SCHOOL

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	\$8,055,000	\$9,597,800	\$9,456,400	\$9,456,400	\$9,456,400	\$1,401,400	17.4%

FTE Position Summary
Due to the private status of the school, the state does not control positions or nonstate monies received by the Marquette Dental School.

Budget Change Item

1. STATE FUNDING

Governor: Base level funding amounts provided by the Governor are shown under Marquette Dental School for information purposes only. Marquette Dental School receives its state funding through an appropriation in the Department of Health and Family Services (DHFS) with base level of \$2,860,500 annually for this purpose and the Higher Educational Aids Board (HEAB) with base level of \$1,167,000 annually. Funding from DHFS is used to provide dental services to low-income individuals. The funding from HEAB provides annual capitation payments of \$11,670 to 100 Wisconsin residents enrolled as full-time students at Marquette Dental School. In addition, the bill includes \$442,600 in 2001-02 and \$1,100,200 in 2002-03 for debt service costs related to state bonding authorized in 1999 Act 9 for a dental clinic and educational facility. This funding is drawn from an appropriation under miscellaneous appropriations.

Joint Finance: Provide \$175,100 in 2001-02 and \$350,100 in 2002-03 under HEAB to increase the maximum number of Wisconsin residents that qualify for capitation payments at the Dental School from 100 to 160. The funding provided assumes an additional 15 Wisconsin residents would be enrolled each year for the next four years. An additional \$175,100 in 2003-04 and \$350,100 in 2004-05 compared to total funding in 2002-03 would be needed to fully fund the provision in the next biennium.

In addition, reduce funding for debt service by \$330,600 in 2001-02 and \$336,000 in 2002-03 to reflect a reestimate of those costs.

Senate: Reduce funding by \$175,000 in 2001-02 and increase funding by \$144,700 in 2002-03, to: (1) reflect a delay in the effective date from 2001-02 to 2002-03 for the Joint Finance provision that would increase the number of Wisconsin residents that are eligible for tuition assistance from 100 to 160; and (2) increase the amount of tuition assistance for Wisconsin residents enrolled in dental school from the current level of \$11,670 per year to \$14,450 per year, beginning in 2002-03. The funding level assumes an additional 15 Wisconsin residents would be enrolled in dental school each year over a four-year period, beginning in 2002-03.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 16 Section: 481m]

MEDICAL COLLEGE OF WISCONSIN

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$15,271,400	\$15,271,300	\$15,271,300	\$15,271,300	\$15,271,300	-\$100	0.0%
PR	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>	0.0
TOTAL	\$16,271,400	\$16,271,300	\$16,271,300	\$16,271,300	\$16,271,300	-\$100	0.0%

FTE Position Summary

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

Budget Change Items

1. DEBT SERVICE REESTIMATE

GPR - \$100

Governor/Legislature: Reestimate debt service costs by -\$100 in 2001-02. Base level funding is \$158,700.

2. FAMILY MEDICINE APPROPRIATION

Joint Finance: Expand the eligible uses of funding under the family medicine and practice appropriation to include all family medicine educational activities, as long as the use of those funds does not result in a reduction in the number of available family medicine residency positions from the number of available positions in 2000-01. Currently, the statutes provide that the funds be used for the development and operation of family practice residency programs.

Assembly/Legislature: Delete the provision. Instead, expand the eligible uses of funding under the family medicine education appropriation to include the development and operation of programs to support the recruitment and training of medical students and residents in family and community medicine.

[Act 16 Section: 541d]

3. DOMESTIC ABUSE TRAINING

Assembly/Legislature: Require the Medical College of Wisconsin, Inc. to increase training of medical students in dealing with the emotional and psychological impact of domestic abuse on victims.

Veto by Governor [A-4]: Delete provision.

[Act 16 Vetoed Section: 1379t]

MILITARY AFFAIRS

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$38,534,600	\$40,128,100	\$38,772,900	\$38,397,500	38,397,500	-\$137,100	- 0.4%
FED	62,368,000	62,200,900	62,200,900	62,200,900	62,200,900	- 167,100	- 0.3
PR	7,380,400	7,400,800	7,400,800	7,307,400	7,307,400	- 73,000	- 1.0
SEG	<u>952,400</u>	<u>952,400</u>	<u>952,400</u>	<u>952,400</u>	<u>952,400</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$109,235,400	\$110,682,200	\$109,327,000	\$108,858,200	\$108,858,200	-\$377,200	- 0.3%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	123.65	125.80	125.80	125.80	125.80	2.15
FED	233.88	230.73	230.73	230.73	230.73	- 3.15
PR	<u>28.50</u>	<u>28.50</u>	<u>28.50</u>	<u>28.50</u>	<u>28.50</u>	<u>0.00</u>
TOTAL	386.03	385.03	385.03	385.03	385.03	- 1.00

Budget Change Items

Agencywide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments to the base budget totaling \$70,200 GPR, \$92,400 FED and \$10,200 PR in 2001-02 and \$71,200 GPR, \$83,900 FED and \$10,200 PR in 2002-03 and -1.0 FED annually. Adjustments are for: (a) turnover reduction (-\$94,500 GPR and -\$165,500 FED annually); (b) removal of noncontinuing elements from the

Funding Positions		
GPR	\$141,400	0.00
FED	176,300	- 1.00
PR	<u>20,400</u>	<u>0.00</u>
Total	\$338,100	- 1.00

base (-\$33,000 FED in 2001-02 and -\$45,100 FED in 2002-03 and -1.0 FED project position annually); (c) full funding of continuing salaries and fringe benefits (\$109,400 GPR, -\$128,000 FED and -\$42,300 PR annually); (d) reclassifications (\$1,300 GPR and \$5,800 FED in 2001-02 and \$2,300 GPR and \$9,400 FED in 2002-03); (e) BadgerNet increases (\$300 GPR and \$800 FED annually); (f) overtime (\$37,000 GPR, \$318,900 FED and \$42,800 PR annually); (g) night and weekend differential (\$6,300 GPR, \$83,400 FED and \$7,800 PR annually) (h) fifth week of vacation as cash (\$10,400 GPR, \$10,000 FED and \$1,900 PR annually); and (i) minor offsetting transfers within the same appropriation.

2. NATIONAL GUARD TUITION GRANT PROGRAM [LFB Paper 605]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$1,653,200	-\$1,406,300	-\$148,800	\$98,100

Governor: Modify the National Guard Tuition Grant program, as follows:

Funding for Increased National Guard Tuition Grant Program Utilization. Provide \$687,900 in 2001-02 and \$965,300 in 2002-03 to fund anticipated increases in utilization of the National Guard Tuition Grant program. The Department projects an increased demand for the program based on a rising membership in the Wisconsin National Guard, projected tuition increases and greater utilization of tuition grants as a result of increasing the tuition reimbursement rate from 50% to 100% under 1997 Wisconsin Act 27. Some 3,689 tuition grants were awarded during 1999-00 at a cost of \$3,737,600. The program is funded under a biennial appropriation. Base level funding in the appropriation is \$3,589,400 annually.

Definition of a Qualifying Institution of Higher Education. Clarify that for the purposes of the National Guard Tuition Grant program, qualifying accredited institutions of higher education would be those defined under 20 U. S. Code 1002, which defines such institutions for federal student financial assistance purposes. This federal definition specifies the characteristics of an institution of higher education and also references proprietary schools of higher education, postsecondary vocational institutions and institutions of higher education outside the United States that are comparable to a qualifying institution of higher education.

Under current law, eligible schools for purposes of the program are the extension and any campus of the UW System, a technical college or an accredited institution of higher education, as defined by rule by the Higher Educational Aids Board (HEAB). To date, HEAB has not promulgated this rule.

Joint Finance: Limit National Guard Tuition Grant reimbursements to \$1,000 per semester (\$500 for summer school) for full-time study, first effective for the fall semester of 2001. Direct the Department to promulgate rules establishing a methodology for determining the amount of the grant for students engaged in part-time study or who attend schools trimester or

other types of academic calendars. Delete \$564,100 in 2001-02 and \$842,200 in 2002-03 to reflect these changes.

Assembly: Provide an additional \$295,100 in 2001-02 and \$562,200 in 2002-03 to reflect the restoration of National Guard Tuition Grant reimbursements at the current law rate of 100% of actual tuition but not more than 100% of the maximum undergraduate resident tuition charged by the UW-Madison for a comparable number of credits, rather than a maximum of \$1,000 per semester (\$500 for summer school).

Conference Committee/Legislature: Modify Assembly provision by deleting \$160,800 in 2001-02 and by providing \$12,000 in 2002-03 to reflect setting National Guard Tuition Grant reimbursements at 100% of actual tuition but not more than 85% of the maximum undergraduate resident tuition charged by UW-Madison for a comparable number of credits, first effective for courses completed after September 1, 2001.

Veto by Governor [E-31]: Delete the National Guard Tuition Grant reimbursement rate modification, thereby retaining the current law reimbursement rate of 100% of actual tuition, but not more than 100% of the maximum undergraduate resident tuition charged by UW-Madison for a comparable number of credits.

[Act 16 Section: 1024]

[Act 16 Vetoed Sections: 1024c, 9336(2gk) and 9436(1gk)]

3. RESTRICTIONS ON THE USE OF NATIONAL GUARD TUITION GRANTS

Joint Finance: Require individuals who receive a National Guard tuition grant and become separated for cause from the National Guard to repay all tuition grant reimbursement amounts received from DMA during the term of the enlistment contract. Specify that "separation for cause" means misconduct as defined in military rules and regulations of the National Guard or absence without leave for more than nine unit training assemblies. Establish this provision as an exception to the current law limit of 12 months after the receipt of a grant during which time DMA may require the repayment of a tuition grant if the recipient fails to meet National Guard service eligibility criteria. Authorize DMA to enter into an agreement with the Department of Revenue to collect such repayments through the tax intercept program and require the Department of Revenue to send any intercepted tax refunds or credits to DMA.

Senate: Create additional limitations and eligibility restrictions that: (a) specify that an individual who is a member of the U. S. armed forces, including the National Guard for 10 years or more would be ineligible for a grant; (b) specify that an individual who did not maintain a minimum grade point average of 2.0 or an average grade of "C" during the semester for which reimbursement is requested would be ineligible for a grant for that semester; (c) require the application for reimbursement to include a certification of the applicant's grade

point average or grade; (d) establish a transitional provision specifying that any person who joins the National Guard after the general effective date of the biennial budget act would be eligible for a tuition reimbursement grant for courses taken only at the extension or any campus of the University of Wisconsin System, a public institution of higher education subject to the Minnesota-Wisconsin student reciprocity agreement; and any Wisconsin technical college; and (e) specify that these academic institution course eligibility criteria would become applicable to all National Guard members after June 30, 2005.

Assembly: Specify that any person who joins the National Guard after the general effective date of the biennial budget act would be eligible for a tuition reimbursement grant for courses taken only at the extension or any campus of the University of Wisconsin System, a public institution of higher education subject to the Minnesota-Wisconsin student reciprocity agreement; and any Wisconsin technical college. Specify that a member of the National Guard could continue to receive a tuition reimbursement grant for attendance at an accredited institution of higher education outside the state, if the National Guard member was enrolled in the institution prior to the effective date of this provision.

Conference Committee/Legislature: Modify Senate provision by deleting the restriction limiting eligibility for reimbursement grants for persons joining the National Guard after the general effective date of the biennial budget act but before June 30, 2005. During this transition period, new National Guard members would have been eligible for a tuition reimbursement grant for courses taken only at the extension or any campus of the University of Wisconsin System; a public institution of higher education subject to the Minnesota-Wisconsin student reciprocity agreement; and any Wisconsin technical college.

Veto by Governor [E-31]: Delete program limitations and eligibility restrictions: (a) making an individual who was a member of the U. S. armed forces, including the National Guard for 10 years or more, ineligible for a reimbursement grant; and (b) limiting eligible schools for tuition grant reimbursement purposes after June 30, 2005, to the extension or any campus of the University of Wisconsin System, a public institution of higher education subject to the Minnesota-Wisconsin student reciprocity agreement and any Wisconsin technical college.

[Act 16 Sections: 1024bi, 1024bk, 1024e, 1024i and 2200cm]

[Act 16 Vetoed Sections: 1024bg and 1024m]

4. BASE BUDGET REDUCTIONS [LFB Paper 245]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	-\$768,200	\$153,600	-\$614,600

Governor: Reduce the agency's largest GPR state operations appropriation by \$384,100 annually. This amount was derived by applying a 5% reduction to \$7,681,500 [state operations adjusted base level funding, less debt service and fuel and utilities costs]. Include session law language permitting the agency to submit an alternative plan to the Secretary of Administration for allocating the required reduction among its sum certain GPR appropriations for state operations. Provide that if the Secretary of DOA approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of DOA does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance: Modify the provision by providing that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency.

Senate: Delete provision.

Conference Committee/Legislature: Restore provision, as modified by Joint Finance, but provide an additional \$76,800 annually and require a 4% base level reduction rather than a 5% reduction to the agency's state operations appropriations. Specify that any alternative plan submitted to the Joint Committee on Finance could not reallocate funding reductions to the Badger Challenge program.

Veto by Governor [E-32]: Delete provision prohibiting the Department from reallocating funding reductions to the Badger Challenge program.

[Act 16 Section: 9159(1)(a)&(b)]

[Act 16 Vetoed Section: 9159(1)(b)]

5. FUEL AND UTILITY COST INCREASES

GPR	\$468,800
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Governor/Legislature: Provide \$348,100 in 2001-02 and \$120,700 in 2002-03 for increased fuel and utility costs at agency facilities.

6. YOUTH CHALLENGE PROGRAM STATE MATCH REQUIREMENT

	Funding Positions	
GPR	\$343,400	2.15
FED	- 343,400	- 2.15
Total	\$0	0.00

Governor/Legislature: Provide \$171,700 GPR and -\$171,700 FED annually and 2.15 GPR and -2.15 FED positions annually to comply with provisions of the 1998 Defense Appropriation Act, which increases the required amount of state matching funds for the Youth Challenge program from 65% FED/35% GPR in the 2000-01 fiscal year to 60% FED/40% GPR in the 2001-02 fiscal year and thereafter. The

current base level of funding for the program is \$1,008,000 GPR and \$1,875,900 FED annually and 15.05 GPR positions and 27.95 FED positions.

7. DEBT SERVICE REESTIMATE [LFB Paper 266]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$245,100	\$251,100	\$6,000

Governor: Reestimate the agency's debt service costs related to National Guard facilities operated by the Department by -\$8,700 in 2001-02 and -\$236,400 in 2002-03.

Joint Finance/Legislature: Reestimate the Department's debt service costs by \$126,200 in 2001-02 and \$124,900 2002-03.

8. CREATION OF A WISCONSIN NAVAL MILITIA [LFB Paper 606]

Governor: Create a Wisconsin naval militia under the command and control of the Governor acting through the Department's Adjutant General, as follows:

Composition of Naval Militia. Provide that the Wisconsin naval militia would consist of members or former members of the U. S. Naval, Coast Guard or Marine Corps reserve, enlisted or appointed, who also join the Wisconsin naval militia. Specify that the members and units of this new entity would be under the command and control of the Governor through the Adjutant General. Establish the primary purpose of the naval militia as responding to the call of the Governor to support the state during times of natural disaster, state emergency, domestic disorder or other public service missions. Require the Adjutant General to establish the structure and units of the naval militia, subject to the approval of the Governor.

Assistant Adjutant General for Readiness and Training for the Naval Militia. Specify that the military staff of the Governor would be expanded to include an Assistant Adjutant General for Readiness and Training for the Naval Militia, who must hold the rank of Rear Admiral Lower Half or Brigadier General, depending on the branch of service. Specify that the new Assistant Adjutant General would be appointed by the Adjutant General, with the consent of the Governor, for a three-year period and could be reappointed. Stipulate that appointment of this Assistant Adjutant General would not be conditioned upon current membership in any of the U. S. armed forces reserves, but the individual would have to be a member of a U. S. reserve component or separated from the military under honorable conditions. Specify that this new position would be assigned to the state unclassified service. No position authorization or funding for an Assistant Adjutant General for Readiness and Training for the Naval Militia is provided in the bill.

Naval Militia Units and Members Generally Made Subject to the Same Policies and Procedures Currently Applicable to the Wisconsin National Guard. Specify that the Wisconsin naval militia would be administered by the Department and would generally be subject to the same requirements of Chapter 21 of the statutes that govern members of the Wisconsin National Guard.

These provisions include the following. The Department would be responsible for providing facilities and any other available support and all administration needs for the naval militia. The Department would be authorized to rent these facilities to the naval militia when the facilities are not in use. The Adjutant General would be required to issue all necessary supplies, and arrange for their purchase and transportation. All subsistence would be supplied while on active duty. The naval militia would be provided with all necessary physical exams, inoculations and medical supplies. The Governor would be authorized to receive arms and military equipment from the U.S. government for a naval militia. The uniform of the naval militia would be consistent with the member's branch of service.

Specify that members of the naval militia on active duty in the state under orders of the Governor on a state basis would receive pay equal to their pay grade in the U. S. armed forces, including allowances and that the base pay could not be less than \$50 per day. Members of the Governor's military staff on such duty would receive the pay, but not the allowances, of an officer of equal grade in the U. S. armed forces. The Governor would be authorized to order the naval militia to assemble for regular and specialty training. Pay and allowances for attendance at these schools would be set by the state or federal government.

Provide that members of the naval militia would be entitled to leaves of absence from state service, without loss of time served, to attend military school and annual field training or annual federal tours of active duty. Establish that membership in the naval militia would be subject to the state nondiscrimination statutes, to the extent allowed by federal law and regulations. Specify that naval militia members while in state service are employees for worker's compensation purposes. Authorize the payment of a death benefit of at least \$50,000 to dependents of a deceased member of the naval militia who died while performing required services.

Any member of the naval militia failing to carry out orders, or failing to appear for duty as ordered, would be subject to the Wisconsin Code of Military Justice. Any member of the naval militia subject to prosecution arising from acts performed while on military duty, and in pursuance of that military duty would be defended at state expense and any judgments ordered to be paid would be funded from a sum sufficient appropriation under Program Supplements used for the payment of judgments against the state and its officers and agents.

A GPR sum sufficient appropriation under the Department would be modified in order to permit its use in funding the naval militia to defray its expenditures necessary for the defense of the state during war, riot, natural disaster, great public emergency.

Senate: Delete provision.

Assembly: Restore provision.

Conference Committee/Legislature: Delete provision.

9. BADGER CHALLENGE PROGRAM MORATORIUM

GPR	- \$280,200
PR	- 93,400
Total	- \$373,600

Assembly: Delete \$280,200 GPR and \$93,400 PR annually to reflect the suspension of the Badger Challenge program. Make permissive the current law requirement that the Department administer the Badger Challenge program. Specify that the current requirement that the Department promulgate rules for the administration of the Badger Challenge program would only apply if the Department chooses to operate the program.

Conference Committee/Legislature: Modify Assembly provision by deleting Badger Challenge funding for 2001-02 only. Restore \$280,200 GPR and \$93,400 PR in 2002-03 for the program. [See Health and Family Services -- Economic Support and Child Care for associated federal funding changes relating to the Badger Challenge program moratorium.]

[Act 16 Section: 1013m]

Emergency Management

1. REIMBURSEMENT OF HAZARDOUS MATERIALS EMERGENCY RESPONSE TEAMS AS A RESULT OF THE POTENTIAL RELEASE OF HAZARDOUS SUBSTANCES

Governor/Legislature: Require the agency's Division of Emergency Government to promulgate rules establishing a procedure that Level A regional emergency response teams and Level B local emergency response teams must follow to determine if an emergency that requires a response exists as a result of a Level A or Level B hazardous materials release or potential release. Provide that any person who possessed or controlled the hazardous substances involved in the emergency release or potential release and who caused the emergency would be required to reimburse the Division for the costs incurred by the emergency response teams, where the teams followed the procedures established by the Division in the new rules. Specify that the Division would be required to reimburse a Level A or Level B emergency response team if the teams followed the procedures established under the new rules. Reimbursements would be limited to the amounts collected from the person responsible for the hazardous

materials release or potential release and the amounts appropriated to the Division under a GPR-funded continuing appropriation for such purposes. The current available balance in this appropriation is \$44,600 GPR. No additional amounts are provided to this appropriation under the bill.

Provide a statutory definition of regional emergency response teams and county emergency response teams, which are uniformly designated as "local emergency response teams." Delete certain references to discharges since the emergency response teams would be responding to hazardous materials emergencies where there is a potential for a materials release rather than an actual discharge and since reimbursements would newly be available for such potential releases. Specify that these modifications would first apply to releases or potential releases of hazardous materials that occur on or after the general effective date of the biennial budget act.

Under current law, regional emergency response teams have been established to respond to "Level A" releases in their area. A "Level A" release is a release of a hazardous substance that necessitates the highest level of protective equipment for the skin and respiratory systems of emergency response personnel. Currently, county emergency response teams are required to respond to "Level B" releases. A "Level B" release is a release of a substance that necessitates the highest level of protective equipment for the respiratory systems of emergency response personnel but less skin protection than a "Level A" release. Currently, the Division reimburses the emergency response teams for the net unreimbursed costs of responding to an actual release of hazardous materials. Reimbursements are not currently available where an emergency response team responds to an event where there is the potential for a release of hazardous materials, but none actually occurs. Also under current law, the person who owns or controls the hazardous materials, who is responsible for their release and who is financially able to reimburse the response teams for their expenses must reimburse those expenses.

[Act 16 Sections: 2863 thru 2881, 3864, 3865 and 9336(1)]

2. REIMBURSEMENT OF CERTAIN COUNTY AND MUNICIPAL WORKER'S COMPENSATION AND LIABILITY COSTS DUE TO EMERGENCY MANAGEMENT ACTIVITIES [LFB Paper 610]

Governor: Modify the source of funding for reimbursements of certain worker's compensation benefits, awards for injuries to others and losses from the destruction of equipment incurred by a county or municipality that is engaged in emergency management activities. Specify that if the total amount of such costs and liabilities exceeds \$1 per capita for the jurisdiction's population, the state would reimburse the county or municipality from an existing Program Supplements GPR-funded sum sufficient appropriation for the payment of judgments against the state and its officers, rather than from the appropriation currently used: the Division of Emergency Government's GPR-funded sum certain general program operations appropriation. Modify the statutory purposes of the Program Supplements sum sufficient

appropriation to authorize payments for these worker's compensation benefits and the indemnification of counties and municipalities. No funding adjustments would be made to either of these appropriation as a result of these proposed modifications.

Joint Finance/Legislature: Delete provision.

3. TREATMENT OF REIMBURSEMENTS RECEIVED UNDER THE EMERGENCY MANAGEMENT ASSISTANCE COMPACT

Governor/Legislature: Create a PR-funded, annual appropriation to which would be credited all reimbursements from other states and territories for any losses, damages or expenses incurred by the Division of Emergency Government in those jurisdictions when the Division provides emergency assistance under terms of the interstate Emergency Management Assistance Compact [s. 166.30 of the statutes]: Modify an existing PR-funded annual intergovernmental services appropriation to provide for parallel treatment for reimbursements received from such jurisdictions when the emergency assistance is provided by units or members of the Wisconsin National Guard. Under the terms of the Compact, any participating state requesting emergency assistance is responsible for losses, damages and expenses incurred by other states that provide requested emergency assistance. No new or additional expenditure authority would be provided under either of these appropriations in connection with these proposed changes.

[Act 16 Sections: 777 and 780]

4. CONSOLIDATION OF EMERGENCY MANAGEMENT ADMINISTRATION APPROPRIATIONS

Governor/Legislature: Repeal the agency's hazardous substance emergency response administration appropriation and transfer base level funding of \$92,400 GPR and 1.5 GPR positions associated with this appropriation to the agency's emergency management services general program operations appropriation. Clarify the statutory purpose of this latter appropriation by deleting redundant language relating to its use to support of central administrative services of the agency.

[Act 16 Sections: 778 and 779]

**5. EMERGENCY RESPONSE EQUIPMENT FUNDING [LFB
Paper 611]**

GPR	- \$200,000
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Joint Finance/Legislature: Delete \$100,000 annually of base level funding from the DMA's emergency response equipment appropriation. In recent fiscal years, the Department

has either lapsed or transferred for other purposes \$100,000 or more annually from this appropriation.

6. HELICOPTER SUPPORT SERVICES GRANTS

GPR	- \$100,000
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Assembly: Repeal the helicopter support services grant program and associated appropriation and delete base level funding of \$150,000 annually. Delete the requirements that the Governor: (a) enter into a contract with the Milwaukee County for helicopter support services; and (b) make payments to the Milwaukee County sheriff for the provision of helicopter support services relating to boating safety, disaster assistance, drug interdiction assistance, fire fighting assistance, law enforcement assistance, search and rescue operations and traffic control operations to public safety agencies.

Conference Committee/Legislature: Modify Assembly provision by restoring the helicopter support services grant program and associated appropriation but at a revised funding level of \$100,000 annually, rather than \$150,000 annually.

MINNESOTA-WISCONSIN BOUNDARY AREA COMMISSION

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	<u>Act 16 Change Over Base Year Doubled</u>	
						Amount	Percent
SEG	\$376,000	\$393,000	\$393,000	\$0	\$0	-\$376,000	- 100.0%

FTE Position Summary
There are no state authorized positions for the Minnesota-Wisconsin Boundary Area Commission.

Budget Change Item

1. COMMISSION FUNDING

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
SEG	\$17,000	-\$393,000	-\$376,000

Governor: Provide \$5,600 SEG in 2001-02 and \$11,400 SEG in 2002-03 to reflect Wisconsin's share of the cost to continue current operations based on a 3% annual inflationary increase. Minnesota provides an equal share of funding for the Commission.

Assembly/Legislature: Delete \$193,600 in 2001-02 and \$199,400 in 2002-03 from the water resources account to eliminate funding for the Minnesota-Wisconsin Boundary Area Commission (MWBAC). Specify that the State of Wisconsin withdraw from the compact creating the Commission, and request that the Governor of Wisconsin inform the Governor of Minnesota of this withdrawal no later than 10 days after the effective date of the bill.

[Act 16 Sections: 102m, 103m, 126s, 584b, 1389t, 9106 and 9306]

MISCELLANEOUS APPROPRIATIONS

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over <u>Base Year Doubled</u>	
						Amount	Percent
GPR	\$138,675,000	\$177,187,500	\$172,687,300	\$194,787,300	\$194,787,300	\$56,112,300	40.5%
SEG	<u>33,040,400</u>	<u>694,091,800</u>	<u>800,125,900</u>	<u>800,225,900</u>	<u>800,225,900</u>	<u>767,185,500</u>	2,322.0
TOTAL	\$171,715,400	\$871,279,300	\$972,813,200	\$995,013,200	\$995,013,200	\$823,297,800	479.5%

FTE Position Summary
There are no authorized positions for Miscellaneous Appropriations.

Budget Change Items

1. SUPPLEMENTAL TITLE FEE MATCHING APPROPRIATION [LFB Paper 675]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	-\$21,400,000	\$22,100,000	\$700,000

Governor: Repeal the supplemental title fee matching GPR sum sufficient appropriation that was estimated at \$10,700,000 annually. Under current law, the funds are deposited to the segregated nonpoint account of the environmental fund, which is eliminated under the bill.

The bill would delete current provisions, and the corresponding GPR appropriation, that deposit general fund revenues (GPR) in an amount equal to the annual revenues generated from the \$7.50 automobile title transfer fee to the segregated nonpoint account of the environmental fund (prior to 1997, the actual title transfer fee revenues were annually transferred from the transportation fund to the nonpoint account). Under current law, the Secretary of Transportation must annually certify to the Secretary of Administration the amount of automobile title transfer fees collected during the previous fiscal year, for the purpose of

determining the amounts to be transferred to the nonpoint account. The effect of the bill is to allow no revenues or expenditures to or from the nonpoint account of the environmental fund.

Senate/Legislature: Delete provision. In addition, reestimate the supplemental title fee matching GPR sum sufficient appropriation from \$10,700,000 annually to \$11,000,000 in 2001-02 and \$11,100,000 in 2002-03.

2. OPERATING NOTE INTEREST -- COST ESTIMATE

GPR	\$12,900,000
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Governor/Legislature: Increase funding by \$7,500,000 in 2001-02 and by \$5,400,000 in 2002-03 for estimated interest costs on operating notes. Total funding would be \$15,300,000 in 2001-02 and \$13,200,000 in 2002-03. DOA anticipates operating notes of \$700 million in 2001-02 and \$600 million in 2002-03. There were no operating notes issued in 2000-01.

3. DEBT SERVICE ESTIMATE -- MARQUETTE DENTAL SCHOOL [LFB Paper 266]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,542,800	-\$666,600	\$876,200

Governor: Provide \$442,600 in 2001-02 and \$1,100,200 in 2002-03 for projected debt service costs related to state bonding for a dental clinic and educational facility at Marquette University.

Joint Finance/Legislature: Reduce funding by \$330,600 in 2001-02 and \$336,000 in 2002-03 to reflect a reestimate of debt service costs.

4. CAPITOL OFFICES RELOCATION APPROPRIATION [LFB Papers 620, 621 and 622]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,016,100	-\$3,732,200	-\$2,716,600

Governor: Increase base level funding by \$4,031,700 in 2001-02 and decrease base level funding by \$3,015,600 in 2002-03 for the capitol offices relocation appropriation. This represents the net funding adjustments necessary to reflect the following space funding changes for offices relocated from the Capitol that will be implemented over the course of the next two fiscal years: (a) removing, for those entities relocated from the Capitol that are remaining in their current office space, the costs of rental space previously paid from this appropriation and transferring these costs to the individual agency appropriations as a part of standard budget adjustments (such costs will no longer be funded from this appropriation after June 30, 2001); (b) adding

funding for the one-time, build-out and moving costs and associated existing rent costs for those legislative and supreme court agencies that will be moving to the new Justice Center building, into the One East Main building or returning to the Capitol during the 2001-03 biennium. In addition, provide for the repeal of this appropriation and associated language effective July 1, 2003 (at which time all on-going funding remaining in this appropriation would have to be incorporated into the on-going budgets of the respective agencies).

Joint Finance/Legislature: Delete the proposed repeal of the capitol offices relocation appropriation. In addition, provide increased funding of \$158,800 GPR in 2001-02 for payments of a total of six months funding for the Law Library in its current location in the One East Main building until its move to the new Justice Center. Further, delete \$3,891,000 GPR in 2001-02 for one-time build-out costs in the new Justice Center for the space for the Senate, the State Law Library and the offices of the Retirement Committees since these costs have already been obligated in fiscal year 2000-01.

5. ELECTION CAMPAIGN FUND REESTIMATE

GPR	\$30,000
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Governor/Legislature: Adjust expenditures for payments to the election campaign fund of revenues received from the one dollar income tax check-off by \$15,000 in 2001-02 and \$15,000 in 2002-03 to reflect estimated check-off revenues. Total budgeted expenditures would be \$325,000 annually. In 2000-01, \$324,649 was transferred to the fund.

6. TRANSFERS TO THE CONSERVATION FUND [LFB Paper 653]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$26,400	\$0	-\$26,400
SEG	<u>2,196,600</u>	<u>1,161,600</u>	<u>3,358,200</u>
TOTAL	\$2,170,200	\$1,161,600	\$3,331,800

Governor: Reestimate the revenue to the segregated snowmobile, all-terrain vehicle (ATV), and water resources accounts of the conservation fund from the motor fuel tax transfer based on an expected increase in the number of registered boats, snowmobiles, and ATVs. Estimated increases by year and category include:

	2001-02		2002-03	
	<u>Increase</u>	<u>Total</u>	<u>Increase</u>	<u>Total</u>
Snowmobile transfer	\$381,600	\$4,228,400	\$590,100	\$4,436,900
ATV transfer	67,800	788,300	106,700	827,200
Water resources transfer	<u>260,700</u>	<u>10,756,200</u>	<u>789,700</u>	<u>11,285,200</u>
Total	\$710,100	\$15,772,900	\$1,486,500	\$16,549,300

Also, reestimate the reimbursement to the conservation fund for debt service on certain land acquisitions by -\$11,100 GPR (to \$236,800) in 2001-02 and -\$15,300 GPR (to \$232,600) in 2002-03.

Joint Finance/Legislature: Provide an additional \$435,300 SEG in 2001-02 and \$726,300 SEG in 2002-03 related to the gas tax transfers to the conservation fund as follows: (a) \$269,300 in 2001-02 and \$444,800 in 2002-03 to the snowmobile account; and (b) \$166,000 in 2001-02 and \$281,500 in 2002-03 to the all-terrain vehicle account. Total gas tax transfers are estimated as follows:

	<u>2001-02</u>	<u>2002-03</u>
Snowmobile Transfer	\$4,497,700	\$4,881,700
ATV Transfer	954,300	1,108,700
Water Resources Transfer	<u>10,756,200</u>	<u>11,285,200</u>
Total	\$16,208,200	\$17,275,600

7. TERMINAL TAX DISTRIBUTION [LFB Paper 902]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
SEG	\$198,500	\$100,000	\$298,500

Joint Finance: Increase payments from the transportation fund by \$72,600 in 2001-02 and \$125,900 in 2002-03 to reflect a reestimate of terminal tax payments at \$1,130,000 in 2001-02 and \$1,183,300 in 2002-03. Terminal tax payments are calculated by multiplying the value of terminal storage property held by railroads by the statewide average effective tax rate. These amounts are paid to towns, villages and cities where terminal storage property is located.

Assembly/Legislature: Add repair facilities, defined as property on which a roundhouse, a repair shop and a turntable are located and at which railcars and locomotives are built, maintained and repaired, to the list of property for which a terminal tax payment is made from the transportation fund, first applying to property tax assessments as of January 1, 2002.

Require DOR to make a separate valuation of each repair facility for the purposes of calculating the terminal tax payment. Increase funding by \$100,000 in 2002-03 to reflect this change.

[Act 16 Sections: 2231m, 2232d, 2232m and 9344(12e)]

8. AVIATION FUEL PETROLEUM INSPECTION FEE ALLOWANCE [LFB Paper 301]

SEG	\$400,000
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Joint Finance/Legislature: Provide \$200,000 SEG annually to reestimate the petroleum inspection fee allowance sum sufficient appropriation from \$400,000 SEG to \$600,000 SEG annually. Purchasers of aviation fuel on which the petroleum inspection fee has been imposed are eligible for reimbursement of 2¢ for each gallon of aviation fuel purchased in excess of one million gallons per month.

9. OTHER MISCELLANEOUS APPROPRIATIONS CHANGES

The description and fiscal effect of miscellaneous appropriations changes related to Minnesota-Wisconsin and Illinois-Wisconsin income tax reciprocity items and interest on overpayment of taxes are summarized under "General Fund Taxes." The description and fiscal effect of miscellaneous appropriations changes related to the permanent endowment fund are summarized under "Tobacco Settlement Securitization". The description and fiscal effect of miscellaneous appropriations changes related to airport hub exemption fund transfers are summarized under "Transportation."

NATURAL RESOURCES

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$337,717,400	\$342,039,100	\$329,669,700	\$318,458,900	\$318,542,000	-\$19,175,400	-5.7%
FED	86,234,000	90,214,500	90,066,700	88,339,200	88,211,800	1,977,800	2.3
PR	61,308,600	66,803,200	66,171,300	64,617,400	64,447,400	3,138,800	5.1
SEG	<u>439,733,400</u>	<u>437,473,000</u>	<u>473,524,600</u>	<u>424,691,600</u>	<u>421,395,300</u>	<u>- 18,338,100</u>	<u>- 4.2</u>
TOTAL	\$924,993,400	\$936,529,800	\$959,432,300	\$896,107,100	\$892,596,500	-\$32,396,900	- 3.5%
BR		\$29,693,600	\$28,743,600	\$140,993,600	\$131,993,600		

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	512.78	526.28	525.28	504.78	504.78	- 8.00
FED	478.96	448.96	447.85	444.35	442.35	- 36.61
PR	280.14	273.64	269.64	268.16	268.16	- 11.98
SEG	<u>1,728.64</u>	<u>1,710.14</u>	<u>1,740.14</u>	<u>1,159.55</u>	<u>1,106.80</u>	<u>- 621.84</u>
TOTAL	3,000.52	2,959.02	2,982.91	2,376.84	2,322.09	- 678.43

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Delete \$1,330,700 and 29.25 positions in 2001-2002 and delete \$1,620,000 and 43.5 positions in 2002-03 for adjustments to the base budget for: (a) -\$2,709,400 annually for turnover reduction, (-\$609,800 GPR, -\$117,300 FED, -\$166,500 PR, and -\$1,815,800 SEG annually); (b) -\$7,106,700 and -20.25 positions in 2001-2002 and -\$7,298,100

Funding Positions		
GPR	-\$763,400	0.00
FED	2,233,600	- 30.50
PR	267,700	- 4.00
SEG	<u>- 4,688,600</u>	<u>- 9.00</u>
Total	-\$2,950,700	- 43.50

and -34.5 positions in 2002-2003 for removal of noncontinuing elements from the base (-\$662,200 FED, -\$521,600 PR, and -\$5,922,900 SEG in 2001-2002; -\$853,600 FED, -\$521,600 PR, and -\$5,922,900 SEG in 2002-2003; -16.25 FED positions, -3.0 PR positions, and -1.0 SEG position in 2001-2002; -30.5 FED positions, -3.0 PR positions, and -1.0 SEG position in 2002-2003); (c) \$6,339,100 annually for full funding of continuing salaries and fringe (\$174,200 GPR, \$1,983,300 FED, \$828,700 PR, and \$3,352,900 SEG annually); (d) \$58,700 annually to fund an increase in charges for BadgerNet (\$10,000 GPR, \$8,700 FED, \$5,100 PR, and \$34,900 SEG annually); (e) \$2,194,200 annually for overtime (\$8,400 PR and \$2,185,800 SEG annually); and (f) \$193,300 annually for a fifth vacation week as cash for certain long-term employees (\$43,900 GPR, \$8,700 PR, and \$140,700 SEG annually).

In addition, DOA budget instructions direct state agencies to delete costs for project positions that expire during the 2001-03 biennium under a standard budget adjustment for the removal of noncontinuing items. The following funding amounts and expiring project positions would be deleted in addition to the standard budget adjustments identified in the bill: (a) \$169,600 SEG in 2001-02 and \$226,100 SEG in 2002-03 with 5.0 positions to delete five forester project positions that expire October 9, 2001; (b) \$29,100 SEG in 2001-02 and \$46,600 SEG in 2002-03 with 1.0 SEG position to delete a recycling program project position that expires on October 14, 2001; (c) \$17,000 PR in 2001-02 and \$40,900 PR in 2002-03 with 1.0 PR position to delete a laboratory certification program project position that expires on February 3, 2002; and (d) \$84,200 SEG and 2.0 SEG positions annually to delete two septage management program project positions that expire on June 30, 2001.

2. BASE BUDGET REDUCTION [LFB Paper 245]

GPR	- \$4,948,200
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Governor: Reduce DNR's largest GPR state operations appropriation (the Water Division's general operations) by \$2,474,100 annually. The total reduction amount was derived by applying a 5% reduction based on the agency's GPR state operations appropriations (excluding debt service). Include session law permitting DNR to submit within 90 days of the publication of the budget bill a plan to the Department of Administration to reallocate some or all of the reductions to other sum certain state operations appropriations within the agency. If the DOA Secretary does not approve the revised plan, DNR would be directed to make the reductions as provided in the bill. If the Secretary approved the revised plan, he would then forward the reallocation plan to the Joint Committee on Finance for its review and approval. If the Co-chairpersons of the Committee did not notify the DOA Secretary that the committee had scheduled a meeting to review the proposed plan within 14 working days after the date of the Secretary's submittal, the agency would be permitted to make the reductions specified in the revised plan. Alternately, if within 14 working days of the Secretary's submittal of the revised plan the Co-chairpersons of the Joint Committee on Finance notify the Secretary that the committee has scheduled a meeting for the purpose of reviewing the proposed plan, DNR may not implement the plan until it is approved by the committee, as submitted or as modified.

Joint Finance/Legislature: Modify the Governor's recommendation to provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency.

[Act 16 Section: 9159(1)]

3. ORGANIZATION OF THE DEPARTMENT OF NATURAL RESOURCES

	Legislature (Chg. to Base)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$438,200	0.00	\$133,100	0.00	-\$305,100	0.00
FED	-1,727,500	-3.50	-127,400	-2.00	-1,854,900	-5.50
PR	-1,553,900	-1.48	0	0.00	-1,553,900	-1.48
SEG	<u>-65,123,700</u>	<u>-609.59</u>	<u>-1,842,000</u>	<u>-44.75</u>	<u>-66,965,700</u>	<u>-654.34</u>
Total	-\$68,843,300	-614.57	-\$1,836,300	-46.75	-\$70,679,600	-661.32

Assembly: Divide the Department of Natural Resources (DNR) into two separate agencies on July 1, 2002. The conservation agency would be responsible for state parks, forests and trails, fish and wildlife programs, and outdoor recreation (including recreational boat, snowmobile and ATV programs and enforcement activities). The environmental agency would have authority for environmental protection, pollution control and environmental regulatory functions (such as navigable waters, dams, wetlands, shoreland zoning, wharves, piers, boathouses, ski ramps, fishing rafts, and fill, construction and dredging permits).

Conservation Agency. The core of the new Department of Fish, Wildlife, Parks and Forestry (DFWP&F) would consist of the current DNR Division of Land (which includes the Bureaus of Wildlife Management, Parks and Recreation, Endangered Resources and Facilities and Lands), the Division of Forestry, the part of the Bureau of Fisheries Management and Habitat Protection relating to fisheries and the Mississippi/Lower St. Croix subprogram in the Division of Water. Also included would be fish, wildlife and recreational vehicle enforcement. In addition, the conservation aids distributed by DNR (such as snowmobile and all-terrain vehicle trail aids, recreational boating project aids, aids in lieu of taxes and wildlife damage aids) and natural resource-related debt service (such as that paid for the stewardship program) and resource acquisition and development funding would also be placed in DFWP&F. Further, current DNR responsibilities relating to the Lower Wisconsin State Riverway (subchapter IV of chapter 30) and the Lake Winnebago comprehensive project would be assigned to the conservation agency.

All current DNR funding from nine of the ten conservation fund accounts would be provided to DFWP&F. Recreational boating project aids, boat access and aquatic and terrestrial inventory funding from the water resources account (motorboat gas tax revenues) would also be placed in the conservation agency.

This amendment would also include the provisions of 1999 AB 490 relating to the Joint Legislative Council's Special Committee on Conservation Laws Enforcement recommendations for chief warden authority (as modified to create an unclassified chief warden position). The Secretary of the conservation agency would designate a chief warden and may designate one or more deputy chief wardens. The chief warden would have the duty to direct, supervise and control conservation wardens in the performance of their duties. The chief warden would designate an internal affairs officer to investigate complaints against conservation wardens when the chief warden determines an investigation is necessary and would designate a complaint officer to resolve complaints against conservation wardens.

The conservation agency would have three divisions. The Division of State Parks and Trails would be responsible for maintenance and operations of approximately 44 state parks, 14 state trails and five recreational areas. This Division would also have primary responsibility for seven state forests generally referred to as the "southern forests" (Point Beach, Havenwoods and five units of the Kettle Moraine State Forest). In addition the state owns a number of state parks and trails that are operated and maintained by local governments. The Division of Forestry would be responsible for the operation of six major state forests and several smaller forest properties; three tree nurseries; local governmental and private forestry assistance; forest health and fire management; and grants, loans and payments to certain towns, counties and private forest owners. The Division of Fish, Wildlife and Recreation would be responsible for state fishing, hunting and recreational lands and programs (including the stewardship program); wildlife damage; invasive species; habitat management; endangered resources; recreational and conservation law enforcement; and recreational vehicle programs.

Environmental Agency. The core of the Department of Environmental Management (DEM) would be formed by the current Division of Air and Waste (which includes the DNR Bureaus of Air Management, Waste Management, and Remediation and Redevelopment), as well as the Bureaus of Watershed Management and Drinking Water and Groundwater. It would also include the part of the Bureau of Fisheries Management and Habitat Protection that relates to dam, lake, river and wetlands regulation under the Division of Water, and the Bureau of Cooperative Environmental Assistance (which provides a contact point for businesses on pollution prevention, waste minimization and small business assistance) in the CAER Division. In addition, the environmental aids administered by DNR (such as grants for nonpoint source water pollution abatement, lake and river protection, drycleaner environmental response reimbursement, recycling, well compensation, clean water fund, safe drinking water, land recycling and brownfields) and all environmental and water quality-related debt service would be placed in the environmental agency (such as nonpoint source, environmental remediation, wastewater treatment programs that preceded the clean water fund and former drinking water programs).

Segregated funding from the environmental, recycling, petroleum inspection, drycleaner environmental response and environmental improvement funds would be transferred to DEM. In addition, funding from the water resources account of the conservation fund related to dam

safety, water regulation, and lake and river grants and associated administration would be transferred. Program revenue and general purpose revenue funding that is identifiable as being for an environmental purpose, such as fees for air management, solid and hazardous waste, storm water management and wastewater discharge would be transferred to the environmental agency. Federal grants related to environmental purposes would also be transferred to DEM, including those for air management, hazardous waste administration, Superfund, wastewater and drinking water.

The DEM Division of Air and Waste would include programs such as air management, solid and hazardous waste management, landfill licensing, recycling, mining, contaminated site cleanup, brownfields, hazardous substances spills response, federal Superfund and federal Resources Conservation and Recovery Act corrective action. The Division of Water would include programs related to nonpoint source and runoff management; surface and groundwater quality standards; wastewater facility and discharge permits; public sewer system plan review; water quality modeling; dam safety; water regulation and zoning; wetland, floodplain and shoreland management; watershed planning; and public and private drinking water system plan review.

Agency Structure. Currently, the Governor with the advice and consent of the Senate appoints the DNR Secretary. Prior to 1995 Act 27, the DNR Secretary was appointed by the Natural Resources Board and served at the Board's pleasure. Under the provisions of this amendment, the Governor would appoint a seven-member Fish, Wildlife, Parks and Forestry Board with Senate confirmation for staggered six-year terms. At least three members would be from the territory north, and at least three from the territory south, of a line running east and west through the southern limits of Stevens Point (similar to the current DNR Board). A Secretary appointed by the Board with the approval of the Governor would head the conservation agency. The Secretary would appoint three unclassified Division administrators and an unclassified chief warden (in addition to a Deputy Secretary and an executive assistant). The Governor would appoint a seven-member Environmental Management Board with Senate confirmation for staggered six-year terms. A Board member could not be the holder of a permit issued by the environmental agency (similar to the current DNR Board). The Board would appoint the Secretary, subject to the Governor's approval, to administer the environmental agency. The Secretary would appoint an unclassified Deputy Secretary, executive assistant and two unclassified Division administrators. Under this amendment, the Governor could appoint, and the Senate could confirm, members to each of the Boards beginning on January 1, 2002. Once constituted, each Board could appoint a Secretary, subject to the Governor's approval, who could take office beginning on July 1, 2002.

Split Functions. The Divisions of Enforcement and Science, Administration and Technology and Customer Assistance and External Relations all contain functions that would be necessary for both an environmental and a conservation agency. All of the funding appropriated and positions authorized for these purposes from the conservation fund would be assigned to the conservation agency (except that a portion of water resources account funding

relating to lake and river management, dam safety and wetland mapping, and associated administrative expenses would be provided to the environmental agency), while segregated funding for environmental purposes (including the environmental, recycling, petroleum inspection and drycleaner environmental response funds) would be assigned to the environmental agency. To the extent that federal, program revenue and general purpose revenue funding are identifiable as being for either an environmental purpose (such as program revenue funding from air management fees) or a conservation purpose (federal funding providing for boating law enforcement), the funding and positions would be assigned to the respective agencies.

With respect to the current DNR Division of Enforcement and Science, the funding and positions in the GPR and PR general program operations appropriations would be divided between the proposed agencies based on the proportion of positions in the GPR or PR general program operations appropriation more closely identifiable with a conservation purpose (such as a conservation warden or a natural resources research scientist) or with an environmental purpose (such as an environmental enforcement specialist or environmental analysis and review specialist). Functions in the Division of Enforcement and Science that would be transferred to the environmental agency include (a) environmental enforcement, (b) laboratory certification, (c) certification of operators of wastewater treatment systems, water supply systems, incinerators, sanitary landfills and septage servicing operators, and (d) collection of environmental fees.

Federal funding in the Division of Administration and Technology and the Division of Customer Service and External Relations would be primarily divided between the proposed agencies based on past expenditure patterns (under current law an agency may seek DOA approval to adjust staffing levels and spend the amounts actually received by that agency from federal grants). GPR general program operations funding and positions in these two divisions would be divided based either on the proportion of GPR staff in each of the proposed agencies or on past expenditure patterns where available. PR general program operations funding and positions that were not readily identifiable with a single agency would be divided based on the proportion of all funding in each of the proposed agencies.

Agency Budgets. The amendment would have no fiscal effect in 2002-03, as current appropriations and positions would be allocated to one agency or another. Any move-related costs that may arise as a result of splitting DNR into two agencies would be absorbed in the agencies' base budgets. The resulting split between the conservation and environmental agencies is shown in the following table. The table demonstrates how the 2002-03 funding under the Governor's biennial budget recommendations (SB 55) for DNR (\$469.5 million) would be allocated between the two agencies on July 1, 2002 (fiscal year 2002-03). The operational budget of the conservation agency (excluding aids and debt service appropriations) would be almost \$181 million and 1,900 positions (64% of operations staff and funding of the current DNR), while the operational budget of the environmental agency would be over \$100 million and 1,060 positions (36%). When aids and debt service appropriations are included, the total

budget of the conservation agency would be \$257.3 million (55% of the current DNR), while the total budget of the environmental agency would be \$212.2 million (45%). No later than February 1, 2002, the Legislative Fiscal Bureau would submit a plan for approval by the Joint Committee on Finance that would establish the chapter 20 appropriation levels for the two new agencies for fiscal year 2002-03. The plan would be based on the allocations shown in the table, as adjusted to reflect final appropriations for DNR contained in the 2001-03 biennial budget act.

Agency Disputes. On July 1, 2002, the staff, assets, liabilities and obligations primarily associated with each agency would vest in that agency. If the agencies were unable to agree on an equitable division, the Joint Committee on Finance would settle the dispute at a meeting of the Committee under s. 13.10. The DNR employees who would be transferred to one of the new agencies would maintain all their civil service and other employee rights held prior to transfer. In addition, some minor transfers in appropriations may be necessary as the agencies determine the actual division of staff, facilities and duties. Such transfers, if necessary, could be accomplished either by the Joint Committee on Finance under s. 13.10, separate legislation or in the 2003-05 biennial budget.

2002-03 Agency Funding Based on Governor's Recommendations in SB 55

	<u>Conservation Agency</u>		<u>Environmental Agency</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
Department of Fish, Wildlife, Parks & Forestry				
<u>Division of State Parks and Trails</u>				
State Parks and Trails	\$15,033,800	165.50		
Southern Forests	4,372,900	46.75		
Parks Administration and Technology	3,511,300	27.10		
Parks Customer Service and Education	1,276,800	18.33		
<u>Division of Forestry</u>				
Forestry	34,640,300	412.44		
Forestry Administration and Technology	8,167,200	78.02		
Forestry Customer Service and Education	2,767,600	29.91		
<u>Division of Fish, Wildlife, and Recreation</u>				
Facilities and Lands Management	14,239,100	144.70		
Fisheries Management	20,539,100	266.82		
Wildlife Management	15,455,500	147.50		
Endangered Resources	2,436,400	21.50		
Law Enforcement & Integrated Science Services	30,127,000	271.67		
Program Administration and Technology	14,656,900	128.46		
Customer Service and Licensing	13,582,500	140.80		
<u>Conservation Aids & Development</u>				
Debt Service and Development	44,164,500			
Conservation Aids	32,366,600			

	<u>Conservation Agency</u>		<u>Environmental Agency</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
Department of Environmental Management				
<u>Division of Air and Waste</u>				
Air Management			\$15,931,300	175.50
Waste Management			7,060,700	100.61
Remediation and Redevelopment			12,265,100	105.00
Air and Waste Program Management			815,900	7.00
Law Enforcement and Integrated Science Services			5,824,700	67.83
Program Administration and Technology			7,951,200	41.29
Customer Service and External Relations			2,595,800	30.64
<u>Division of Water</u>				
Watershed Management and Regulation			\$27,376,500	332.96
Drinking Water and Groundwater			9,794,600	105.75
Program Administration and Technology			7,726,600	54.18
Customer Service and External Relations			3,068,100	38.74
<u>Environmental Aids & Development</u>				
Debt Service and Development			86,330,800	
Environmental Aids			25,445,700	
TOTAL	\$257,337,500	1,899.52	\$212,187,000	1,059.50
Total by Fund Source:				
GPR	51,246,700	149.00	\$122,091,700	377.28
FED	23,560,500	173.53	21,433,600	275.43
PR	10,182,300	36.12	23,240,100	237.51
SEG	172,348,000	1,540.87	45,421,600	169.27
Total--All Funds	\$257,337,500	1,899.52	\$212,187,000	1,059.50

Conference Committee/Legislature: Instead of the Assembly provision, create a Department of Forestry (DOF), including all staff, funding, and responsibilities associated with the current Division of Forestry effective on July 1, 2002.

The new Department would be responsible for the operation of six major state forests (Northern Highlands-American Legion, Flambeau River, Black River, Brule River, Governor Knowles and the Coulee Experimental forest) and several smaller forest properties. In addition, DOF would oversee three tree nurseries; local governmental and private forestry assistance; forest health and fire management; and grants, loans and payments to certain towns, counties and private forest owners. Forestry revenues would continue to support the seven state forests generally referred to as the "southern forests" (Point Beach, Havenwoods and five units of the Kettle Moraine State Forest) that would remain under the jurisdiction of the DNR Bureau of Parks for operations and maintenance purposes. The Department of Forestry would have one unclassified division administrator, and the number of division administrators within DNR would be reduced from seven to six.

A Secretary appointed by the Governor with the advice and consent of the Senate would head DOF. The Secretary of the Department of Forestry would be placed in executive salary group six. The Secretary would appoint one unclassified division administrator (in addition to a deputy secretary and an executive assistant). Prior to July 1, 2002, the Governor could appoint a Secretary, subject to Senate confirmation, who could take office beginning on July 1, 2002.

The creation of the new Department would have no fiscal effect in 2002-03, as current appropriations and positions would either be retained in DNR or allocated to the new agency. The funding of the new Department is shown in the following table. The table demonstrates what portion of the 2002-03 funding under biennial budget actions (SB 55), including conference committee actions, would be allocated to the new agency on July 1, 2002 (fiscal year 2002-03). The operational budget of the Department of Forestry (excluding aids and debt service appropriations) would be over \$54.1 million and 619 positions. When aids and debt service appropriations are included, the total budget of the Department of Forestry would be \$68.8 million.

2002-03 Agency Funding Based on Enrolled SB 55

Department of Forestry

Forestry	\$42,404,200	493.51
Integrated Science Services	901,100	10.03
Forestry Resource Aids	9,250,200	--
Acquisition and Development	5,204,000	--
Forestry Administration and Technology	8,403,700	80.67
Forestry Customer Service and Education	<u>2,680,100</u>	<u>30.36</u>
	\$68,843,300	614.57
Total by Fund Source		
GPR	\$438,200	0.00
FED	1,727,500	3.50
PR	1,553,900	1.48
SEG	<u>65,123,700</u>	<u>609.59</u>
Total	\$68,843,300	614.57

All current revenues to the forestry account of the conservation fund would be provided to DOF and consolidated into a new forestry fund, including the forestry mill tax, revenues from the sale of vehicle admissions stickers related to state forest visitation (including the southern state forests), camping fees generated at state forest properties, seedling sales, and all other income from state forests. General purpose revenue available for the renovation, marking, and maintenance of town or county highways located within the boundaries of property under the jurisdiction of DNR or DOF would be divided between the two Departments based on past

expenditures. Snowmobile and ATV account funding relating to the maintenance of state forests (other than southern forests) would be provided to DOF. Federal funding received by DNR for forestry acquisition or operations would be provided to the new Department as well.

Acquisition and development of land for state forests would remain an eligible use of funds under the Warren Knowles-Gaylord Nelson Stewardship 2000 program. For each fiscal year, DNR and DOF would enter into an agreement establishing: (a) the amount of funding that would be obligated to property development and to local assistance; (b) the amount obligated under the land acquisition subprogram for the acquisition of land for state forests, and for grants to non-profit conservation organizations (NCOs) for this purpose; and (c) the project priorities under the property development and local assistance subprogram. The Secretary of the Department of Administration would resolve any disputes regarding this agreement. Stewardship grants provided to NCOs would require the approval of both DNR and DOF, and would be bound by the same requirements under each Department. The two Departments would also jointly award and administer grants to friends groups for property development activities on Department properties. Disputes regarding the distribution of grants would be resolved by the Secretary of DOA. DNR and DOF would jointly promulgate rules establishing criteria determining which projects were eligible for grants to friends groups. The two Departments would periodically prepare a list of projects on Department properties that were eligible, and include the estimated cost of the project on the list. Consistent with current law, grants would be offered to eligible friends groups before being offered to eligible NCOs.

The Department of Forestry would have the authority to accept and administer, in the name of the state, any gifts, grants, bequests, or devises, including land, interests in land, and funds made available to the Department by the federal government relating to the functions of the Department. Also, DOF may extend or consolidate lands or waters suitable for the state forests by the exchange of other lands or waters under its supervision. The Department may accept donations of buildings, facilities, and structures to be constructed upon lands owned by the state in the state forests under its jurisdiction, and may grant easements to parts or parcels of areas of the state forests. Any easement granted would be required to have the necessary restrictions to preserve and protect the land for the purpose for which it was acquired or made part of the state forest lands. The Department may acquire any easement for the benefit of any area in the state forests.

If there are areas in state forests that are inaccessible because they are surrounded by lands not belonging to the state, and if DOF determines that the usefulness or value of these areas would be increased if there were access to them over land not belonging to the state, the Department may acquire the land necessary to furnish access (the same power currently granted to DNR).

The Department would have the authority to designate special use areas (including trails, campgrounds, and picnic areas) within state forests, and may indicate these locations on maps or signs posted at DOF offices or at the special use area. DOF would be required to inspect trail

signs and designated features twice each year, once before July 1 and once after July 1. The inspection requirement would not apply to snowmobile trails on land under the control of DOF that are maintained by snowmobile clubs or other non-profit organizations.

Forestry fund support of wildlife management and habitat development in forested areas (including grants and development and planning projects on county forest lands) would be managed by DOF, as would private and county forestry, urban land conservation, managed forest law, fire suppression and county forest administrator grants. DOF would continue to provide a grant to (and receive reports from) a non-profit, non-stock urban conservation organization, as well as funding for a nonprofit association whose purposes include the acquisition of property for conservation purposes and a non-stock, non-profit corporation that was created to accept and to utilize private contributions made to protect and enhance the state's natural resources. Distribution and management of federal national forest income payments would also be the responsibility of DOF.

The Department of Forestry would pay aids in lieu of taxes for properties under its jurisdiction as well as debt service for the acquisition and development of state forests. A forestry land endowment fund (consisting of gifts, grants, and bequests made for the purpose of acquiring or improving land for state forests) would be created to parallel the DNR's natural resources endowment fund. All funds received as gifts, grants, or bequests for the state forestry system in a biennium would be included in the Department's statement of receipts, and DOF may acknowledge the receipt of funding from a particular person or organization in any Department pamphlet, bulletin, or other publication.

Other responsibilities transferred from DNR to DOF would include gypsy moth eradication, plant protection (including nursery regulation and control of pest plants), forestry education and grants to cooperatives, support of the Wisconsin Conservation Corps, forestry-related environmental education grants, reforestation, forestry recording fees, forest fire emergencies, and repairs and reimbursements received related to timber sales contract oversight. The new Department would support the resource aids (such as private forest grants, county forest project loans, and aids in lieu of taxes) that the forestry account provided while operating under DNR. In addition, DOF would assume responsibility for the same portion of administrative facilities and debt service payments that were previously funded from the forestry account of the conservation fund.

The Department of Forestry would have the authority to determine the value of lands donated to the State that was within the boundaries of a state forest under the Department's jurisdiction. The Department of Natural Resources would be authorized to engage in environmental clean-up activities on lands under the control of DOF. The Department of Forestry would have the authority to lease land in state forests to towns, villages, or counties for outdoor recreational purposes associated with spectator sports.

In addition, DOF would be required to meet current law requirements allowing individuals purchasing an approval, product, or service to opt out of any list that the Department might furnish to another party. This restriction would not apply to lists that DOF might provide to another state agency, a law enforcement agency, or to the federal government. However, any state agency receiving a list containing a personal identifier of any individual who has elected to remove himself or herself from lists distributed to other parties may not disclose the information to any person other than another state agency, a law enforcement agency, or to the federal government.

DNR would consult with DOF regarding policies affecting outdoor recreation. Also, DNR may cooperate with DOF in areas where the Departments' interests and responsibilities overlap, and have the authority to share expenses for such projects. The Department of Forestry would remain eligible for supplemental snowmobile trail aid payments for snowmobile trail maintenance costs incurred for trails on state forest properties. In addition to consulting with the Snowmobile Recreational Council, DNR would be required to consult with DOF regarding recommendations for proposed changes in the succeeding biennium pertaining to appropriations and laws that affect snowmobiles and snowmobiling.

The agricultural extension division of the University of Wisconsin would cooperate with county rural planning committees, as well as DOF, DNR, DATCP, and DOA for the purpose of rural planning efforts. The Board of Commissioners of Public Lands, DNR and DOF may select from the state forest reserves a quantity of land not to exceed 5,000 acres for conversion into farms for state prisons.

The Department of Justice would furnish all legal services required by DOF, together with any other services, including stenographic and investigational, as are necessarily connected with legal work. The DOA Division of Hearings and Appeals may assign a hearing examiner to preside over any hearing of a contested case which would be required to be conducted by DOF and which is not conducted by DOF. The Department of Forestry would be required to notify the Division of Hearings and Appeals of every pending hearing to which the administrator of the Division is required to assign a hearing examiner. The administrator may set the fees charged for services rendered to DOF by the hearing examiner. If the hearing examiner would render a final decision in a contested case, and the decision is subject to judicial review, DOF may petition for judicial review.

By March 31 of each year, DOF would be required to submit a plan to the Land Information Board at DOA integrating land information in a readily translatable and retrievable format to be geographically referenced for use by any state or local governmental unit or public utility for comprehensive planning purposes.

With respect to the management of forest pests, the Secretary of DOF, with the Secretary of DATCP, would execute annually a memorandum of agreement to enable the coordination of pest control work between the two Departments. While conducting surveys to determine the

presence, conditions, and extent of infestations, state forest rangers may enter public and private lands at reasonable times without incurring liability.

The State Fair Park Board would be directed to allow DOF (along with DNR) access to and use of buildings, facilities, and exhibits under its control so the Departments may prepare and display exhibits during events occurring at State Fair Park.

The Department of Forestry and the Department of Commerce would be required to comply with plans developed by DNR and Commerce to establish a lake states wood utilization consortium to provide research, development, and demonstration grants to enhance the forest products industry in Wisconsin and other states.

When granting leases of parts of public land for the purpose of mining or timber sales, the Board of Commissioners of Public Lands may consult with DNR or DOF. Also, DOF would provide information regarding public lands to the Board at its request for purposes relating to the lease of public lands.

Under the provisions of the new Department, state forest rangers would be classified as law enforcement officers, and would have the authority to enforce regulations pertaining to recreational vehicles on property under the Department's jurisdiction. DOF would have the authority to designate corridors through land under its jurisdiction for ATV and snowmobile trails, and would be responsible for the maintenance of existing trails on state forest property. In addition, the Department would have the authority to provide police supervision over all areas within state forests. Forest rangers or representatives in charge of any area within the state forest system may arrest, with or without warrant, any person within the forest who commits an offense against the laws of the state or who violates any rule or regulation of the Department in force in the area, and deliver the person to the proper court of the county where the offense was committed. The forest ranger would execute the complaint charging the person with the offense committed, and the district attorney of the county would prosecute such actions. In general, a state forest ranger, town chairperson, conservation warden, or other duly appointed deputy may do any of the following: (a) arrest a person, with or without a warrant, when the person is detected actually committing a forestry-related violation, or a violation relating to illegal fireworks, burning material, the unsafe burning of buildings, interfering with fire-fighting, causing false alarms, arson, placing any combustible or explosive material or device with the intent to set fire or blow up property, or who possesses, manufactures, sells, offers for sale, gives or transfers a bomb; (b) arrest a person, with or without a warrant, whom the ranger, chairperson, or deputy has reason to believe is committing or has committed one of the previously listed violations.

Foresters, forest supervisors, state forest rangers and the cruisers and foresters of the Board of Commissioners of Public Lands would be authorized to seize any forest products unlawfully severed from public lands of the state, federal lands leased to the state, county forest lands, or lands enrolled under forest crop or managed forest law programs. State forest rangers

would have the authority (along with conservation wardens and town chairpersons) to take prompt measures against the illegal setting of forest fires, and may call upon able-bodied citizens to assist as needed. All such individuals in the course of fighting a forest fire may go onto privately owned lands, set backfires, dig trenches, cut fire lines, or carry on other customary activities in the fighting of forest fires without incurring liability. Also, any state forest ranger, conservation warden, sheriff or duly appointed authority may require any train causing (or suspected of causing) fires to stop within a safe distance from the fires to avoid further setting or spreading the fire.

As law enforcement officers, state forest rangers would have additional general authority, including the inspection of boats purchased out-of-state and reporting boat-related accidents. In addition, upon finding any unregistered motor vehicle on any highway, a state forest ranger may cause the motor vehicle to be immobilized with an immobilization device or removed to a suitable place of impoundment, and notify the sheriff or chief of police of the location of the vehicle and the reason for immobilization or impoundment. A state forest ranger may operate an official vehicle on a highway during the hours of darkness without lighted headlights, tail lamps, or clearance lamps in the performance of his or her duties. However, state forest rangers are not considered law enforcement officers for the purpose of enforcing regulations regarding crimes against animals.

As law enforcement officers, forest rangers would continue to be considered protective occupation participants. All individuals appointed as law enforcement officers in DOF must have satisfactorily completed a program of law enforcement training approved by the Law Enforcement Standards Board, including a minimum of 240 hours of enforcement training, and training to deal with domestic abuse incidents. Training requirements include emergency detention standards and procedures, police pursuit, driving techniques, emergency protective placement standards and procedures, and information on mental health and developmental disabilities agencies and other resources that may assist the officer. The total period of time which a person may serve as a law enforcement officer on a probationary basis without completing law enforcement training may not exceed two years for full time staff and three years for part-time staff. A state forest ranger is eligible for hazard pay while engaged in the following activities: (a) driving or riding in a vehicle, aircraft or boat under circumstances which require hazardous maneuvering or speed in excess of the normal or posted limits in the performance of fire control duties; (b) engaged in an effort to save lives, recover dead bodies, or protect public or private property; (c) going to or returning from a fire and while engaged in the suppression of a fire; (d) engaged in public demonstration or training exercises provided such demonstration or training exercises are authorized by the appointing authority; and (e) in the process of making an arrest or investigating any violation or suspected violation of the law or the quelling of a riot or any other violence. As such, if a state forest ranger or conservation field employee of DOF subject to call for fire control duty suffers injury while in the performance of duties, the employee would continue to be fully paid by DOF upon the same basis as paid prior to the injury, with no reduction in sick leave credits, compensatory time for overtime accumulations or vacation and no reduction in the rate of earning sick leave credit or vacation.

Anyone resisting or obstructing a ranger in the performance of their duties or falsely impersonating a forest ranger may be fined not more than \$10,000, imprisoned for not more than nine months, or both.

The Department of Forestry would, together with DNR, retain the right to approve potential National Forest boundaries, as well as the right to enter into leases, treaties, or cooperative agreements with the federal government for the establishment of state forests. Like the Board of Commissioners of Public Lands and DNR, DOF would be required to keep the Governor informed of its actions and activities upon request. The Governor's approval would also be required before any new lands were acquired by DOF. The Department of Forestry would be required to meet the same conditions as DNR regarding the sale or trade of publicly held land under its jurisdiction. The Secretary of DOF (or his or her appointed representative) would serve as a non-voting liaison to the Wisconsin Conservation Corps board. Both DNR and DOF would continue to work with the Natural Areas Preservation Council regarding the acquisition and development of state natural areas.

On July 1, 2002, the staff, assets, liabilities and obligations primarily associated with DOF would vest in that agency, as determined by the Secretary of DOA. If either DNR or DOF were dissatisfied with the Secretary's determination, the Joint Committee on Finance would settle the dispute at a meeting of the Committee under s. 13.10. All incumbent employees holding positions in DNR relating primarily to the functions of the Division of Forestry (as determined by the Secretary of DOA) would be transferred to DOF. The Secretary of DOA would also determine which incumbent employees holding positions in DNR that relate primarily to general administration and program support would be transferred to DOF. If either Department were dissatisfied with the Secretary's determination, that Department could bring the matter to the Joint Committee on Finance for consideration. Upon determination of these employees, the Secretary of DNR and the Secretary of DOF could request the Joint Committee on Finance to transfer monies between the GPR, FED, PR, and SEG appropriations for DNR and DOF, if necessary to adjust previously allocated costs in accordance with the transfer of personnel. The DNR employees who would be transferred to DOF would maintain all their civil service and other employee rights held prior to transfer.

All contracts entered into by DNR in effect on July 1, 2002, that are primarily related to the functions of the Division of Forestry (as determined by the Secretary of DOA), would remain in effect and be transferred to DOF. All rules promulgated or orders issued by DNR that are primarily related to the functions of the Division of Forestry (as determined by the Secretary of DOA) that are in effect on that date would remain in effect until their respective expiration dates or until modified, amended or repealed by DOF. Any matter pending with DNR on July 1, 2002, that are primarily related to the functions of the Division of Forestry (as determined by the Secretary of DOA), would be transferred to DOF and all materials submitted to or actions taken by DNR with respect to the pending matter are considered as having been submitted to or taken by DOF. In any of the above matters, if either Department were dissatisfied with the

Secretary's determination, that Department could bring the matter to the Joint Committee on Finance for consideration, and the Committee may affirm or modify the decision.

Veto by Governor [B-35]: Delete the provision. As a result of the partial veto, no funding is provided for DNR forestry operations (including the operation of southern state forests) during the second year of the biennium. However, the DNR appropriations remain in statute. As a result of the partial veto, funding of \$68.8 million and 614.57 positions for the operation of the Department of Forestry were eliminated. In addition, the Governor vetoed \$4.4 million and 46.75 positions that would have been provided from a new Forestry Fund to support the operations of southern state forests (in conjunction with the DNR Bureau of Parks). However, an estimated \$2.5 million in DNR forestry aids, aids in lieu of property taxes, and debt service payments would continue to be paid from sum-sufficient appropriations associated with the DNR Division of Forestry. In his veto message the Governor requests DNR to review its forestry related staff and funding needs for 2002-03 and either submit corrective legislation or a request for supplemental funding under s. 13.10 of the statutes.

In addition, as a result of the Department of Forestry veto, the allocation of the revenue derived from an increase in the per-seedling surcharge received by DNR for forestry education and curriculum would be changed. Under Enrolled SB 55, up to \$300,000 in 2001-02 would have funded the appropriation supporting forestry education curriculum development in cooperation with UW-Stevens Point, with remaining revenues from the seedling surcharge going to support forestry education for the public (estimated at \$125,000 in 2001-02). In subsequent years, revenue from the seedling surcharge would have been divided evenly between the two appropriations (estimated at \$318,700 for each appropriation in 2002-03 in the Department of Forestry). The partial veto deletes the specification that the appropriations each receive 50% of revenues beginning in 2002-03. Rather, the provision specifying that the appropriation supporting forestry education curriculum development would receive up to \$300,000 in 2001-02 only, is made ongoing by deleting the references to fiscal year 2001-02. Therefore, the appropriation supporting forestry education curriculum development will receive up to \$300,000 from seedling surcharge revenues, with all remaining revenues supporting forestry education for the public.

[Act 16 Sections: 585j and 1149m]

[Act 16 Vetoed Sections: 1bg, 1br, 99m, 178f, 179t, 183m, 343p, 394 (as it relates to s. 20.375), 395 (as it relates to ss. 20.370(1)(mv)&(mx) and 20.375), 425c, 458m, 582i, 582j, 584d, 584h, 584p, 584t, 585gm, 585hm, 585im, 589g, 591m, 591q, 591r, 591s, 600p, 603i, 603m, 603p, 603rd, 603rf, 603rk, 603rn, 603rp, 603rs, 603rw, 603ub, 603x, 604m, 608e, 608m, 608s, 621b, 621hc, 621hL, 621hx, 629db thru 629fm, 632g, 753m, 759p, 962b, 969eg, 988m, 1034fb thru 1034fyr, 1034hm, 1034r, 1036b thru 1036bv, 1036f, 1036x, 1036yi, 1036yj, 1036yk, 1036yL, 1036ym, 1036yn, 1036yp, 1037m, 1038bb, 1038bd, 1038be, 1038bg, 1038bi, 1038bk, 1038bm, 1038bp, 1038br, 1038dc, 1038dm, 1038p, 1038qc, 1038sam, 1038sb, 1038sc, 1038sd, 1038se, 1038sf, 1038sg, 1038sh, 1038si, 1038sj, 1038sk, 1039aj, 1042kb, 1042kd, 1042kn, 1042kp, 1042kpm, 1042kr, 1042ks, 1042kt, 1042ku, 1042kv, 1046m, 1066am, 1066atg, 1066ati, 1066atv, 1066atz, 1066aui, 1066auk, 1067g,

1067r, 1107g, 1107r, 1113g, 1113r, 1119c, 1119g, 1119L, 1119p, 1119t, 1119x, 1146g, 1146r, 1146t, 1146u, 1147m, 1147r, 1148c, 1148f, 1148j, 1148r, 1149b, 1149c, 1149d, 1149e, 1149g, 1149h, 1149i, 1149j, 1149k, 1149L, 1149Lb, 1149Ld, 1149m, 1149md, 1149rx, 1153h, 1153ic thru 1153it, 1153Lb thru 1153Lu, 1153nc thru 1153nrx, 1153pc thru 1153pr, 1153qc, 1153r, 1153rm, 1153sc thru 1153ym, 1261r, 1266m, 1304g, 1304r, 1306m, 1319m, 1328m, 1346g, 1346r, 1387e, 1389r, 1398ym, 1405g, 1414g, 1993z, 2001nm, 2003mn, 2019g, 2019mn, 2020m, 2021g, 2021p, 2022tb, 2114gb, 2114gd, 2114ge, 2114gf, 2114gj, 2114gk, 2114gL, 2114gn, 2114gp, 2115m, 2195m, 2243b thru 2243zm, 2247c, 2247pg, 2247q, 2247r, 2247tg, 2247tj, 2247tk, 2247tm, 2247tn, 2247tp, 2247tr, 2247tt, 2247tu, 2294j, 2294m, 2294pm, 2304g, 2308p, 2308sc, 2349m, 2586r, 2672m, 2813m, 2854r, 2858no, 3035c, 3035g, 3035n, 3035r, 3035w, 3050g, 3050r, 3080m, 3081d, 3081t, 3389gm, 3390m, 3407w, 3408w, 3445c, 3445d, 3457m, 3483m, 3484m, 3485c, 3485g, 3485n, 3485r, 3485w, 3491d, 3491h, 3491p, 3491t, 3816p, 3866d, 3866h, 3866p, 3866t, 3984t, 4034yu, 9137(9zw)&(9zy) and 9437(1z),(3mk)&(3mkx)]

4. DEBT SERVICE REESTIMATES [LFB Paper 266]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$12,008,300	-\$5,003,900	\$7,004,400
SEG	406,300	0	406,300
Total	\$12,414,600	-\$5,003,900	\$7,410,700

Governor: Provide \$5,697,100 in 2001-02 (\$5,685,800 GPR and \$11,300 SEG) and \$6,717,500 in 2002-03 (\$6,322,500 GPR and \$395,000 SEG) to fund estimates of principal repayment and interest. Debt service payments include repayments associated with increased resource acquisition and development related to the Stewardship programs. The total also includes adjustments for principle repayment and interest for administrative facilities and environmental grant programs, including rural and urban non-point source grants, combined sewer overflow and pollution abatement grants.

Joint Finance/Legislature: Delete \$1,856,600 GPR in 2001-02 and \$3,147,300 GPR in 2002-03 to reflect reestimates of principal repayment and interest.

5. FEDERAL AID REESTIMATES

FED	\$102,400
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Governor/Legislature: Provide \$70,400 in 2001-02 and \$32,000 in 2002-03 to reflect estimates of federal grants, aids and contracts, as summarized in the following table:

	<u>2001-02</u>	<u>2002-03</u>
Land and Forestry Divisions		
Wildlife Management	-\$43,200	-\$43,200
Forestry	268,700	268,700
Endangered Resources	43,000	43,000
Air and Waste Division		
Waste Management	-253,700	-272,800
Remediation and Redevelopment	-322,300	-334,700
Enforcement and Science Division		
Law Enforcement	142,000	142,000
Integrated Science Services	117,500	117,500
Water Division		
Watershed Management	-160,100	-167,000
Environmental Aids		
Environmental Aids	-75,000	-75,000
Debt Service and Development		
Resource Acquisition and Development	159,800	159,800
Customer Assistance and External Relations (CAER) Division		
Cooperative Environmental Assistance	215,000	215,000
Community Financial Assistance	<u>-21,300</u>	<u>-21,300</u>
Total	\$70,400	\$32,000

6. PROGRAM REVENUE REESTIMATES

PR	\$5,538,600
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Governor/Legislature: Provide \$2,769,300 annually to reflect an estimate of expenditures based on expected revenues in several program revenue appropriations as follows:

	<u>2001-02</u>	<u>2002-03</u>
Land and Forestry		
Forestry	\$362,800	\$362,800
Endangered Resources	25,000	25,000
Wildlife Management	83,900	83,900
Facilities and Lands	51,200	51,200
Water		
Fisheries Management and Habitat Protection	231,400	231,400
Administration and Technology		
Administrative and Field Services	-150,300	-150,300
Enterprise Information, Technology, and	1,764,600	1,764,600
CAER		
Communication and Education	359,400	359,400
Community Financial Assistance	<u>41,300</u>	<u>41,300</u>
Total	\$2,769,300	\$2,769,300

7. SEGREGATED REVENUE REESTIMATES

SEG	\$72,000
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Governor/Legislature: Provide \$36,000 annually in expenditure authority to reflect a reestimate of segregated revenues available from voluntary contributions for lake research.

8. TRANSFERS BETWEEN PROGRAMS AND SUBPROGRAMS

Governor/Legislature: Transfer funds and positions between programs and subprograms within DNR as follows:

	<u>2001-02</u>	<u>2002-03</u>	<u>Positions</u>	<u>Fund</u>
Land				
Land Program Management	\$7,700	\$7,700		SEG
Wildlife Management	137,800	137,800	2.0	SEG
Forestry	36,700	36,700		SEG
Southern Forests	5,400	5,400		SEG
Parks and Recreation	5,100	5,100		GPR
	-200	-200		SEG
Facilities and Lands	9,200	9,200		SEG
Air and Waste				
Air Management	-58,000	-58,000	-1.0	PR
Waste Management	12,300	12,300		GPR
	-4,800	-4,800		SEG
Remediation and Redevelopment	12,100	12,100		SEG
Air and Waste Program Management	800	800		GPR
Enforcement and Science				
Law Enforcement	18,000	18,000		SEG
Integrated Science Services	17,000	17,000		GPR
	7,800	7,800		PR
	77,900	77,900	1.0	SEG
Enforcement and Science Management	1,000	1,000		SEG
Water				
Watershed Management	12,700	12,700		GPR
Fisheries Management and Habitat Protection	23,100	23,100		SEG
Drinking Water and Groundwater	-2,000	-2,000		GPR
	12,700	12,700		SEG
Water Integration Team	-100	-100		GPR
Mississippi/Lower St. Croix	-128,200	-128,200	-2.0	SEG
Water Program Management	-200	-200		GPR
	7,500	7,500		SEG
Administration and Technology				
Legal Services	-500	-500		SEG
Finance	-300	-300		SEG
Management and Budget	-1,400	-1,400		SEG
Administrative and Field Services	-700	-700		SEG
Enterprise Information, Technology, and Applications	-45,500	-45,500		GPR
	-19,000	-19,000		PR
	-248,900	-248,900	-1.0	SEG
Human Resources	-300	-300		SEG
Customer Assistance and External Relations				
Customer Service and Licensing	20,700	20,700		SEG
Cooperative Environmental Assistance	-100	-100		GPR
	69,200	69,200	1.0	PR
	10,000	10,000		SEG
Communication and Education	100	100		SEG
Community Financial Assistance	3,100	3,100		SEG
CAER Program Management	2,300	2,300		SEG
Total (All Funds)	\$0	\$0	0.0	

Position transfers result primarily from three policy changes. First, the Mississippi/Lower St. Croix subprogram is being eliminated and the functions re-integrated into the Water and Lands Divisions. Second, wildlife managers currently funded from the forestry account would be transferred to the fish and wildlife account. Third, DNR is continuing to expand the positions permanently assigned as business sector specialists in the Bureau of Cooperative Environmental Assistance. A permanent transfer is being substituted for the previous practice of using a series of temporary reallocations of staff time.

The remaining transfers generally fall into three categories. The Department has supported increased library costs for the past seven years using a departmentwide charge to the subprograms at the beginning of each fiscal year. These transfers will instead substitute a permanent base transfer to support the cost of library operations. In addition, base funding for telecommunications operations is being moved from the Bureau of Enterprise Information Technology and Applications to the individual subprograms so that subprograms can be billed directly for these costs. Further, funding for the FACT system would be moved to the Bureau of Cooperative Environmental Assistance, which is now responsible for its operation.

9. NATURAL RESOURCES SECRETARY APPOINTMENT

Senate: Require the Natural Resources Board to appoint the Secretary of the Department of Natural Resources. This provision would restore the pre-1995 authority to appoint the DNR Secretary. Under current law, the Secretary is nominated by the Governor, and with the advice and consent of the Senate, appointed to serve at the pleasure of the Governor. This provision would take effect on the effective date of the bill.

Conference Committee/Legislature: Delete provision.

10. LANDS MAINTENANCE AND OPERATIONS

SEG	\$1,920,400
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Governor/Legislature: Provide \$960,200 SEG annually split funded from the fish and wildlife, forestry, and parks accounts of the conservation fund to improve management, operation, and maintenance of the department's wildlife, public access, and natural areas. These expenditures would include maintenance of basic infrastructure, planning for the management and public use of DNR properties, and designing and constructing facilities that support public use. This would also cover the cost of contracting for certain types of routine property maintenance, funding to contract for property master plans, monies for limited-term employees (LTEs), and operations funding. Funding would be used, in part, for maintenance and operations at several large acquisitions that have been made by DNR recently, including the Great Addition and properties on the Turtle-Flambeau and Willow Flowage.

11. ADMINISTRATIVE FACILITIES AND RENT [LFB Paper 630]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$264,300	\$0	\$264,300
SEG	<u>1,208,500</u>	<u>- 100,000</u>	<u>1,108,500</u>
Total	<u>\$1,472,800</u>	<u>- \$100,000</u>	<u>\$1,372,800</u>

Governor: Provide \$734,900 in 2001-02 (\$137,500 FED, \$342,000 SEG from the conservation fund, \$211,800 SEG from the environmental fund, \$20,000 SEG from the environmental improvement fund, and \$23,600 from the petroleum inspection fund) and \$737,900 in 2002-03 (\$126,800 FED, \$348,300 SEG from the conservation fund, and \$219,700 SEG from the environmental fund, \$20,000 SEG from the environmental improvement fund, and \$23,100 from the petroleum inspection fund). Of the funds provided, \$470,800 in 2001-02 and \$478,000 in 2002-03 would address cost increases at existing facilities as well as costs associated with new service centers opening in the 2001-03 biennium. These costs include building maintenance, utilities, janitorial services, grounds maintenance, and office equipment. An additional \$50,000 annually is provided to cover anticipated cost increases in the lease costs for replacement of four Cessna 337/Skymaster aircraft. These aircraft are used by DNR for fire control detection and suppression, fishing and hunting law enforcement, ozone monitoring, wildlife surveys, aerial photography, search and rescue missions, and to support statewide operations such as gypsy moth spraying and Department of Justice investigations. The remaining \$214,100 in 2001-02 and \$209,900 in 2002-03 would be used to cover increased rental costs at several DNR properties. Additional space would be rented in the Green Bay and Baldwin DNR facilities, and leases of new construction are occurring in Plymouth, Ashland, Wautoma, and Waukesha. Additional lease costs are also occurring at the LaCrosse DNR center, due to remodeling.

Joint Finance/Legislature: Delete \$50,000 SEG annually split-funded from eight accounts of the conservation fund associated with airplane lease costs.

12. ADMINISTRATIVE FUNDING FROM THE CONSERVATION FUND [LFB Paper 634]

Joint Finance/Legislature: Require DNR to submit a report to the Joint Committee on Finance under s. 13.10 by March 1, 2002, detailing the rationale for its current administrative funding distribution, or on alternative distribution and demonstrating the equity of its assignment of costs in terms of benefits received by individuals whose user fees support the conservation fund account. Under 1999 Act 9, DNR is prohibited from expending more than 16% from the fish and wildlife account of the conservation fund for administrative purposes, including department administration and support services and division administration.

Veto by Governor [B-85]: Delete provision. However, in his veto message the Governor requests DNR to review its methodology and to share this information with interested parties.

[Act 16 Vetoed Section: 9137(4y)]

13. ALIS/TIME CONNECTION

SEG	\$220,000
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Governor/Legislature: Provide \$195,000 SEG in 2001-02 and \$25,000 SEG in 2002-03 split funded from the fish and wildlife, forestry, and parks accounts of the conservation fund to purchase computer equipment that would allow DNR to access and add information to the Department of Justice's TIME system. TIME is a database system that contains records on an individual's driver and vehicle information as well as arrest history. The system also provides information on stolen boats, vehicles, guns, and other articles. DNR is able to contribute licensing records, identification, and verifications to the TIME system through the automated license issuance system (ALIS). This combined system would allow law enforcement officials, including DNR's wardens, to access information on individuals (such as whether a current hunting or fishing license has been issued, or whether past violations have occurred) or vehicles which are stopped due to apparent violations. Funds in 2001-02 would be used to purchase equipment, and the funds received in 2002-03 would be used to provide ongoing support for the system.

14. LICENSING LTE FUNDING [LFB Paper 631]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG	\$751,000	-\$751,000	\$750,000	\$750,000

Governor: Provide \$375,500 SEG annually split funded from the fish and wildlife, boat, snowmobile, and ATV accounts. Funding would be used to increase the Bureau of Customer Assistance and External Relations' limited-term employee (LTE) salary base to reflect actual costs incurred, and to increase by 15% the average hourly rate received by the Bureau's LTEs in efforts to improve recruitment and retention.

Joint Finance: Delete provision.

Senate/Legislature: Provide \$375,000 SEG annually split funded from the fish and wildlife, boat, snowmobile and ATV accounts for costs associated with the Bureau of Customer Assistance and External Relations' LTEs.

15. PRINTING, MAILING, AND DATA ENTRY FUNDING

SEG	\$601,800
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Governor/Legislature: Provide \$300,900 annually split-funded from the fish and wildlife, boat, snowmobile, and ATV accounts of the conservation fund for increases in printing, mailing, and data-entry costs related to recreational licenses and vehicle registration.

16. GRANT ADMINISTRATION SUPPORT STAFF

SEG	\$40,000
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Governor/Legislature: Provide \$20,000 SEG annually split funded from all accounts of the conservation fund except endangered resources and Natural Resources magazine for additional limited-term employee (LTE) grant administration support. These staff would be available to support resource grant management programs, including Stewardship 2000, the lakes and rivers grants programs, and the forest fire protection grant program.

17. PAYROLL SYSTEM UPGRADE

SEG	\$30,000
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Governor/Legislature: Provide \$30,000 SEG in 2001-02 split-funded from all accounts of the conservation fund except endangered resources and Natural Resources magazine to complete development and initiate operation of a new payroll system. This is the second phase of the payroll re-engineering projected which was included in the 1999-01 biennial budget. In the previous biennium, DNR received \$50,000 for a study to determine whether the Department's payroll system could be upgraded to reduce manual processing and to become more efficient.

18. STEWARDSHIP PROGRAM BONDING

BR	\$112,000,000
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Assembly: Reduce available bonding authorization under the Warren Knowles-Gaylord Nelson Stewardship 2000 program by an amount equal to 5% of the total debt service repayment for the previous fiscal year for conservation-related land acquisition. Based on estimated debt service repayments totaling \$22.15 million in 2000-01 and \$20.0 million in 2001-02, available bonding authority under Stewardship 2000 would be reduced by \$1,107,500 from \$46 million to \$44.9 million in 2001-02 and by \$1,000,000 to \$45 million in 2002-03. The reduction would be taken from both the land acquisition (75%) and the property development and local assistance (25%) subprograms.

Senate/Legislature: Increase bonding authorization for the Warren Knowles-Gaylord Nelson Stewardship 2000 program from \$46 million to \$60 million per year from fiscal year 2002-03 through 2009-10. Of the \$60 million, \$45 million would be allocated annually for the land acquisition subprogram (from \$34.5 million currently) and \$15 million for the property development and local assistance subprogram (from \$11.5 million currently). Under current law, at least \$3.5 million of these funds must be spent on property development and up to \$8 million may be provided for local assistance. Under this provision, at least \$7 million would be

available annually for property development and up to \$8 million for local assistance. The provision would increase total general obligation bonding authority for the stewardship 2000 program from \$460 million to \$572 million.

[Act 16 Sections: 962, 962m, 1034L, 1034m and 1034q]

19. STEWARDSHIP URBAN PURCHASES

Assembly: Beginning with available bonding authority for 2001-02, require that 10% of all available funds for land acquisition under the Warren Knowles-Gaylord Nelson Stewardship 2000 program be provided to acquire land in incorporated areas and that each acquisition of land or easement be consistent with the local comprehensive land use plan of the community where the property or development rights to be purchased are located.

Conference Committee/Legislature: Delete provision.

20. STEWARDSHIP EASEMENT LIMITATION

Assembly: Prohibit DNR from entering into any agreement to purchase development rights or conservation easements with funds from the Stewardship 2000 program if the agreement would allow DNR to retain the development rights or easement for longer than 30 years.

Conference Committee/Legislature: Delete provision.

21. STEWARDSHIP PURCHASE NOTIFICATION

Assembly: Require DNR to notify in writing each city, village, or town and county government where any proposed purchase of land or conservation easement lies within its boundaries at least 60 days before the Department completes the acquisition.

Conference Committee/Legislature: Adopt the Assembly provision. However, reduce the minimum notification requirement to 30 days (from 60 days) before the Department completes an acquisition.

Veto by Governor [B-52]: Delete provision.

[Act 16 Vetoed Sections: 1038q, 1038qc and 9437(1z)]

22. JOINT COMMITTEE ON FINANCE REVIEW THRESHOLD -- STEWARDSHIP [LFB Paper 632]

Governor: Increase the threshold for DNR land purchases under the Warren Knowles-Gaylord Nelson Stewardship 2000 program that require notification of the Joint Committee on Finance from \$250,000 to \$500,000. DNR must notify the Joint Committee on Finance of projects that exceed the threshold. The Committee has 14 working days after submission to review the project, and if no objections are raised in that time, DNR may proceed. However, if the Co-Chairpersons of the Joint Committee on Finance notify DNR that a meeting has been scheduled to review the request, DNR may only obligate the funding upon approval of the Committee.

Joint Finance/Legislature: Delete provision (the current \$250,000 threshold would be maintained).

23. USE OF STEWARDSHIP APPRAISALS BY ASSESSORS

Joint Finance/Legislature: Require DNR to provide the appraisals of any property acquired under the Warren Knowles-Gaylord Nelson Stewardship 2000 program to the clerk and assessor of the local unit of government where the property is located within 30 days of acquiring the property. Further, direct that assessors would be required to include the information in the appraisal (including comparable sales) when setting land values.

[Act 16 Section: 1035m]

24. STEWARDSHIP APPRAISAL REQUIREMENTS [LFB Paper 633]

Joint Finance/Legislature: Delete the statutory requirement under s. 23.0917(7)(e) that requires applicants for stewardship grants to submit two appraisals for grants over \$200,000. Instead, require grant applicants to submit at least one appraisal, and require DNR to independently obtain an additional appraisal, separate from any submitted by the applicant (DNR would pay for its appraisal and up to 50% of the applicant's appraisal).

Veto by Governor [B-51]: Delete provision.

[Act 16 Vetoed Section: 1035g]

25. STEWARDSHIP ACQUISITION BY CONDEMNATION

Governor/Legislature: Prohibit the use of funds from the Warren Knowles-Gaylord Nelson Stewardship 2000 program for the acquisition or development of land by a county or other unit of local government or political subdivision if the land involved is acquired through condemnation.

[Act 16 Section: 1036]

26. STEWARDSHIP EARMARKED PROJECTS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG	\$250,000	-\$250,000	\$0

Building Commission: Require the Department to provide funding for the following projects from the Warren Knowles-Gaylord Nelson Stewardship 2000 Program:

- a. \$2,000,000 from the property development and local assistance subprogram to the State Fair Park Board for infrastructure projects at State Fair Park.
- b. \$1,000,000 from the property development and local assistance subprogram to reconstruct the chalet at Rib Mountain State Park.
- c. \$1,000,000 from the land acquisition subprogram to the University of Wisconsin-Platteville for the construction of a building for the Wisconsin Agricultural Stewardship Initiative.
- d. \$3,000,000 from the property development and local assistance subprogram for the development of Milwaukee Lakeshore State Park.

Joint Finance: Require the Department to provide funding for the following projects from the Warren Knowles – Gaylord Nelson Stewardship 2000 program:

- a. \$25,000 from the land acquisition subprogram to the City of Menasha for the purchase of land for a skateboard park facility in Winnebago County.
- b. \$135,000 to acquire conservation easements along the Plover River in Marathon and Portage Counties.
- c. \$250,000 from the property development and local assistance subprogram for the development of a Conservation Law Enforcement Museum. Specify that for every \$1 received by DNR from private grants, gifts, or bequests for the project, \$1 would be provided from Stewardship funds to match the donation, up to \$250,000.
- d. \$250,000 from the property development and local assistance subprogram to the Paper Industry International Hall of Fame, Inc., to renovate the Atlas Mill into the World Paper Center. The Atlas Mill is located on the Fox River in the City of Appleton.

Further, specify that stewardship funding for State Fair Park, the Rib Mountain ski chalet, Wisconsin Agricultural Stewardship Initiative, and Milwaukee Lakeshore State Park may be provided from either subprogram of the stewardship fund, at the discretion of the Department.

Senate: Require DNR to provide for the following projects from the Warren Knowles-Gaylord Nelson Stewardship 2000 program:

a. \$60,000 from the property development and local assistance subprogram to the City of Hillsboro for the development of a camping and recreation area adjacent to the Hillsboro and North Eastern Spur Trail. The 4.5 mile trail connects to the "400" State Trail in Union Center.

b. 50% of the cost, up to \$375,000, for the Root River Multi-Purpose Pathway Project to the City of Racine. Funding would be provided from either stewardship subprogram. A matching grant of up to \$750,000 is available under the provisions of the 1999-01 biennial budget, this provision would increase the maximum allowed to \$1,125,000.

c. 50% of the cost, up to \$648,100, from the property development and local assistance subprogram to Milwaukee County for the redevelopment of the beach at Grant Park.

d. \$2,370,000 from either subprogram to the Kickapoo Valley Reserve Management Board for the construction of a visitor center.

e. In addition, prohibit the DNR from adopting or maintaining, by Department policy or by administrative rule, any cap on the total purchase price per parcel or per acre for properties in the Chiwaukee Prairie-Carol Beach National Natural Landmark area. The department indicates that it currently has an informal policy of not paying more than \$6,000 per one-third acre parcel for land in this area (no more than \$18,000 per acre).

Further, delete the Joint Finance requirement that DNR provide funding for the following projects:

1. \$25,000 from the land acquisition subprogram to the City of Menasha for the purchase of land for a skateboard park facility in Winnebago County.

2. \$250,000 from the property development and local assistance subprogram for the development of a Conservation Law Enforcement Museum at the MacKenzie Environmental Education Center. (For every \$1 received by DNR from private gifts, grants, or bequests for the project, DNR would have been required to provide Stewardship funds to match the donation, up to \$250,000.)

3. \$250,000 from the property development and local assistance subprogram to the Paper Industry International Hall of Fame, Inc., to renovate the Atlas Mill into the World Paper Center. The Atlas Mill is located in the City of Appleton.

4. \$2,000,000 from either subprogram to the State Fair Park Board for infrastructure projects at State Fair Park.

Finally, require DNR to provide \$50,000 SEG in 2001-02 from the forestry account of the conservation fund for the completion of development at the Keyes Lake recreational area in Florence County. Under the 1999-01 biennial budget, \$125,000 was provided for this project from the Warren Knowles-Gaylord Nelson Stewardship 2000 program.

Assembly: Require DNR to provide \$493,500 from the Warren Knowles-Gaylord Nelson Stewardship 2000 property development and local assistance subprogram to the City of Merrill to restore the exposed lakebed on the Prairie River where the Ward Paper Mill dam previously operated. No local match would be required.

Further, delete the Joint Finance requirement that DNR provide \$135,000 from the Warren Knowles-Gaylord Nelson Stewardship 2000 program to acquire conservation easements along the Plover River in Marathon and Portage Counties.

Conference Committee/Legislature: Adopt both the Assembly and Senate provisions with the following changes.

a. Restore the Joint Finance requirement that DNR provide \$25,000 to the City of Menasha for the purchase of land for a skate board park facility.

b. Require DNR to provide \$200,000 (rather than \$250,000) for the development of a Conservation Law Enforcement Museum at the MacKenzie Environmental Education Center.

c. Delete the requirement that DNR provide \$250,000 from the stewardship program to the Paper Industry Hall of Fame, Inc., to renovate the Atlas Mill into the World Paper Center. Instead, provide \$250,000 from the forestry account of the conservation fund for this purpose.

d. Reduce the amount DNR is required to provide to the City of Merrill to restore the exposed lakebed on the Prairie River from \$493,500 to \$450,000.

e. Restore the Joint Finance requirement that DNR provide \$2,000,000 from either subprogram to the State Fair Park Board for infrastructure projects at State Fair Parks.

f. Restore the Joint Finance requirement that DNR provide \$135,000 from the Warren Knowles-Gaylord Nelson Stewardship 2000 program to acquire conservation easements along the Plover River in Marathon and Portage Counties.

g. Require DNR to provide \$50,000 in 2001-02 from either subprogram of the Warren Knowles-Gaylord Nelson Stewardship 2000 program for the completion of development at the Keyes Lake recreational area in Florence County.

Veto by Governor [B-49, B-53 and B-56]: Delete the requirement that DNR provide for the following projects:

a. \$60,000 to the City of Hillsboro for the development of a camping and recreational area near the Hillsboro and Northeastern Spur Trail;

b. \$648,100 to Milwaukee County to redevelop the beach at Grant Park;

c. \$25,000 to the City of Menasha for the purchase of land to be used for a skateboard park facility in Winnebago County;

d. \$200,000 in matching funds for the development of a conservation law enforcement museum.

e. \$50,000 for the completion of development at the Keyes Lake recreational area in Florence County;

f. \$135,000 to acquire conservation easements along the Plover River in Marathon and Portage Counties;

Further, delete the provision requiring DNR to provide \$250,000 SEG from the forestry account of the conservation fund to the Paper Industry International Hall of Fame, Inc., to renovate the Atlas Mill into the World Paper Center. Finally, delete the provision prohibiting DNR from adopting or maintaining, by Department policy or by administrative rule, any cap on the total purchase price per parcel or per acre for properties in the Chiwaukee Prairie-Carol Beach National Natural Landmark Area.

As a result of the veto stewardship earmarks that remain in the act include: (a) \$2 million for State Fair Park infrastructure; (b) \$1 million for the Rib Mountain State Park ski chalet; (c) \$1 million for the Wisconsin Agricultural Stewardship Initiative; (d) \$3 million for Milwaukee Lakeshore State Park; (e) \$2,370,00 for the Kickapoo Valley Reserve visitor center (see Tourism); (f) \$450,000 to restore the Prairie River in Merrill; and (g) up to \$375,000 for the Root River Multi-purpose Pathway Project in Racine.

[Act 16 Sections: 1039br, 1039bm, 1039c, 1039d, 1039n, 1039p, 1039t and 1039w]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.370(5)(ax)), 603rb, 1034h, 1034hm, 1034pm, 1038saq, 1039bv, 1039fm, 1039k, 1039km, 1039m, 1039s, 9107(1)(i) and 9137(8mk)]

27. PURCHASE OF CERTAIN PUBLIC USE LAND

Joint Finance: Authorize the Board of Commissioners of Public Lands (BCPL) to invest monies of the trust funds in the purchase of certain public use land, which would be land that: (a) was formerly project land under a hydroelectric project license issued by the Federal Energy Regulatory Commission but which the Commission has determined to no longer be necessary for operation of any hydroelectric facility; and (b) the BCPL determines is suitable for public use, enjoyment, recreation and education. Require that the BCPL have such land appraised before purchase and give consideration to any appraisal of the land that has been made before making an offer to purchase such land. Stipulate that the BCPL may not purchase more than 10,000 acres of land under this authority during any 60-month time period. Provide that the Department of Natural Resources (DNR) must offer to the BCPL, within five years of any such land purchase by the BCPL, land currently owned by the DNR in exchange for such purchased land. Further, specify that if the DNR does not, within the five-year period, offer land of approximately equal value that it owns in exchange for the land purchased by the BCPL under

this provision, then the DNR would be required to buy at fair market value that land that was purchased by the BCPL and the purchase of such land would not be subject to the Governor's approval as new lands acquired by the Department.

Assembly: Require the Board of Commissioners of Public Lands to submit a request to the Joint Committee on Finance for approval of any proposed land purchase from Wisconsin Public Service Commission in Marinette County. If, after the Board notifies the Joint Committee on Finance in writing of its intention to purchase the land, the Co-Chairpersons of the Committee do not notify the Board that the Committee has scheduled a meeting for the purpose of reviewing the proposed purchase within 14 working days, the board may purchase the land.

However, if the Co-Chairpersons specify that a meeting has been scheduled to review the purchase, the land may only be purchased upon approval of the Committee.

Conference Committee/Legislature: Adopt the Assembly provision. However, in addition, specify that this land exchange transaction would be exempt from current law provisions requiring the Natural Resources Board to make a finding that the DNR lands are no longer needed for conservation purposes before they may be transferred.

Veto by Governor [B-86]: Delete provision.

[Act 16 Vetoed Sections: 1039b, 1088e, 1088m and 1088r]

28. ACQUISITION AND DEVELOPMENT FUNDS MANAGEMENT

Governor/Legislature: Create a program revenue continuing appropriation for funds received by the Department from DNR and other state agencies for facilities, materials, or services relating to resource acquisition or development. Require that funds in this appropriation be used to pay for expenses associated with those facilities, materials, or services. This provision would also allow DNR to receive and expend federal funds granted to other state agencies and transferred to DNR (such as certain Federal Emergency Management Agency funds granted to the Wisconsin Department of Military Affairs).

[Act 16 Section: 622]

29. PROHIBITION OF NUDITY ON STATE OWNED LAND

Assembly: Prohibit intentional nudity on lands that are owned, managed, supervised or controlled by state agencies. The forfeiture for public nudity on state owned or managed lands would not exceed \$1,000.

Conference Committee/Legislature: Delete provision.

30. PRIVATIZATION OF GIS MAPPING SERVICES

Assembly: Require DNR to eliminate staff-supplied geographic information systems mapping services by July 1, 2002. Instead, require DNR to contract with private firms for these services. Under current law, DNR may contract for private services if doing so would be more cost-effective than using DNR staff. This provision would exempt DNR from meeting the "cost effective" requirement relating to GIS contracts.

Conference Committee/Legislature: Request the Joint Legislative Audit Committee to direct the Legislative Audit Bureau to review the GIS mapping services provided by DNR. Request that the review include the cost effectiveness of services offered by the DNR as compared to the resources available in the private sector and the degree to which the DNR GIS mapping services compete with private business.

Veto by Governor [B-84]: Delete provision.

[Act 16 Vetoed Section: 9132(2z)]

31. PRIVATIZATION OF PRAIRIE RESTORATION PROJECTS

Assembly: Prohibit DNR from using staff to complete prairie restoration projects. Instead, require DNR to contract with private firms or organizations for prairie restoration work. Under current law, DNR may contract for private work if doing so would be more cost-effective than using DNR staff. This provision would exempt DNR from meeting the "cost-effective" requirement relating to prairie restoration contracts.

Conference Committee/Legislature: Delete provision.

32. NATURAL RESOURCES BOARD

Joint Finance/Legislature: Prohibit an individual from being a member of the Natural Resources Board if the person receives, or has during the previous two years received, a significant portion of his or her income directly or indirectly from holders of or applicants for water pollution discharge permits issued by DNR, except for storm water permits. Further, prohibit the appointment of an individual to the Natural Resources Board if after the appointment of that person a majority of board members would derive a significant portion of their incomes from holders of air pollution permits. In addition, require Board members to inform the Governor in the event that there was a significant change in the income that they derived from persons subject to air pollution permits. Finally, if a member of the Natural Resources Board holds a permit or license issued by DNR under environmental law, currently receives or has received during the previous two years a significant portion of his or her income directly or indirectly from a holder of or an applicant for a permit or license issued by DNR under environmental laws, the board member would be prohibited from engaging in discussion

at a board meeting or participating in board decisions on any matter that substantially relates to the permit or license.

[Act 16 Sections: 179q, 179r and 1038di]

33. NATURAL RESOURCES MAGAZINE

Senate: Transfer \$451,400 in 2001-02 (one-time only) from the forestry account to the Natural Resources Magazine account of the conservation fund. In 1999-00, \$451,400 from the Natural Resources Magazine account was used to supplement National Forest Income (NFI) payments to towns after a provision in the 1999-01 biennial budget redirected these federal payments to school districts.

Conference Committee/Legislature: Transfer \$200,000 in 2001-02 only from the forestry account to the Natural Resources Magazine account of the conservation fund.

Veto by Governor [B-62]: Delete provision.

[Act 16 Vetoes Sections: 624m and 9237(5z)]

34. WISCONSIN OUTDOOR WILDLIFE HERITAGE TRUST FUND

Senate/Legislature: Establish a separate non-lapsable segregated trust fund designated as the Wisconsin Outdoor Wildlife Heritage Trust Fund. The trust fund would consist of all gifts, bequests, or other contributions received by DNR for the fund. Trust funds would be available for activities and programs listed in Chapter 29 of Wisconsin State Statutes. These programs and activities would include, but not be limited to, regulation of fish, game, hunting, trapping, and commercial fishing; hunting and trapping education; wildlife refuges, as well as fish and game propagation and stocking; and wildlife damage programs.

Veto by Governor [B-79]: Delete provision.

[Act 16 Vetoes Sections: 395 (as it relates to s. 20.370(1)(Lu)), 589i, 1110m and 1119z]

35. LITTLE ROCK LAKE

Senate/Legislature: Maintain the restriction of public access to Little Rock Lake and other provisions related to DNR research of acidification on the lake for an additional six years, through January 1, 2008. Little Rock Lake is located near Arbor Vitae in Vilas County. The experiment was begun in 1984.

[Act 16 Section: 1261gk]

36. OPEN RECORDS REQUIREMENTS

Joint Finance/Legislature: Limit the effect of 1999 Act 88 provisions that allow an individual to elect to keep certain personal information obtained by DNR from being released to only apply to computerized lists, including those generated through the automated license issuance system (ALIS) and the boat, ATV, and snowmobile registration system (BATS).

[Act 16 Sections: 1066e thru 1066x]

37. FOREST LEGACY PROGRAM

Joint Finance: Require DNR to expend at least \$12 million from the Warren Knowles-Gaylord Nelson Stewardship 2000 program, either in land or easement purchases, as matching funds under the federal Forest Legacy Program.

Under the Forest Legacy program, federal funding is available to acquire land or purchase easements to prevent forest land from being converted to non-forest use. State or local partners are required to provide at least 25% of the funds required for projects under this program. In order to participate, states are required to identify forest areas that may protect water quality, provide key wildlife habitat, offer outstanding recreational opportunities or scenic views, or contain historical sites. To date, DNR has identified four forest legacy areas that meet federal requirements. Forestry purchases within these boundaries would be eligible for federal matching grants. In 2000-01, the federal government made \$60 million available for grants under the Forest Legacy program.

Senate: Delete the Joint Finance provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [B-50]: Reduce the \$12,000,000 figure in the bill by \$10 million by striking the "1", reducing the amount that DNR is required to expend from stewardship 2000 to not less than \$2,000,000.

[Act 16 Vetoed Section: 1034k]

38. GEOGRAPHICAL MANAGEMENT UNIT BOUNDARIES

Joint Finance/Legislature: Require the Department of Natural Resources to manage the La Crosse-Bad Axe and Kickapoo River watersheds in the same geographical management unit. The Kickapoo River watershed is currently managed by DNR as part of the Lower Wisconsin Riverway geographical management unit.

Veto by Governor [B-81]: Delete provision.

[Act 16 Vetoed Section: 1042g]

39. DNR REGIONAL MANAGEMENT

Assembly/Legislature: Require DNR to include all of Crawford and Vernon Counties as part of the current west central region for the administrative purposes of the agency.

Veto by Governor [B-81]: Delete provision.

[Act 16 Vetoed Section: 1042i]

40. MOUNTAIN BAY TRAIL CROSSING

Joint Finance/Legislature: Direct DNR to allow the Town of Weston in Marathon County to create an additional access across the Mountain Bay Recreational Trail and prohibit DNR from requiring Weston to close an existing crossing or street in return for the granting of this access.

Veto by Governor [B-65]: Delete provision.

[Act 16 Vetoed Section: 1153m]

41. ADMINISTRATION AND TECHNOLOGY REDUCTION

GPR	- \$37,400
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Joint Finance/Legislature Delete \$18,700 GPR annually from the DNR administration and technology general operations appropriation. (An equivalent amount of GPR would be provided in a new annual appropriation in the Department of Tourism to the Kickapoo Valley Reserve for information technology support.)

[Act 16 Section: 631r]

42. TOURISM SUPPORT RESTRICTION [LFB Paper 892]

Joint Finance/Legislature: Prohibit DNR from making any payments from the conservation fund for Tourism operations or activities. Currently, DNR and Tourism have a memorandum of understanding under which DNR pays Tourism \$25,000 annually for staff, equipment, advertising, promotion, public relations and related support costs at the Chicago travel information center.

Veto by Governor [B-83]: Delete provision.

[Act 16 Vetoed Section: 1066y]

Fish, Wildlife and Recreation

1. FISHERIES MANAGEMENT [LFB Paper 646]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$890,700	3.00	-\$890,700	-3.00	\$890,700	3.00	\$890,700	3.00

Governor: Provide \$431,700 in 2001-02 and \$459,000 in 2002-03 for 3.0 fisheries biologists or technicians from the fish and wildlife account of the conservation fund. In addition to supporting the fisheries management positions, funds would be used for hatcheries maintenance and lake monitoring costs. Potential maintenance demands include roof replacement at the Thunder River hatchery, repairing security fencing at the Lake Mills hatchery, installation of new rearing tanks at the Osceola hatchery, repairing the Kettle Moraine hatchery's ozone unit, repairing a water supply main at the Nevin hatchery, and repairing Woodruff hatchery's hot/cold water control system, upgrading computer hardware and software, and installing an ultraviolet (UV) light disinfectant system.

Joint Finance: Delete provision.

Senate: Provide \$663,100 in 2001-02 and \$684,300 in 2002-03 for 3.0 fisheries biologists and 3.0 fisheries technicians and related costs.

Conference Committee/Legislature: Restore the Governor's recommendation.

2. COMMERCIAL FISH REPORTING SYSTEM

SEG	\$104,500
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Joint Finance/Legislature: Provide \$74,500 SEG in 2001-02 and \$30,000 SEG in 2002-03 from the fish and wildlife account to fund a pilot project of the commercial Fish Harvest Reporting System (FHRS). The Fish Harvest Reporting System is an electronic reporting system that would record and report elements of the Great Lakes commercial catch, replacing the current paper-based bi-weekly reporting system. Funding in the first year would be for personal computers, printers, software, and management costs associated with testing, programming, and implementing the system. Funding in 2002-03 would be used for maintenance. The system is intended to increase the accuracy of, and aid the uniform enforcement of, various Great Lakes commercial fish harvest quotas.

3. COMMERCIAL FISHING LICENSE

Assembly/Legislature: Require DNR to create a suspended license for commercial fishermen on the Bay of Green Bay. Commercial fishermen holding a suspended license would

not be required to pay the fee associated with the license. In addition, specify that the minimum catch requirement would be waived for holders of the suspended license. The purpose of the suspended license would be to allow the bearer to retain his or her license for one period of up to seven years without engaging in commercial fishing activity.

Veto by Governor [B-74]: Delete provision.

[Act 16 Vetoed Section: 1184m]

4. STURGEON SPEARING LICENSE

Joint Finance/Legislature: Prohibit the issuance of a sturgeon spearing license beginning on the October 1 preceding the opening of the season. Exempt residents who turn 14 years old during the non-issuance period and residents who are in the armed forces outside the state and who are on furlough or leave from this non-issuance period. Specify that the provision would take effect on the September 1 after publication of the Act. Under current law, a sturgeon spearing license may not be issued during the open season for spearing rock or lake sturgeon. The open season is currently set by DNR administrative rule to begin the second Saturday in February and to continue for 16 consecutive days.

Veto by Governor [B-76]: Delete provision.

[Act 16 Vetoed Sections: 1197g, 1197h and 9437(4v)]

5. LAKE SUPERIOR FISHERIES BIOLOGIST

Senate: Provide \$30,000 in 2001-02 and \$40,000 in 2002-03 and 1.0 position from the fish and wildlife account of the conservation fund for a fisheries biologist. The position would be responsible for conducting water quality and fish management activities on Lake Superior.

Conference Committee/Legislature: Delete provision.

6. WALLEYE SURVEY

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
SEG	\$20,000	-\$20,000	\$0

Joint Finance: Provide \$20,000 SEG in 2001-02 from the fish and wildlife account for a walleye population and size survey on the Wisconsin River between the Grandfather Falls dam in Lincoln County and the Petenwell Flowage.

Assembly/Legislature: Delete provision.

7. COASTER BROOK TROUT REINTRODUCTION

	Jt. Finance /Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR	\$170,000	-\$130,000	\$40,000

Joint Finance: Provide \$20,000 PR in 2001-02 and \$150,000 PR in 2002-03 from tribal gaming revenues as an annual appropriation to fund costs relating to the study and reintroduction of coaster brook trout.

Assembly: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [F-28]: Reduce funding by \$130,000 in 2002-03 by deleting \$150,000 and writing in \$20,000. The trout management appropriation would be funded at \$20,000 in each year.

[Act 16 Sections: 588m and 886m]

[Act 16 Vetoed Section: 395 (as it relates to s. 20.370(1)(jk))]

8. SIGNAGE REQUIREMENTS FOR FISHING EASEMENTS

Assembly/Legislature: Require DNR to post a sign on any property where an easement has been acquired that allows public access for the purpose of fishing, notifying the general public of that right of access.

Veto by Governor [B-54]: Delete provision.

[Act 16 Vetoed Section: 1038dg]

9. WILDLIFE MANAGEMENT [LFB Paper 647]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$542,800	3.00	-\$542,800	-3.00	\$542,800	3.00	\$542,800	3.00

Governor: Provide \$307,800 in 2001-02 and \$235,000 in 2002-03 for 3.0 wildlife technicians or biologists from the fish and wildlife account of the conservation fund. It is estimated that \$66,000 (in 2001-02 only) would be used for equipment replacement (such as tractors and mowers). Approximately \$87,500 in 2001-02 and \$76,000 in 2002-03 would be used to replace radio equipment, and \$50,000 annually would go towards supplies and services costs, as well as

partnership efforts (such as funding for shared positions with state and federal partners for the Wetlands Reserve Program).

Joint Finance: Delete provision.

Senate: Provide \$368,900 in 2001-02 and \$338,400 in 2002-03 for 1.0 wildlife biologist and 5.0 wildlife technicians.

Conference Committee/Legislature: Restore the Governor's recommendation.

10. PHEASANT STOCKING

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
SEG	\$100,000	-\$100,000	\$0

Joint Finance: Provide \$100,000 in 2001-02 only from the fish and wildlife account for the rearing and stocking of pheasants. Currently, DNR operates the state game farm at Poynette, which raises approximately 32,000 pheasant roosters and 8,000 hens annually for stocking on public hunting grounds and provides approximately 65,000 day-old rooster chicks annually to approximately 83 conservation and sports clubs in 39 counties in the state under cooperative agreements. In addition, the Department also administers the wild pheasant restoration program, in which pheasants are released at various locations in the state

Assembly/Legislature: Delete provision.

11. WHOOPING CRANE REINTRODUCTION

	Funding	Positions
SEG	\$81,100	0.50

Joint Finance: Provide \$37,600 in 2001-02 and \$43,500 in 2002-03 and 0.5 wildlife biologist position annually from the fish and wildlife account related to the reintroduction of whooping cranes in Wisconsin. Under the bill, 1.0 position would be available (including the 0.5 wildlife biologist position provided from tribal gaming revenues for the reintroduction of whooping cranes in 1999 Act 9).

Assembly: Delete the \$44,700 PR annually and 0.5 position provided from tribal gaming revenues for efforts relating to the reintroduction of the whooping crane. In addition, delete the Joint Finance provision that would have provided an additional \$37,600 SEG in 2001-02 and \$43,500 in 2002-03 and 0.5 position from the fish and wildlife account of the conservation fund to increase efforts in this area.

Conference Committee/Legislature: Include Joint Finance provision.

12. BEAR AND PREDATOR HUNTING AND BAITING

Joint Finance: Specify that a person or persons hunting or pursuing bear with a pack of dogs may not have more than six dogs in the pack, but allow dogs to be replaced at any time.

Statutorily designate that there are no hunting hour restrictions for pursuing coyote, fox, raccoon and all wild animals for which no closed season is established (except for coyotes during an open season for hunting deer with firearms in an area that is closed by DNR by rule to coyote hunting). Further specify that it would be permitted to hunt coyote, fox, raccoon and all wild animals for which no closed season is established over naturally occurring carrion.

Designate that the DNR administrative rule establishing zones where dogs may be trained or used for hunting be specified under statute. From May 1 through June 30, individuals may not hunt or pursue any free-roaming wild animal with the aid of dog or dogs in the northern portion of the state (as defined by the area that lies northward of a line beginning at Lake Michigan that follows the Oconto River upstream to where it reaches USH 41, that then runs northward along USH 41 until it intersects STH 22, that then runs westward on STH 22 to the City of Shawano, that then runs westward from the City of Shawano on STH 29 until it reaches STH 13, that then runs northward along STH 13 until it reaches STH 64, that then runs westward along STH 64 until it reaches USH 53, that then runs northwestward along USH 53 until it reaches USH 8, and that then runs westward along USH 8 until it reaches the Mississippi River), except for dog trials and training under permit, or on the premises of licensed game farms, fur farms, and shooting preserves or on any private land when license holders used licensed animals for dog trials. The training of dogs by pursuing wild bear would be limited to July 1 through August 31.

Further, specify that no person may hunt bear with the use of dogs in the southern portion of the state. This area is defined as the portion of the state that lies south of a line beginning at the Menomonie River where CTH "JJ" in Marinette County intersects the Menomonie River that then runs westward along CTH "JJ" until it intersects STH 180, that then runs westward along STH 180 until it intersects with USH 141, that then runs southward on USH 141 until it intersects with STH 64, that then runs westward on STH 64 until it intersects with USH 45, that then runs northward on USH 45 until it intersects USH 8, that then runs westward on USH 8 until it intersects with STH 13, that then runs southward on STH 13 until it intersects with STH 64, that then runs westward on STH 64 until it intersects with STH 27, that then runs northward along STH 27 until it intersects with USH 8, and that then runs westward on USH 8 until it reaches the Mississippi River.

Designate that the DNR administrative rules specifying types of legal bait used for the purpose of hunting or training dogs be specified under statute. Use of bait is permitted, with the only exception of attracting wild animals using honey, bones, fish, meat, solid animal fat or parts of animal carcasses.

Finally, eliminate the requirement for a licensed bear guide to acquire a class B bear pursuit license while assisting a licensed bear hunter.

Senate: Modify the Joint Finance language limiting the training of dogs to track or trail bear during the period beginning July 1 and ending August 31 to specify that dogs may be trained to hunt bear only in the northern portion of the state. The northern portion of the state is defined as the area that lies northward of a line beginning at Lake Michigan that follows the Oconto River upstream to where it reaches USH 41, that then runs northward along USH 41 until it intersects STH 22, that then runs westward on STH 22 to the City of Shawano, that then runs westward from the City of Shawano on STH 29 until it reaches STH 13, that then runs northward along STH 13 until it reaches STH 64, that then runs westward along STH 64 until it reaches USH 53, that then runs northwestward along USH 53 until it reaches USH 8, and that then runs westward along USH 8 until it reaches the Mississippi River.

Further, delete the Joint Finance language specifying that from May 1 through June 30, individuals may not hunt or pursue any free-roaming wild animal with the aid of dog or dogs in the northern portion of the state (as defined by the area that lies northward of a line beginning at Lake Michigan that follows the Oconto River upstream to where it reaches USH 41, that then runs northward along USH 41 until it intersects STH 22, that then runs westward on STH 22 to the City of Shawano, that then runs westward from the City of Shawano on STH 29 until it reaches STH 13, that then runs northward along STH 13 until it reaches STH 64, that then runs westward along STH 64 until it reaches USH 53, that then runs northwestward along USH 53 until it reaches USH 8, and that then runs westward along USH 8 until it reaches the Mississippi River), except for dog trials and training under permit, or on the premises of licensed game farms, fur farms, and shooting preserves or on any private land when license holders used licensed animals for dog trials.

In addition, allow the use of bait while hunting deer or bear if (a) the location of the bait is within sight of the hunter, (b) is within the effective range of the weapon used by the hunter, and (c) the hunter had knowledge of both of these. The use of bait for hunting would be permitted subject to DNR administrative rule. Currently, DNR restricts the use of bait to ten gallons or less.

Assembly: Expand the legal area for hunting bear with the aid of dogs to include all areas of Taylor, Price, Lincoln, Oneida, and Langlade Counties north of Highway 64. This would expand the legal area for hunting bear with the aid of dogs to include the area north of the line beginning at the Menominee River where CTH "JJ" in Marinette County intersects the Menominee River that then runs westward along STH 180 until it intersects USH 141, that then runs southward on USH 141 until it intersects STH 64, that then runs westward on STH 64 until it intersects STH 27, that then runs northward along STH 27 until it intersects with USH 8, and that then runs westward on USH 8 until it reaches the Mississippi River.

Conference Committee/Legislature: Maintain current law by deleting all Joint Finance, Senate and Assembly provisions.

13. UW-STEVENS POINT BEAR BIOLOGIST

	Jt. Finance /Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG	\$48,000	-\$48,000	\$0

Joint Finance: Provide \$24,000 annually from the fish and wildlife account of the conservation fund for DNR to contract for a wildlife biologist position at the University of Wisconsin – Stevens Point College of Natural Resources. Further, \$24,000 and 1.0 PR position annually would be provided at the University of Wisconsin – Stevens Point College of Natural Resources for this purpose. Any funding for the position in excess of the \$24,000 annually would be the responsibility of the University of Wisconsin – Stevens Point.

Assembly/Legislature: Require that the job description of the UW research position require that the person devote a significant portion of time to bear hunting research and data collection.

Veto by Governor [B-77]: Delete provision.

[Act 16 Vetoes Sections: 395 (as it relates to ss. 20.285(1)(k) and 20.370(1)(mu)) and 1351zf]

14. DEER MANAGEMENT [LFB Paper 179]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$323,900	-\$323,900	\$0
SEG	0	- 200,000	- 200,000
Total	\$323,900	-\$523,900	-\$200,000

Governor: Provide \$166,000 in 2001-02 and \$157,900 in 2002-03 from tribal gaming revenues. Create an annual appropriation for the implementation of recommendations for deer herd management developed through the Deer 2000 and Beyond initiative. The four goals of the management initiative would include maintaining a healthy deer herd, providing recreational opportunities for a wide range of user groups, simplifying and making consistent deer management goals and policies, and providing flexibility to adjust management goals. Funding would be used for research and education, including efforts to investigate the impacts of baiting and feeding on the deer herd, the impacts of deer on forestry and native ecosystems, and verification of deer population estimates.

Joint Finance: Delete provision. In addition, delete \$100,000 SEG annually from the fish and wildlife account to eliminate base funding for the Deer 2000 and Beyond initiative.

Assembly: Provide \$266,000 in 2001-02 and \$257,900 in 2002-03 from the fish and wildlife account for the implementation of recommendations for deer herd management developed through the Deer 2000 and Beyond initiative.

Conference Committee/Legislature: Include Joint Finance provision.

15. HUNTER SAFETY EDUCATION COURSES

SEG-REV	-\$102,600
SEG	\$342,400

Assembly/Legislature: Eliminate the student fee requirement for bow and gun hunter safety education courses. Instead, reimburse course instructors for costs associated with teaching the class, up to \$5 per student, at an estimated cost of \$171,200 annually. Currently, instructors are required to collect the course fee from students, retain up to one-half to cover the cost of administering the course, and remit the remaining monies to DNR. A portion of the funds received by DNR from hunter safety courses (\$1.50 per student) are deposited to the fish and wildlife account, with one-half used to support the administration and development of the hunter safety education program. Eliminating the fee for these courses would generate a loss of revenue to the fish and wildlife account of approximately \$51,300 annually. This amount would be transferred from the safety education appropriation to the general enforcement operations appropriation of the fish and wildlife account in order to continue to provide hunter safety education support.

[Act 16 Sections: 596g, 596j and 1197hm]

16. DEER GUN SEASON EXTENSION

Assembly: Specify that the deer gun hunting season begin on the Saturday immediately preceding the Thanksgiving holiday and continue for 16 consecutive days. Under current law, the deer gun hunting season extends for nine consecutive days.

Conference Committee/Legislature: Delete provision.

17. DEER GUN ANTLERLESS SEASON

Assembly: Establish an antlerless-only deer gun hunting season beginning on the Thursday falling on or closest to October 22, and continuing for a total of four consecutive days. In addition, prohibit DNR from establishing an antlerless-only deer gun hunting season beginning or ending during the month of December.

Conference Committee/Legislature: Delete provision.

18. HUNTING IN STATE PARKS

Assembly: Require DNR to open any state park that has received any funding from the fish and wildlife account at any time during the preceding ten years for hunting and fishing to the maximum extent possible.

Conference Committee/Legislature: Require DNR to open any state park that has received any funding from the fish and wildlife account at any time during the preceding ten years for hunting and fishing to the maximum extent possible. Specify that the Natural Resources Board may exempt parks properties from this requirement.

Veto by Governor [B-68]: Delete provision.

[Act 16 Vetoed Sections: 1162h, 1162p, 1162t, 1162w and 1162wm]

19. GROUP DEER BOW HUNTING

Joint Finance: Include, for the purposes of killing antlerless deer, a group all using bows and arrows to the definition of a group deer hunting party. Limit the provision to only apply after the regular nine-day November gun deer season. Under current law, a group deer hunting party is defined as two or more hunters hunting in a group all using firearms, each of whom holds an individual license to hunt deer. Any member of the group hunting party may kill a deer for another member of the group deer hunting party if both of the following conditions exist: (a) at the time and place of the kill, the person who kills the deer is in contact with the person for whom the deer is killed; and (b) the person for whom the deer is killed possesses a current unused deer carcass tag which is authorized for use on the deer killed.

Assembly: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [B-78]: Delete provision.

[Act 16 Vetoed Sections: 1171gb, 1171gd, 1171gf and 1171gh]

20. BOW HUNTING SEASON EXTENSION

Joint Finance: Statutorily specify the early deer archery season extend through the Thursday immediately preceding the opening of the deer gun season.

Assembly/Legislature: Delete provision.

21. DNR WAUZEKA HUNTING EASEMENTS

Assembly: Require DNR within 30 days of the effective date of the budget act, to release a portion of the easement held by the Department on certain land owned by Design Homes Incorporated in the Village of Wauzeka in Crawford County in order to permit the construction of residences. The landowner would be allowed to specify which part of the property would be released from the easement.

Conference Committee/Legislature: Delete provision.

22. CRANE CROP DAMAGE STUDY

	Jt. Finance /Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR	\$60,000	-\$40,000	\$20,000

Joint Finance/Legislature: Provide \$30,000 PR each year from tribal gaming revenues to DNR for a study of crop damage caused by cranes. Funding would be one-time in the 2001-03 biennium only. This would continue funding for a cooperative crop damage study between the University of Wisconsin and the International Crane Foundation authorized in 1999 Act 9.

Veto by Governor [F-29]: Reduce funding by \$40,000 over the biennium by deleting \$30,000 and writing in \$20,000 in 2001-02 and by deleting \$30,000 in 2002-03. The wild crane study appropriation would be funded at \$20,000 in 2001-02 only.

[Act 16 Section: 588r, 887m and 9137(6f)]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.370(1)(kk)) and 9137(6f)]

23. MANAGING WILDLIFE DISEASES [LFB Paper 648]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$300,000	-\$300,000	\$0

Governor: Provide \$150,000 annually from the fish and wildlife account for sampling and laboratory testing to manage emerging disease risks, including long-term disease monitoring of the deer herd for risk of chronic wasting disease and bovine tuberculosis. Efforts would also include assessing the health of urban geese prior to relocation, and monitoring fur-bearing animals for rabies.

Joint Finance/Legislature: Delete provision.

24. ELK HERD MONITORING [LFB Paper 180]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$54,000	-\$200,000	-\$146,000
SEG	0	200,000	200,000
Total	\$54,000	\$0	\$54,000

Governor: Provide an additional \$27,000 annually from tribal gaming revenues to support field monitoring and management plans, including potential harvest plans, for the state wild elk population. Activity monitored by the DNR includes routine monitoring for dispersal, population census flights and ground checks, monitoring of deer activity and concentration within the primary elk range, impact on rare plants, monitoring of wolf pack activity in areas occupied by elk, and verification of habitat use. Funds would continue to support the ongoing elk reintroduction project in the Clam Lake area, as well as aid in assessing other regions of the state for reintroduction possibilities. Total tribal gaming revenues available under the bill for elk reintroduction and management would be \$200,600 annually with 0.5 position.

Joint Finance/Legislature: Delete \$100,000 PR annually from tribal gaming revenues for elk herd monitoring. Instead, provide \$100,000 SEG annually from the fish and wildlife account of the conservation fund to maintain funding of \$200,600 annually (\$100,600 PR from tribal gaming revenues and \$100,000 SEG from the fish and wildlife account).

25. VENISON PROCESSING DONATION PROGRAM [LFB Paper 649]

Governor: Allow any applicant for a deer, bear, turkey, or small game hunting license to elect to make a voluntary contribution of at least \$1 to be used for the venison processing and donation program. Monies received would be used to reimburse counties for the cost of processing donated venison (including processing, administration, and donating costs incurred) during a deer damage management season for use by food pantries and charitable organizations. If donations were not sufficient to reimburse counties for their expenditures on the venison donation program, monies from the wildlife damage program could continue to be used (after payments were made for county administrative costs, wildlife damage abatement assistance, and wildlife damage claim payments). DNR would prorate reimbursement to counties if funds were insufficient for full payment.

Donated funds may also be used for promotional and educational activities and materials to encourage voluntary contributions to the venison processing program. Counties would be required to make reasonable efforts to donate the venison (rather than required to donate it, currently) to be eligible for reimbursement. In 2000-01, DNR paid approximately \$489,000 from wildlife damage funds to process 7,800 deer for the donation of 350,000 pounds of venison.

Joint Finance: Prohibit the use of funds from the wildlife damage program for the venison donation program. (This would have the effect of funding the venison donation program solely through voluntary contributions).

A similar donation program initiated in Maryland received donations of at least \$1 from 30% of hunters. If 30% of all hunters (resident and non-resident) purchasing deer, bear, turkey, or small game licenses in Wisconsin donated \$1, approximately \$423,000 would be raised. Based on license sales totals from fiscal year 2000, 35 % of hunters purchasing deer, bear, turkey, or small game licenses would need to donate \$1 each in order to generate sufficient monies to fully fund the venison donation program (assuming a similar season and donation structure as

in 2000). Wisconsin currently has a similar check-off option in applications for fishing licenses and boat registrations. Individuals have the option of donating \$1 or more for DNR lake research activities. The voluntary checkoff generated \$69,500 in 1999-00; for comparison, over one million fishing licenses were sold in 1999-00, and approximately 370,000 boat registrations or renewals took place. This represents a less than 5% participation rate. If similar results were applied to the venison donation program, it would be expected to generate about \$70,000 annually.

Senate: In addition to the Joint Finance provision for voluntary contributions to be used to fund the venison processing and donation program, restore the Governor's recommendation to allow payments for the venison donation program to continue to come from the wildlife damage program, if available after making payments for wildlife damage claims and abatement, and to be prorated if wildlife damage funds are insufficient.

Assembly: Delete the requirement that the venison donated for processing must come from deer that were killed in a county participating in a deer damage management season. This would have the effect of making the venison processing donation program a statewide program, and would allow any deer killed during a deer gun season (herd control or regular nine-day gun season) eligible to be donated.

Conference Committee/Legislature: Adopt the Senate provision and the Assembly provision as modified with an effective date of January 1, 2002.

[Act 16 Sections: 610, 1196, 1225 thru 1234 and 9437(7k)]

26. REDUCE NONRESIDENT SPORTS LICENSE FEE

Governor/Legislature: Reduce nonresident sports license fee to better reflect the combined cost of the privileges included in the license. The sports license confers the privileges of a small game hunting license, an annual fishing license, and a deer hunting license. Currently, the cost of these approvals (when purchased individually) is \$244, while the cost of the nonresident sports license is \$250 (including the issuing fee and wildlife damage surcharge). The bill would decrease the cost of the nonresident sports license to \$240. In 1999-00, 220 nonresident sports licenses were sold.

[Act 16 Section: 1190]

27. AUTOMATED LICENSE ISSUANCE SYSTEM [LFB Paper 650]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$1,966,000	-\$1,013,000	\$953,000

Governor: Provide \$983,000 SEG annually from the fish and wildlife account of the conservation fund to address continued funding for the operation of the Automated License Issuance System (ALIS). This would include \$30,000 annually to contract for a professional evaluation of the system and planning associated with the rebidding of the ALIS contract in 2002. The remainder would go towards meeting the ALIS transaction charges, including kit supplies for the printing of licenses at ALIS terminals and consultant time for change orders to the ALIS system. Base funding for ALIS operations is approximately \$3.3 million.

Joint Finance/Legislature: Delete \$30,000 SEG annually to contract for a professional evaluation of the system and planning associated with the rebidding of the ALIS contract in 2002. In addition, delete \$953,000 SEG for ALIS expenditures in 2002-03. Approve funding of \$953,000 SEG in 2001-02. DNR would submit a request to the Joint Committee on Finance under s.13.10 detailing costs associated with operations under a new contract expected to be entered in the fall of 2001 in time to receive funding for 2002-03. The Committee would consider the request for funding in 2002-03 based on the new contract.

28. ALIS CONTRACT RENEWAL BIDS

Joint Finance/Legislature: Direct DNR to solicit online reverse bids for the re-bidding of the ALIS contract. The reverse bid process would require DNR to post specifications for an automated license issuance system online through a computerized system maintained by DATCP. Contractors interested in providing license sales service to DNR would be able to post or view other bids through this website.

Veto by Governor [B-82]: Delete provision.

[Act 16 Vetoes Section: 1158m]

29. ALIS LICENSE AGENT COMPENSATION

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
SEG-REV	-\$4,400,000	\$2,258,000	-\$2,142,000

Joint Finance: Allow license agents to retain \$1.50 from each transaction for any sales provided through DNR's Automated License Issuance System (ALIS), including fish and wildlife approvals and permits and parks admissions fees effective March 1, 2002. In addition to the transaction fee, sales agents would continue to retain issuance fees (generally 50¢ per license and 15¢ per stamp) for licenses sold. The transaction fee would be deducted from the amount of license revenues retained by DNR (the purchaser would not pay the fee). Based on the number of ALIS transactions for the license year ending March, 2000, the \$1.50 transaction fee would generate an estimated \$3.3 million annually in additional revenue to license sales agents. This would be realized in reduced revenues to the fish and wildlife account of up to \$1.1

million in 2001-02 and \$3.3 million in 2002-03 (the first full fiscal year under the change). License agents received approximately \$1.2 million in sales commissions for the license year ending March, 2000.

Senate/Legislature: Reduce the amount that license agents would retain per transaction to 50¢ (from \$1.50 under the substitute amendment). This would result in reduced revenues to the fish and wildlife account of the conservation fund of \$367,000 in 2001-02 and \$1.1 million in 2002-03 (rather than \$1.1 million and \$3.3 million under the Joint Finance provision). This amount would be retained by licensing agents.

Further, authorize ALIS license agents to retain 50¢ when a free special zone T antlerless deer hunting permit is issued. The Department indicates that it will provide one free zone T permit for each deer license sold during the fall 2001 deer hunting season. The license agent would retain \$1 for issuing a gun deer, archery, sports or conservation patron license (including a 50¢ issuing fee under current law and an additional 50¢ under this provision). This issuance fee would be deducted from the amount of license revenues retained by the DNR (the purchaser would not pay the fee). Based on the number of deer hunting licenses purchased for the fall 2000 deer season, revenues to the fish and wildlife account are expected to decrease by \$325,000 in 2001-02 and by \$350,000 in 2002-03 (the amount estimated to be retained by licensing agents).

[Act 16 Sections: 1153g, 1153i, 1153L, 1196g, 1196r, 1196rk, 9337(3cf)&(4f) and 9437(2ff)]

30. EXPEDITED RECREATIONAL LICENSES

Governor/Legislature: Authorize DNR or its agents to issue recreational vehicle registrations, renewals, or transfers through an expedited process, and collect a \$3 fee for the service. Allow the process to be computerized, non-computerized or both, but require DNR or its agents to issue adequate documentation so that the registrant is able to immediately operate the boat, ATV, or snowmobile in compliance with the applicable registration laws. Under both computerized and non-computerized systems, authorize DNR or its agents to collect a fee for the expedited service of \$3. Agents using the non-computerized system would be allowed to retain the entire fee, while agents using the computerized system would return \$1 of the fee to DNR. Allow DNR to continue to provide a registration service that does not use any expedited service procedure for which no expedited service or issuing fee is charged. Applicants using the expedited process would receive a validated registration receipt, which would serve as proof of legal registration until any additional materials (such as reflector plates) were received from DNR.

[Act 16 Sections: 591, 596, 606, 609, 624, 1046 thru 1066, 1262 thru 1306, 3457 thru 3459, 3461, 3463 thru 3479 and 3486 thru 3491]

31. USE OF LICENSE FEES BY DNR

Governor: Prohibit the use of hunting and recreational fishing license fees for any purpose other than the administration of DNR when it is exercising its responsibilities specific to the management of the state's fish and wildlife resources (rather than prohibiting use for purposes other than "those provided by the department" currently). This change is intended to maintain the state's compliance with federal requirements for receiving conservation aids under the Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act, under the federal code.

Assembly/Legislature: Specify that the Joint Committee on Finance would be responsible for determining what constitutes an eligible administrative expense in the exercise of responsibilities specific to the management of fish and wildlife resources in the state.

Veto by Governor [B-73]: Delete the Assembly provision.

[Act 16 Sections: 391, 1114 thru 1119 and 1159]

[Act 16 Vetoed Section: 1117m]

32. CONSERVATION FUND TRANSFER

Joint Finance/Legislature: Transfer \$15,000 SEG from the fish and wildlife account to the endangered resources donations appropriation account for field work and studies associated with endangered and threatened species.

Veto by Governor [B-62]: Delete provision.

[Act 16 Vetoed Sections: 585m and 9237(3k)]

33. CONSERVATION WARDEN FUNDING

Assembly: Delete \$357,900 GPR annually and provide an equivalent amount of fish and wildlife account SEG funding to transfer five GPR-supported conservation warden positions to fish and wildlife SEG. Further, delete \$205,900 GPR annually and provide an equivalent amount of all-terrain vehicle account SEG funding to transfer four GPR-supported conservation warden positions to all-terrain vehicle SEG. In addition, require DNR to submit a report to the Joint Legislative Audit Committee no later than August 15th of each year (beginning in 2002) detailing how the increase in ATV-related warden enforcement activity has benefited DNR's efforts to enforce laws related to ATV activity and to educate the public on these laws.

	Funding	Positions
GPR	-\$507,600	- 4.00
SEG	<u>507,600</u>	<u>4.00</u>
Total	\$0	0.00

Conference Committee/Legislature: Delete \$120,600 GPR annually and provide an equivalent amount of all-terrain vehicle account SEG funding to transfer two GPR supported

conservation warden positions to ATV SEG. Further, delete \$133,200 GPR annually and provide an equivalent amount of snowmobile account SEG to transfer two GPR supported conservation warden positions to snowmobile SEG. In addition, require DNR to submit a report to the Joint Legislative Audit Committee no later than August 15th of each year (beginning in 2002) detailing how the increase in ATV-related warden enforcement activity has benefited DNR's efforts to enforce laws related to ATV activity and to educate the public on these laws.

Veto by Governor [B-71]: Delete the requirement that DNR submit an annual report to the Joint Audit Committee detailing how the increase in conservation wardens benefited the Department's efforts to enforce laws relating to the operation of all-terrain vehicles.

[Act 16 Vetoed Section: 1066atk]

34. CHIEF WARDEN AUTHORITY AND SUPERVISORS

Assembly: Require DNR to designate a conservation warden as the chief warden. This chief warden would have the responsibility of directing, supervising, and controlling other DNR conservation wardens. Further, specify that any conservation warden that is designated as a supervisor would be required to spend half of his or her time performing field enforcement activities, and half performing supervisory activities.

Conference Committee/Legislature: Require DNR to designate a conservation warden as the chief warden. This chief warden would have the responsibility of directing, supervising, and controlling other DNR conservation wardens.

Veto by Governor [B-72]: Delete provision.

[Act 16 Vetoed Section: 1038bq]

35. WARDEN OPERATING EXPENSES

Governor/Legislature: Provide \$249,300 in 2001-02 (\$8,800 FED and \$240,500 SEG from the fish and wildlife, ATV and boat accounts of the conservation fund) and \$268,200 in 2002-03 (\$11,000 FED and \$257,200 SEG from the conservation fund) to provide 1.0 FED data coordinator position and for operations funding for conservation wardens. The bill would provide for an increase in overtime, as well as other fixed expenses (such as telephone, postage and printing).

	Funding	Positions
FED	\$19,800	1.00
SEG	<u>497,700</u>	<u>0.00</u>
Total	\$517,500	1.00

36. LAW ENFORCEMENT RADIO EQUIPMENT [LFB Paper 651]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$36,200	- \$36,200	\$0
PR	12,000	- 12,000	0
SEG	<u>275,600</u>	<u>- 275,600</u>	<u>0</u>
Total	\$323,800	- \$323,800	\$0

Governor: Provide \$108,000 in 2001-02 (\$12,100 FED, \$4,000 PR, and \$91,900 SEG from the conservation fund) and \$215,800 in 2002-03 (\$24,100 FED, \$8,000 PR, and \$183,700 SEG from the conservation fund) to pay for a master lease program to replace 209 mobile radios and 209 portable radios for the conservation warden force. This provision would allow for the replacement of all law enforcement radio equipment over a two-year period. Total costs to replace both radio units for 209 wardens would be \$558,335, based on figures available in May of 2000. These costs, plus interest, would be divided across the three-year master lease program from 2002 through 2004.

Joint Finance/Legislature: Delete provision (DNR would be required to reinstate user charges sufficient to fund radio replacement).

37. PUBLIC SAFETY RADIO SYSTEM

SEG	\$184,000
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Governor/Legislature: Provide \$92,000 annually split funded from all accounts of the conservation fund except endangered resources and Natural Resources magazine for the public safety radio system, a cooperative program between DNR and DOT. In the past, funding for this program was split evenly between the two Departments. The share paid by DNR has been reduced to 40% based on DNR's lower radio usage. As part of a 1999 radio shop merger agreement, DNR is billed by DOT to support seven positions and associated costs in DOT for the public safety radio system.

38. LIMITED-TERM EMPLOYMENT SPECIAL WARDENS

FED	\$14,800
PR	5,000
SEG	<u>103,400</u>
Total	\$123,200

Governor/Legislature: Provide \$61,600 annually (\$7,400 FED, \$2,500 PR, and \$51,700 SEG split funded from the fish and wildlife, forestry, parks, ATV and boating accounts of the conservation fund) for LTE special wardens to serve as safety backups to DNR conservation wardens. While allocation of funding between the number of LTEs hired and increases in wage rates would be at the discretion of DNR, this funding would (for example) allow DNR to increase the hourly base rate of pay from approximately \$9 per hour to \$14 per hour, and increase the number of LTE special wardens (working an average of 193 hours annually) from approximately 119 to 140.

39. MEDFORD RANGER STATION

	Jt. Finance/Leg. (Chg. to Base)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$56,000	1.00	-\$56,000	- 1.00	\$0	0.00

Joint Finance: Provide \$24,000 SEG in 2001-02 and \$32,000 SEG in 2002-03 and 1.0 SEG position split-funded from eight accounts of the conservation fund for a program assistant in the Bureau of Customer Service and Licensing at the Medford Ranger Station (Taylor County).

Assembly: Delete the provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [B-80]: Delete provision by lining out the appropriated amount and writing in the reduced amount to reflect deletion of the position. Further, the Governor's veto message requests the DOA Secretary to not allot the funding or authorize the position.

[Act 16 Vetoed Section: 395 (as it relates to s. 20.370(9)(mu))]

40. WISCONSIN CONSERVATION HALL OF FAME

PR	\$10,000
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Joint Finance: Provide \$10,000 PR in 2001-02 from tribal gaming revenues for a grant to the Wisconsin Conservation Hall of Fame. The purpose of the grant would be to commemorate conservation efforts by the Native American people of Wisconsin. The Wisconsin Conservation Hall of Fame is located near Stevens Point.

Assembly: Delete the provision.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 16 Sections: 603f, 603g, 885m, 885n, 9137(5z) and 9437(5z)]

41. CAR KILLED DEER REMOVAL [LFB Paper 652]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$97,500	-\$97,500	\$0

Governor: Provide \$32,500 SEG in 2001-02 and \$65,000 SEG in 2002-03 from the fish and wildlife account of the conservation fund for the costs of contracting for the removal of car-killed deer. Under the bill car-killed deer removal is funded at \$314,600 GPR and \$347,100 SEG in 2001-02 and \$314,600 GPR and \$379,600 SEG in 2002-03. However, the statutes specify that

each appropriation is to "pay 50% of the costs of the removal and disposal of car-killed deer from the highways". Therefore, any SEG appropriations not matched by GPR would lapse to the conservation fund at the end of each fiscal year. The GPR appropriation was created in 1997; prior to that, transportation fund SEG had provided 50% of the funding.

Joint Finance/Legislature: Delete provision.

42. CLAIMING OF CAR-KILLED DEER

Joint Finance/Legislature: Allow passers-by to request and receive a free permit to remove car-killed deer from the roadside if the operator of the vehicle that struck the deer does not take possession or has left the scene.

[Act 16 Sections: 1177g and 1177r]

43. SNOWMOBILE REGISTRATION FEE [LFB Paper 654]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$2,818,000	-\$72,100	\$2,745,900

Governor: Increase the cost of a two-year snowmobile registration by the amount shown in the following table. In addition, increase the annual nonresident trail sticker by \$5 and require that \$15 of each fee collected be credited to an appropriation to provide supplemental funding for the maintenance of snowmobile trails (estimated at \$459,000 annually). Monies remaining in the supplemental snowmobile trail aids appropriation after supplemental trail aid payments were made to counties could be used for basic trail aids and related costs, including: (a) development and maintenance; (b) cooperative sign programs; (c) reconstruction or rehabilitation to improve bridges on existing approved trails; (d) trail rehabilitation; (e) signing of snowmobile routes; and (f) state snowmobile trails and areas. Revenue is estimated to increase by \$1,359,000 in 2001-02 and \$1,459,000 in 2002-03 over the base.

	<u>Current Fee</u>	<u>New Fee</u>
Snowmobile Registration (valid for 2 years)	\$20	\$30
Annual Non-resident Trail Use Sticker	13	18
Commercial Snowmobile Registration	60	90
Additional Reflector Plate for Commercially Registered Snowmobiles	20	30

Joint Finance/Legislature: Reestimate registration and nonresident trail sticker revenues to increase by \$1,243,300 in 2001-02 and by \$1,502,600 in 2002-03 over the base.

[Act 16 Sections: 607, 3460, 3462, 3480 and 3483 thru 3485]

44. SNOWMOBILE TRAIL AIDS [LFB Paper 654]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$3,789,700	\$652,800	\$4,442,500

Governor: Provide \$1,740,600 in 2001-02 and \$2,049,100 in 2002-03 from the snowmobile account of the conservation fund to increase funding for snowmobile trail maintenance. Revenue to support these expenditures includes the proposed increase in snowmobile registration fees, as well as \$381,600 in 2001-02 and \$590,100 in 2002-03 from the estimated increase in the snowmobile fuel tax transfer. County expenditures eligible for aid include trail maintenance, club signing programs, bridge rehabilitation, municipal route signing, trail rehabilitation, and the development of new trails. In addition, counties may be eligible for supplemental trail aid payments. Under the bill, local trail aids would increase from the base level of \$6,473,200 to \$8,213,800 in 2001-02 and \$8,522,300 in 2002-03 over the base.

Joint Finance/Legislature: In addition, provide \$347,900 in 2001-02 and \$304,900 in 2002-03 from the snowmobile account to increase funding for snowmobile trail aids. This increase is a result of updated revenue estimates, including the snowmobile fuel tax transfer and would provide local trail aids of \$8,561,700 in 2001-02 and \$8,827,200 in 2002-03 (a 34% increase over base funding levels for trail aids).

45. SNOWMOBILE COUNTY ENFORCEMENT AIDS [LFB Paper 181]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$200,000	-\$200,000	\$0
SEG	400,000	0	400,000
Total	\$600,000	-\$200,000	\$400,000

Governor: Provide \$300,000 annually (\$100,000 PR from tribal gaming revenues and \$200,000 SEG from the snowmobile account of the conservation fund) to increase available aid for county snowmobiling enforcement efforts. DNR provides aids to counties for up to 100% of eligible costs of enforcing snowmobile laws. If claims exceed the appropriation level, payments to counties are prorated. Currently, this appropriation is funded at \$200,000 SEG annually.

Joint Finance/Legislature: Delete \$100,000 PR annually from tribal gaming revenues for county snowmobiling enforcement efforts. This is estimated to allow DNR to reimburse at least 80% of eligible costs for local snowmobile enforcement efforts.

46. STATE SNOWMOBILE EDUCATION AND ENFORCEMENT [LFB Paper 655]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$311,400	- 3.00	\$311,400	3.00	\$0	0.00
SEG	<u>511,200</u>	<u>3.00</u>	<u>-511,200</u>	<u>-3.00</u>	<u>0</u>	<u>0.00</u>
Total	\$199,800	0.00	-\$199,800	0.00	\$0	0.00

Governor: Provide \$108,000 in 2001-02 (-\$155,700 GPR and \$263,700 SEG from the snowmobile account) and \$91,800 in 2002-03 (-\$155,700 GPR and \$247,500 SEG from the snowmobile account) to transfer 3.0 positions from GPR to SEG and to increase funding for state snowmobile enforcement, aids administration (\$3,100 annually) and training efforts.

Joint Finance/Legislature: Delete provision (the transfer of two conservation wardens from GPR to snowmobile SEG is previously described under the "Conservation Warden Funding" entry).

47. SPARTA SNOWMOBILE BRIDGE

SEG	\$124,000
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Senate/Legislature: Provide \$124,000 SEG in 2001-02 only from the snowmobile account of the conservation fund for the construction of a snowmobile-bicycle-pedestrian bridge over Interstate 90 in the City of Sparta. The Department of Transportation would be required to provide \$496,000 in matching funds for the project. Specify the bridge be at least 14 feet in width and provide convenient access to the Elroy-Sparta and La Crosse River State Trails and to nearby snowmobile trails.

[Act 16 Sections: 607q, 607s, 9137(4p), 9152(4k) and 9437(6k)]

48. SNOWMOBILE SPEED LIMIT

Assembly: Prohibit DNR from promulgating or enforcing any Department rule that would establish a snowmobile speed limit. The Legislature and local units of government could regulate snowmobile speed limits within their jurisdiction.

Conference Committee/Legislature: Delete provision.

49. ATV TRAIL AIDS [LFB Paper 653]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$274,500	\$447,500	\$722,000

Governor: Provide \$117,800 in 2001-02 and \$156,700 in 2002-03 from the all-terrain vehicle (ATV) account of the conservation fund to allow for additional rehabilitation and infrastructure trail grants. Revenue to support these expenditures include \$67,800 in 2001-02 and \$106,700 in 2002-03 from the estimated increase in the ATV motor fuel tax transfer.

Joint Finance/Legislature: Reestimate the motor fuel tax transfer to provide an additional \$166,000 in 2001-02 and \$281,500 in 2002-03 for ATV trail aids.

50. ATV TRAIL AMBASSADORS PROGRAM

SEG	\$518,000
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Joint Finance/Legislature: Establish a grant program that would provide funding to nonprofit organizations to assist DNR in the promotion of the Department's ATV safety and education program, and to create an ATV trail ambassador's program. Provide \$268,000 in 2001-02 and \$250,000 in 2002-03 from ATV account SEG to fund grants for this purpose.

A nonprofit organization may qualify for a DNR grant if the nonprofit organization represents all-terrain vehicle user interests by promoting safe, responsible and wise use of all-terrain vehicles which are not in conflict with Department strategies, goals, master plans or environmentally sound practices and meets the following requirements:

- a. The nonprofit organization must be a Wisconsin based off-highway organization having not-for-profit incorporation status intent on improving off-highway vehicle rider safety education and environmentally ethical riding habits.
- b. The nonprofit organization provides support to all-terrain vehicle clubs and/or groups.
- c. The nonprofit organization has a board of directors that has a majority of members that are representatives of all-terrain vehicle clubs and/or groups.
- d. The nonprofit organization would conduct activities to enhance all-terrain vehicle law enforcement safety and education program. Activities would include all of the following:
 - (1) Data collection.
 - (2) Assist the DNR by locating, securing and directing future all-terrain vehicle safety and education instructors so that they may be considered for instructorship within established Department programs.

(3) Increase student participation of all-terrain vehicle safety and education courses by locating and directing new all-terrain vehicle owners, existing all-terrain vehicle owners and other users of all-terrain vehicles towards established DNR safety and education courses.

(4) Work closely with the Department of Tourism and working through the Department of Natural Resources to create an outreach program for local communities to promote all-terrain vehicle use within communities and promote the economic benefits of all-terrain vehicle tourism.

(5) Create, strengthen and maintain relationships with DNR, all terrain-vehicle dealers, manufacturers, all-terrain vehicle clubs, restaurant associations, department of Tourism, chambers of commerce, snowmobile associations, snowmobile clubs and snowmobile alliances.

(6) Investigate, secure and assist with all-terrain vehicle riding opportunities, areas and trails.

(7) Recruit, assist in the training of and mobilize a corps of volunteers that will promote safe ethical and responsible riding outside of classroom activities.

(8) Publish a manual in cooperation with DNR that will be used to train a corps of volunteers known as "Trail Watchers."

Veto by Governor [B-70]: Delete the requirement that eligible grant recipients be from a non-profit corporation that is tax-exempt under section 501(a) of the Internal Revenue Code.

[Act 16 Sections: 607m, 1045m and 1066ar]

[Act 16 Vetoed Section: 1066ar]

51. ATV ENFORCEMENT AIDS [LFB Paper 181]

SEG	\$40,000
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Governor/Legislature: Provide \$20,000 annually from the all-terrain vehicle (ATV) account to increase funding for the county enforcement aids program. Currently, the program is funded at \$50,000 annually.

52. ATV WEIGHT LIMIT

Joint Finance/Legislature: Increase the maximum allowable weight of an all-terrain vehicle to 900 pounds. (Under current law, an all-terrain vehicle is defined as an engine-driven device with a width of not more than 48 inches and a net weight of 650 pounds or less that is designed to travel on at least three low-pressure tires and that is equipped with a seat designed to be straddled by the vehicle operator.)

[Act 16 Section: 3390b]

53. MUNICIPAL BOATING ENFORCEMENT AIDS [LFB Paper 181]

SEG	\$600,000
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Governor/Legislature: Provide \$300,000 annually from the boat registration account of the conservation fund to increase enforcement aids for municipal boat patrols. Municipalities are authorized to be reimbursed for up to 75% of their approved costs. Base funding for the program is \$1,100,000 annually.

54. FOX RIVER NAVIGATIONAL SYSTEM [LFB Paper 445]

SEG	-\$216,700
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Governor: Delete \$90,000 in 2001-02 and \$126,700 in 2002-03 from the Fox River Management Commission appropriation. The water resources account funding would be transferred to the Fox River Navigational System Authority. In addition, \$400,000 would be available annually for seven years (beginning in 2003-04) from the recreational boating grant program to provide the state's share of funding needed to secure federal matching funds for the rehabilitation of the Fox River Locks system. An equal amount of matching funds would be provided by local or private sources. (See "Fox River Navigational System Authority".)

Senate: Delete provisions authorizing the creation of the Fox River Navigational System Authority. (Segregated funds of \$90,000 in 2001-02 and \$126,700 in 2002-03 from the water resources account would remain in the DNR appropriation for the Fox River Management Commission.)

Conference Committee/Legislature: Include Governor's provision.

55. DREDGING TO IMPROVE GREAT LAKES RECREATIONAL ACCESS [LFB Paper 656]

Governor/Legislature: Expand eligibility criteria under the recreational boating aids grant program to include dredging to improve recreational access to the Great Lakes. Currently, the dredging of a channel to the degree that is necessary to accommodate recreational watercraft is eligible to receive financial assistance, provided that the project is for an inland body of water. The inland waters limitation would be eliminated.

[Act 16 Section: 1329]

56. BLACK POINT ESTATE

Senate/Legislature: Repeal provisions authorizing the expenditure of \$1.8 million in recreational boating project aids for the operation and maintenance of the Black Point Estate. Under the bill, the \$1.8 million would be available for recreational boating project grants through the Waterways Commission. Further, the bill would delete \$1.6 million in general-obligation bonding authority from DOA and an associated \$9,000 GPR in 2001-02 and \$61,200 GPR in 2002-03 in estimated DOA debt service payments related to the project.

The Black Point Estate refers to a parcel of land in Walworth County that includes approximately 600 feet of frontage on the south shore of Lake Geneva and a 13-bedroom Queen Anne style residence constructed in 1888. The historic residence includes a significant collection of late-Victorian furniture. 1997 Act 27 authorized the bonding to adapt the estate to public use as a museum and the water resources SEG for an endowment to a nonprofit conservation organization for operation and preservation of the property. No expenditures have been made to date as zoning and legal challenges to the project have been pursued.

Veto by Governor [B-69]: Delete provision (no debt service costs are anticipated in this biennium given the current status of the project).

[Act 16 Vetoed Sections: 848r, 962, 972m and 1036yr]

57. RECREATIONAL BOATING AIDS EARMARK

Joint Finance: Earmark \$104,000 in 2001-02 for dredging the section of the Root River extending from the City of Racine to Lake Michigan and \$386,000 to the City of Oconto for dredging of a section of the Oconto River. Direct DNR to provide the grants for these amounts to the City of Racine and the City of Oconto from the recreational boating aids grant program.

The Department of Natural Resources and the Waterways Commission award grants from the available funds in the recreational boating project aids appropriation (base funding of \$4,547,000 annually).

Senate: Require DNR to provide funding for the following projects from available funds under the recreational boating aids program:

a. \$340,000 in 2001-02 to the City of Manitowoc for dredging the area of the Manitowoc River where the submarine U.S.S. Cobia is moored. Funds would also be used to make dock wall repairs and improvements to the mooring area of the Cobia. Funding would be earmarked for the project before percentages were applied to determine funding levels for inland waters and Great Lakes projects. No local match would be required.

b. \$242,600 in the 2001-03 biennium to the City of Marinette for boat launch and parking lot improvements at Stephenson Island and Boom Landing. Funding would be earmarked for the project before percentages were applied to determine funding levels for inland waters and Great Lakes projects. No local match would be required.

c. \$250,000 in the 2001-03 biennium to the City of Janesville for development of a riverfront parkway that includes the development of a marina with a boat launch and transient boat slips. Funding would be provided from monies available for inland waters projects. No local match would be required.

Assembly: Earmark \$350,000 SEG annually during the 2001-03 biennium only from the recreational boating aids program for the renovation and repair of the Portage Canal. The grant would be provided to the City of Portage. No local match would be required.

Conference Committee/Legislature: Include all provisions.

Veto by Governor [B-69]: Delete the requirement that DNR provide for the following projects:

- a. \$104,000 in 2001-02 to the City of Racine for dredging the Root River;
- b. \$386,000 to the City of Oconto for dredging of the Oconto River;
- c. \$242,600 in the 2001-03 biennium to the City of Marinette for improvements at Stephenson Island and Boom Landing.

As a result of the veto, earmarks remain for the Cities of Manitowoc (USS Cobia), Janesville (riverfront parkway) and Portage (Portage Canal).

[Act 16 Sections: 1344g and 9137(8c)&(8d)]

[Act 16 Vetoed Section: 9137(6g),(7f)&(8k)]

58. VILLAGE OF WHITING FISH PIER

SEG	\$80,000
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Joint Finance: Provide \$80,000 SEG in 2001-02 from the water resources account of the conservation fund for recreational boating project aids. Require DNR to provide this amount to the Village of Whiting in Portage County for construction of a handicapped-accessible recreational pier on the Plover River.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance provision.

Veto by Governor [B-69]: Delete language directing DNR to provide the grant to the Village of Whiting. The \$80,000 provided for this purpose from the water resources account of the conservation fund remains in the recreational boating project aids appropriation.

[Act 16 Vetoed Sections: 605, 605b, 9137(4x) and 9437(2x)]

59. WAUSAU WHITEWATER COURSE

SEG	\$50,000
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Joint Finance: Provide \$50,000 SEG in 2001-02 from the water resources account of the conservation fund for recreational boating project aids. Require DNR to provide this amount to the Wausau Kayak/Canoe Corporation, a non-profit organization, to

upgrade the Wausau Whitewater Course on the Wisconsin River in Wausau. Require that the Wausau Kayak/Canoe Corporation provide \$50,000 in matching funds to receive the grant.

Assembly: Delete provision. Instead, allow Tourism to provide a grant in 2001-02 from its GPR marketing appropriation to the Wausau Kayak/Canoe Corporation to upgrade the Wausau Whitewater Course, if the Corporation provides \$50,000 in matching funds. If Tourism provides the grant, require Tourism to enter into an agreement with the Corporation that specifies the uses for the grant proceeds and reporting and auditing requirements.

Conference Committee/Legislature: Restore Joint Finance provision.

Veto by Governor [B-69]: Delete language directing DNR to provide the grant to the City of Wausau. The \$50,000 provided for this purpose from the water resources account of the conservation fund remains in the recreational boating project aids appropriation.

[Act 16 Vetoed Sections: 605, 605b and 9137(5e)]

Forestry and Parks

1. SHIFT STEWARDSHIP DEBT SERVICE TO FORESTRY ACCOUNT [LFB Paper 660]

GPR	-\$12,000,000
SEG	<u>12,000,000</u>
Total	\$0

Governor/Legislature: Shift \$8 million in 2001-02 and \$4 million in 2002-03 from GPR to forestry account SEG for the payment of principal and interest related to the acquisition and development of state forests under the Warren Knowles-Gaylord Nelson Stewardship program. No moneys may be expended or encumbered from the forestry SEG appropriation after June 30, 2003. Under the bill, debt service payments primarily related to the stewardship program would increase (from \$23.8 million in 2000-01) by approximately \$4.2 million in 2001-02 (to \$28 million) and by \$7.7 million in 2002-03 (to \$31.5 million).

[Act 16 Section: 621]

2. FORESTRY BASE OPERATIONS FUNDING

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$1,048,000	\$1,783,000	\$2,831,000

Governor: Provide \$553,000 in 2001-02 and \$495,000 in 2002-03 from the forestry account of the conservation fund for base operations. Funding would provide \$58,000 in one-time funding in 2001-02 for capital equipment purchases; \$115,000 annually for maintenance to forestry facilities; \$250,000 each year for northern forest operations (including maintenance, enforcement, and productivity issues); and \$130,000 annually for regional operations support (including utilities, facilities maintenance, mileage, and telecommunications costs).

Joint Finance/Legislature: In addition, provide \$908,000 SEG in 2001-02 and \$875,000 SEG in 2002-03 from the forestry account to further increase base operations expenditures. Funds would increase regional operations support as well as operational support for Northern State Forests. In addition, support would be provided for the Division of Forestry, for bureau operations, and to fund forestry initiatives that cross regional boundaries. Initiatives would include improving fire detection, increasing LTE wages for state forest and fire tower personnel, funding to contract for the analysis and preparation of state forest master plan assessments, converting reconnaissance data to electronic mapping databases, staff training in forest ecology and silvicultural techniques, and supporting the implementation of sustainable forestry practices on DNR, non-state forest, and conservation properties.

3. FOREST FIRE COMMUNICATION EQUIPMENT [LFB Paper 651]

SEG	\$861,000
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Governor/Legislature: Provide \$467,500 in 2001-02 and \$393,500 in 2002-03 from the forestry account of the conservation fund to update forest fire communications and to purchase fire suppression capital equipment. Of this funding, \$393,500 annually would be used for the purchase of radio system components, including replacement radios with expanded channel capacity, portable and fixed location repeaters, and unicom radios. In addition, \$14,000 is provided for a portable automated weather station that would be used to monitor forest fire conditions at sites where natural disasters (such as windstorms or blowdowns) have occurred until the fire hazard has been removed, and to monitor burning conditions at prescribed burn sites. Five enclosed trailers would also be purchased (at a cost of \$15,000), to store and transport electronic communications equipment to command posts during fires. Finally, funds would be used to equip fire control tractors with strobe lights (to increase their visibility in thick-smoke conditions) and to replace the milling machine at the LeMay Forestry Center (in Tomahawk).

4. MANAGED FOREST LANDS [LFB Paper 661]

SEG	\$300,000
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Governor: Provide \$150,000 annually from the forestry account of the conservation fund to contract with private foresters for the development of managed forest land plans (a total of \$300,000 annually would be available for contracts).

Joint Finance/Legislature: Further, effective January 1, 2002, expand eligibility for designation as managed forest land if at least 65% of the parcel is producing or is capable of

producing a minimum of 20 cubic feet of merchantable timber per acre per year. Designate as ineligible a parcel (a) of which more than 35% consists of land that is not suitable for producing 20 cubic feet of merchantable timber per acre per year, including water, marsh, muskeg, bog, rock outcrops, or sand dunes; or (b) more than 20% is farmland, roadway, railroad, utility right-of-way, or in reserve due to special resource concern such as sensitive soil, endangered or threatened resources, archeological sites, or the lack of sound forest regeneration recommendations.

Under current law, at least 80% of the parcel must be producing or be capable of producing a minimum of 20 cubic feet of merchantable timber per acre per year in order to be designated as eligible for the managed forest law program. A parcel which consists of more than 20% land that is not suitable for producing 20 cubic feet of merchantable timber per acre per year, including water, marsh, muskeg, bog, rock outcrops, or sand dunes is designated as ineligible.

Veto by Governor [B-58]: Delete the Joint Finance expansion of eligibility to designate land as managed forest land.

[Act 16 Vetoes Sections: 2247d, 2247h, 2247p, 2247t and 9337(3f)]

5. COUNTY FOREST ASSISTANCE [LFB Paper 662]

SEG	\$742,000
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Governor: Provide \$322,000 in 2001-02 and \$420,000 in 2002-03 from the forestry account to establish a grant program to increase the implementation of sustainable forestry practices on county forest land and to fully fund the county forest administrator grant program. Of the total, \$200,000 annually would establish the grant program; and \$122,000 in 2001-02 and \$220,000 in 2002-03 would fully fund the county forest administrator grant program as well as provide for an additional county to be added in each year. [It should be noted that while the intent of this provision is to disperse grants, no statutory language is included to create a county sustainable forestry grant program or establish criteria for this purpose.]

Joint Finance/Legislature: In addition, require DNR to establish criteria for the grant program in administrative rule, including eligibility requirements, maximum grant allowances, eligible activities, county match requirements, and a policy addressing the potential proration or prioritization of grant awards (should requests exceed available funds).

Veto by Governor [B-61]: Eliminate the requirement that DNR promulgate rules and the specific criteria for the grant program that were to be addressed in administrative rule.

[Act 16 Section: 603u and 1153s]

[Act 16 Vetoes Section: 1153s]

6. ASSISTANCE TO PRIVATE FOREST LANDOWNERS [LFB Paper 661]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$1,211,700	8.00	\$1,298,700	15.00	\$2,510,400	23.00

Governor: Provide \$346,100 in 2001-02 and \$365,600 in 2002-03 from the forestry account for 3.0 new forester positions and convert 5.0 forester project positions to permanent status to enhance assistance to private forest landowners. Funding and positions would be used to increase contacts between non-industrial private forest owners and DNR foresters or state-contracted private foresters to provide land management guidance. Currently, approximately 99 DNR foresters provide individual consultation to approximately 10,000 landowners annually. In addition, provide \$250,000 SEG annually from the forestry account to increase the allotment for the Wisconsin Forest Landowner grant program (to \$1,250,000 annually). This program provides up to 65% cost-sharing grants (not to exceed \$10,000) to private nonindustrial forest landowners of 500 acres or less to develop and implement management plans.

Joint Finance/Legislature: In addition, provide \$570,300 in 2001-02 and \$728,400 in 2002-03 with 15.0 SEG positions from the forestry account to increase the number of field foresters.

7. URBAN LAND CONSERVATION

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG	\$150,000	-\$150,000	\$0

Conference Committee/Legislature: Provide an additional \$75,000 SEG annually from the forestry account to increase funding available to provide a grant to a non-stock, non-profit corporation organized for urban land conservation purposes.

In addition, specify that the corporation have a board of directors or an advisory council or both with members who represent one or more urban or urbanizing areas and who collectively have an interest or expertise in all of the following:

- a. Nonprofit organizations
- b. Businesses
- c. Social services or economic redevelopment
- d. Land development
- e. Architecture
- f. Landscape architecture or resource management
- g. Conservation or environmental protection.

Further, require the corporation to contribute an additional \$25,000 in funds annually to be used with the grant provided, and direct the corporation to create and sustain an active broad-based network for community open space action. Delete as eligible grant activities the provision of technical assistance to groups for urban open space real estate transactions; reclaiming and restoring the natural values of urban parks, urban forests, and open space areas; and the design and construction of amenities in open space areas. Expand eligible activities to include comprehensive urban forest management; improving water and air quality and revitalizing communities through better land use decision making; reducing the presence of toxic substances in neighborhoods; and promoting environmental education and stewardship where people live. (The Urban Open Space Foundation currently receives \$75,000 annually, and provides a \$25,000 match. This provision would double both the grant and match requirements.)

Veto by Governor [B-60]: Delete the provision, maintaining current funding levels (\$75,000 in 2001-02) and retaining current requirements (including a \$25,000 match) that the recipient is required to meet.

[Act 16 Sections: 1036em and 1036wm]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.370(5)(ay)), 1036bx, 1036c, 1036d, 1036e, 1036em, 1036f thru 1036w, 1036x and 1036y]

8. FOREST FIRE SUPPRESSION GRANTS [LFB Paper 663]

SEG	\$500,000
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Governor/Legislature: Provide \$250,000 annually from the forestry account to increase available cost-share grants to local fire departments to \$775,000 (\$448,000 in forestry SEG and \$327,000 FED). Also, expand the allowable uses of these grants from fire suppression clothing, supplies, equipment, and vehicles to also include fire prevention materials and fire suppression training.

[Act 16 Sections: 604 and 1149]

9. STRUCTURAL GRANT PROGRAM FOR RURAL FIRE DEPARTMENTS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
FED	\$500,000	-\$500,000	\$0

Assembly: Authorize DNR to create a grant program that would provide grants to fire departments that are considered "first responders" in areas with a population below 6,000, and who have entered into mutual aid agreements for structural fire protection with neighboring fire departments. Grants would be awarded for up to 50% of the cost of equipment used to fight structural fires. Eligible grant uses would include all of the following: (a) personal protective

equipment (including protective clothing, breathing apparatuses, and personal alert safety systems); (b) communication equipment (including radios, base stations, and pagers); (c) suppression tools (including pumps, hoses, dry hydrants, and tool trailers); (d) supplies related to fire prevention (including posters, handouts, and smoke detectors); and (e) training related to structural fires (including equipment, materials, and structural training towers). Ineligible grant expenditures would include buildings, vehicles, search and rescue or emergency medical equipment, or equipment or materials that would be used exclusively for the suppression of forest fires. Provide \$320,000 SEG annually from the forestry account to fund the grant program. In addition, provide \$30,000 SEG annually and 1.0 position from the forestry account to administer the grant program.

Conference Committee/Legislature: Authorize Commerce to create a grant program that would provide grants to fire departments that are considered "first responders" in areas with a population below 6,000, and who have entered into mutual aid agreements for structural fire protection with neighboring fire departments. Grants would be awarded for up to 50% of the cost of equipment used to fight structural fires. Eligible grant uses would include all of the following to the extent allowable by federal law: (a) personal protective equipment (including protective clothing, breathing apparatuses, and personal alert safety systems); (b) communication equipment (including radios, base stations, and pagers); (c) suppression tools (including pumps, hoses, dry hydrants, and tool trailers); (d) supplies related to fire prevention (including posters, handouts, and smoke detectors); and (e) training related to structural fires (including equipment, materials, and structural training towers). Ineligible grant expenditures would include buildings, vehicles, search and rescue or emergency medical equipment, or equipment or materials that would be used exclusively for the suppression of forest fires. Designate up to \$250,000 annually be allocated from the Commerce federal community development block grant (CDBG) to fund the grant program.

Veto by Governor [B-23]: Delete provision.

[Act 16 Vetoes Section: 3664m]

10. FORESTRY EDUCATION AND PARTNERSHIPS [LFB Paper 664]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$400,000	-\$100,000	\$300,000

Governor: Provide \$100,000 annually from the forestry account for sustainable forestry education projects for woodland owners. This would include educational programs and best-management conferences to assist landowners in determining when to seek professional forestry guidance and how, in many cases, to help themselves. The conferences on best management practices have been developed with other forestry partners, including University of Wisconsin Extension, Wisconsin Woodland Owners Association, the Forest Productivity

Council, Woodland School, and the Nature Conservancy. Funds would also be used for forestry assistance advertising, publications, and sustainable forestry promotional material for use by the Wisconsin Woodland Owners Association, the Association of Realtors, Farm Bureau, or other external partners who have contact with landowners. Funding would also be available for the operation of Stewardship Demonstration Forests throughout the state as showcases of good forestry practices. Finally, funding would be provided to print and mail a Forest Tax/Forest Stewardship newsletter to approximately 25,000 Forest Tax Law participants, as well as town officials, consultant foresters, and other interested persons. The newsletter would provide information on sustainable forestry as well as reminders about compliance with program requirements.

In addition, provide \$100,000 annually from the forestry account to encourage innovative partnerships among landowners (such as wood cooperatives and landowner associations). Funds would be used for educational programs, organizational assistance, and meeting expenses to foster the new partnerships. This would provide ongoing funding for programs initiated with one-time funding provided in the 1999-01 biennial budget. Half of the annual allocation (\$50,000 each year) would be used to contract with a private, non-profit cooperative development service to assist with the development of business plans and incorporation of wood cooperatives or associations. The Department plans to continue contracting with the UW Extension Center for Cooperatives to develop educational programs focusing on training woodland manager techniques and leadership as part of this initiative.

Joint Finance/Legislature: Delete \$50,000 SEG annually to reflect the availability of base funding for the contract with the UW Center for Cooperatives.

11. FORESTRY EDUCATION CURRICULUM

SEG-REV	\$638,400
SEG	\$1,062,400

Joint Finance/Legislature: Direct DNR (in cooperation with the Wisconsin Center for Environmental Education and the College of Natural Resources at University of Wisconsin – Stevens Point) to develop a kindergarten through twelfth-grade forestry education curriculum to be implemented in Wisconsin schools.

Further, increase the surcharge on the sale of state-produced nursery stock from 1¢ to 2¢ in 2001-02, and to 3¢ per seedling in 2002-03. Specify that all surcharges collected be dedicated to forestry public education and awareness programs. In addition, delete the requirement that the existing 1¢ per seedling surcharge be appropriated for the DATCP gypsy moth eradication effort. Delete the associated DATCP continuing appropriation (\$213,200 annually) and instead provide \$220,000 SEG annually from the forestry account of the conservation fund to support DATCP gypsy moth eradication efforts.

Create a new appropriation that would authorize the expenditure of the surcharge revenue by DNR to contract with University of Wisconsin-Stevens Point for the development of a kindergarten through twelfth-grade forestry education curriculum. In 2001-02, \$300,000 of the

revenue generated from the surcharge would be deposited to this appropriation. Beginning in 2002-03, one-half of all revenue from the surcharge would be deposited (estimated at \$318,700).

In addition, create a continuing appropriation that would authorize the expenditure of the surcharge revenue for public education and awareness efforts to enhance public understanding of the value of sustainable forestry, including support for the Milwaukee County Grounds Forestry Education and Awareness Center, school forests, and educational tools and programming developed by the Wisconsin Forest Resources Education Alliance. In 2001-02, the difference between the actual revenue received from the seedling surcharge and \$300,000 would be deposited to the appropriation (estimated at \$125,000). Beginning in 2002-03, one-half of all revenue from the surcharge would be deposited (estimated at \$318,700). Increasing the surcharge to 2¢ per seedling in 2001-02 is estimated to generate approximately \$425,000. Increasing the surcharge to 3¢ per seedling in 2002-03 is estimated to generate approximately \$637,400.

Veto by Governor [B-35]: As a result of the veto of the Department of Forestry, the revenue derived from the increase in the per-seedling surcharge received by DNR for forestry education and curriculum would be changed. Under enrolled SB 55, up to \$300,000 in 2001-02 would have funded the appropriation supporting forestry education curriculum development in cooperation with UW-Stevens Point, with remaining revenues from the seedling surcharge going to support forestry education for the public (estimated at \$125,000 in 2001-02). In subsequent years, revenue from the seedling surcharge would have been divided evenly between the two appropriations (estimated at \$318,700 for each appropriation in 2002-03 in the Department of Forestry). The partial veto deletes the specification that the appropriations each receive 50% of revenues beginning in 2002-03. Rather, the provision specifying that the appropriation supporting forestry education curriculum development would receive up to \$300,000 in 2001-02 only, is made ongoing by deleting the references to fiscal year 2001-02. Therefore, the appropriation supporting forestry education curriculum development will receive up to \$300,000 from seedling surcharge revenues, with all remaining revenues supporting forestry education for the public.

[Act 16 Sections: 424m, 585g, 585h, 1149m and 1153q]

[Act 16 Vetoed Section: 1149m]

**12. MILWAUKEE COUNTY GROUNDS -- FORESTRY
DEMONSTRATION CENTER [LFB Paper 665]**

SEG	\$400,000
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Governor: Provide \$400,000 in 2001-02 from the forestry account to begin planning for a Forestry Demonstration and Education Center which would be built on the Milwaukee County grounds. This funding would support the development of preliminary plans and a concept and budget report. Overall project costs (over four or more years) are estimated at \$15 to \$30 million for buildings, grounds, displays, demonstration areas and infrastructure associated with a potential state forest of at least 110 acres.

Joint Finance: Direct DNR, as part of its development process, to conduct a review of alternative locations in Milwaukee County or Southeastern Wisconsin that may be suitable for this project, including Havenwoods State Forest. In addition, prohibit DNR from obtaining any property that is known to contain residual amounts of arsenic or other contaminants at levels that may pose a danger to public health. Finally, require DNR to submit any proposed purchase of rights in the Milwaukee County Grounds to the Joint Committee on Finance under a 14-day passive review process.

Assembly/Legislature: Delete the Joint Finance provision directing DNR to conduct a review of alternative locations in Milwaukee County or southeastern Wisconsin that may be suitable for this project, including Havenwoods State Forest. Further, delete the provision prohibiting DNR from acquiring any property for a forestry demonstration center that is known to contain residual amounts of arsenic or other contaminants at levels that may pose a danger to public health. The provision requiring Joint Finance review of the purchase would remain in the bill.

Veto by Governor [B-55]: Delete the requirement that DNR submit any proposed purchase of rights in the Milwaukee County Grounds to the Joint Committee on Finance under a 14-day passive review process.

[Act 16 Sections: 1038g, 1038m and 1153p]

[Act 16 Vetoed Section: 1038r]

13. FORESTER RECRUITMENT

SEG	\$369,600
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Governor/Legislature: Provide \$184,800 annually from the forestry account to improve the diversity and qualifications of forester recruits. Funding would provide limited-term employee (LTE) salary for internship program assistance, LTE technical support for recruitment, mentoring, and training, and supplies and services associated with the program.

14. WILLOW FLOWAGE RESOURCE MANAGER

	Funding	Positions
SEG	\$103,000	1.00

Assembly: Require DNR to assign one full-time forester to manage the Willow Flowage forest out of the DNR office at Lake Tomahawk. Require that the forester assigned to the flowage meet the following requirements: (a) has received a bachelor's or higher degree from a school of forestry with a curriculum accredited by the Society of American Foresters; and (2) the degree received is for management of forest resources. Require the forester to provide education and support to private landowners, counties, and the general public in the Willow Flowage forest area and to advise how techniques used to manage the Willow Flowage forest can be used elsewhere to promote sound forest management in the state.

Senate/Legislature: Provide \$48,000 in 2001-02 and \$55,000 in 2002-03 and 1.0 position from the forestry account of the conservation fund for a Willow Flowage resource manager to oversee the planning and development of the property.

15. URBAN FORESTRY GRANT PROGRAM [LFB Paper 666]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
SEG	\$337,000	\$300,000	\$637,000

Governor: Provide \$172,000 in 2001-02 and \$165,000 in 2002-03 from the forestry account to contract for urban forestry specialists to provide technical assistance, education, and training to communities in south central and northeast Wisconsin. Funds would be used to contract for 4,000 hours of specialist support and 2,000 hours of program assistance. The specialists would focus on urban forest ecosystem management in the south central and northeast regions of the state, working in cooperation with DNR regional staff. In addition, expand eligibility for the urban forestry grant program to include counties, towns, and non-profit organizations. Currently, only cities and villages are eligible to receive grants under this program. Urban forestry grants are for up to 50% of the cost of tree management plans, tree inventories, brush residue projects, the development of tree management ordinances, tree disease evaluations, public education concerning trees in urban areas, and other tree projects. The grant program is funded at the base level of \$529,900 annually.

Joint Finance: Earmark \$65,000 annually of the \$529,900 available from the urban forestry grant program for tree planting demonstration projects in Milwaukee and Racine. Specify that \$50,000 annually in the 2001-03 biennium only be provided to Greening Milwaukee, a non-profit organization promoting urban forestry in Milwaukee. A similar earmark was made in both the 1997-99 and 1999-01 budgets. In addition, earmark \$15,000 annually in the 2001-03 biennium only to the City of Racine.

Senate: Provide \$100,000 SEG annually from the forestry account to increase funding available for grants under the urban forestry grant program. Specify that an additional \$100,000 annually in the 2001-03 biennium only be provided to Greening Milwaukee, a non-profit organization promoting urban forestry in Milwaukee. This would increase the total amount of funds earmarked for Greening Milwaukee to \$150,000 annually for the biennium.

In addition, delete the provision that would expand eligibility for urban forestry grants to towns, counties and nonprofit organizations.

Assembly: Provide \$100,000 SEG in 2001-02 only to increase available funding for grants under the Urban Forestry grant program. A total of \$629,900 would be available in 2001-02 and \$529,900 would be available in 2002-03 under the program. Of the available funding, provide \$37,500 in 2001-02 to Winnebago County, \$37,500 in 2001-02 to Outagamie County, and \$25,000 in 2001-02 to Burnett County for tree planting efforts. Further, specify that \$15,000 annually in

the 2001-03 biennium only be provided to Greening Milwaukee, a non-profit organization promoting urban forestry in Milwaukee. In addition, grants of \$15,000 would be provided annually in the 2001-03 biennium to both Racine and Waupaca to support tree planting demonstration projects in these cities.

Conference Committee/Legislature: Provide \$200,000 in 2001-02 and \$100,000 in 2002-03 from the forestry account to increase funding available for grants under the urban forestry grant program. Specify that an additional \$100,000 annually in the 2001-03 biennium only be provided to Greening Milwaukee, a non-profit organization promoting urban forestry in Milwaukee. This would increase the total amount of funds earmarked for Greening Milwaukee to \$150,000 annually for the biennium. Also, provide \$37,500 of available funding under the program in 2001-02 to Winnebago County, \$37,500 in 2001-02 to Outagamie County, and \$25,000 in 2001-02 to Burnett County for tree planting efforts. Further, specify that \$15,000 annually in the 2001-03 biennium only would be provided to both Racine and Waupaca to support tree planting demonstration projects in these cities.

In addition, delete the provision expanding eligibility for urban forestry grants to towns, counties, and non-profit organizations. [Due to a drafting error this provision was not removed from the bill. Therefore, towns, counties, and non-profit organizations would remain eligible to receive grants from the urban forestry program.]

Veto by Governor [B-59]: Delete the requirement that DNR provide \$15,000 annually in the 2001-03 biennium to both Racine and Waupaca and \$150,000 annually in the 2001-03 biennium to the City of Milwaukee for tree planting demonstration projects.

[Act 16 Sections: 1037, 1038 and 9137(5vv),(5vw)&(5vx)]

[Act 16 Vetoed Section: 9137(5vy),(5x)&(5y)]

16. GYPSY MOTH SUPPRESSION

SEG	\$305,400
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Governor/Legislature: Provide \$157,200 in 2001-02 and \$148,200 in 2002-03 from the forestry account to address an anticipated increase in demand for services related to the buildup of gypsy moth populations in central and southern Wisconsin. Funds would be used to address the need to develop alternative approaches to controlling the gypsy moth in areas of central Wisconsin where the endangered Karner Blue butterfly (which is susceptible to the insecticide generally used to suppress gypsy moth outbreaks) is also present. In addition, this provision would provide ongoing support for the collection of gypsy moth baseline data used for the testing and refinement of predictive surveys for residential areas, and support the development of management plans required to be eligible for matching federal assistance. The bill would also fund educational efforts and community surveys regarding DNR suppression efforts and local preferences for management of the gypsy moth.

17. FOREST TAX LAW

SEG	\$312,000
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Governor/Legislature: Provide \$156,000 annually from the forestry account for forest tax law management. Of this amount, \$60,000 annually would support maintenance of the forest tax law database. In addition, \$46,000 annually would provide LTE support in DNR field offices to administer the Wisconsin Landowner Grant Program around the state. This grant program is administered directly by foresters rather than by the Bureau of Community Financial Assistance due to the technical experience and field inspections required to process applications. Finally, \$50,000 annually would be used to increase the funding for technical field assistance (currently funded at \$78,500 annually).

18. FORESTRY INFORMATION TECHNOLOGY

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$310,000	-\$310,000	\$0

Governor: Provide \$155,000 each year in one-time funding from the forestry account to purchase 44 units of mapping-grade Global Positioning System (GPS) equipment. This would allow DNR to produce electronic maps of forest stands and forest fire activity throughout the state.

Joint Finance/Legislature: Delete provision.

19. FOREST FIRE EMERGENCY FUND CAP [LFB Paper 667]

Governor/Legislature: Increase the cap on unencumbered balances contained in the forest fire emergency fund accounts from \$500,000 to \$1 million. Under the bill, if the sum of the unencumbered balances in these two accounts exceeds \$1 million at the close of any fiscal year the excess amount lapses to the forestry account of the conservation fund. These appropriations are funded by reimbursements from other states and from the federal government for assistance provided by Wisconsin for out-of-state fire suppression efforts.

[Act 16 Section: 1148]

20. FOREST PRODUCT MARKETING [LFB Paper 280]

Governor: Provide \$250,000 annually from the forestry account of the conservation fund to the Department of Commerce to promote, advertise, publicize and otherwise market products that are made in Wisconsin from timber that is produced in Wisconsin. A separate SEG appropriation would be created in Commerce to fund the program.

Joint Finance/Legislature: Delete provision.

21. GREAT LAKES FORESTRY MUSEUM

SEG	\$300,000
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Joint Finance: Require DNR to make a grant of up to \$300,000 in the fiscal biennium 2001-03 to an organization known as the Great Lakes Forestry Museum to develop (in the city of Rice Lake) a facility for educating the public about the history of forestry and logging in the state.

Provide \$300,000 in forestry SEG in 2001-02. For every dollar received from the state for the project, the organization would provide \$1 in matching funds for the project from a source other than the state.

Within six months after spending the full amount of the grant the organization would submit to DNR a report detailing how the grant proceeds were used.

Assembly: Delete provision.

Conference Committee/Legislature: Restore Joint Finance provision.

Veto by Governor [B-57]: Delete the requirement that DNR provide \$300,000 in 2001-03 to the Great Lakes Forestry Museum. However, the \$300,000 remains in the continuing appropriation for aids to certain non-profit conservation organizations (Gathering Waters and the Natural Resources Foundation).

[Act 16 Vetoed Sections: 603q, 603r, 9137(5mk) and 9437(3mk)&(3mkx)]

22. STATE FORESTER

Senate: Require that the division administrator of the Division of Forestry be designated as chief state forester. Further, require that the Forestry division administrator be a professional forester, as defined by the Society of American Foresters.

Assembly: Direct DNR to designate a chief state forester. Specify that the chief state forester would be required to have received a bachelor's or higher degree from a school of forestry with a curriculum accredited by the Society of American Foresters in the management of forest resources. This provision would apply only to appointments made after the effective date of the bill.

Conference Committee/Legislature: Adopt the Senate provision.

[Act 16 Sections: 1038d and 9337(4m)]

23. PERROT STATE PARK

Senate/Legislature: Direct DNR to conduct a feasibility study relating to the construction of a bridge for hiking or biking trail access at Perrot State Park and submit a report to the Legislature by June 30, 2002. The bridge would provide access from the park to Trempealeau Mountain. Currently, access to the mountain is limited to a railroad bridge.

Veto by Governor [B-64]: Delete provision.

[Act 16 Vetoed Section: 9137(8m)]

24. STATE PARK ADMISSION FEE INCREASE [LFB Paper 668]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$875,200	-\$239,300	\$635,900

Governor: Increase certain park vehicle admissions fees as follows:

	<u>Current Law</u>	<u>Bill</u>	<u>Increase</u>	
			<u>Amount</u>	<u>Percent</u>
Resident annual	\$18	\$20	\$2	11%
Senior Citizen annual	9	9	0	0
Additional annual*	9	10	1	11
Resident daily	5	5	0	0
Nonresident annual	25	30	5	20
Additional non-resident annual*	12.50	15	2.50	20
Nonresident daily	7	10	3	43

*Issued to an individual for a second vehicle if a full-price annual sticker has already been purchased.

Increased revenues to the parks account are estimated at \$875,200 (\$311,700 in 2001-02 and \$563,500 in 2002-03). This provision would take effect January 1, 2002, or on the day after publication, whichever is later.

Joint Finance: In addition, increase the senior citizen annual admission sticker to \$10 (from \$9). This would maintain the admission sticker at one-half the price of a resident annual sticker, and would allow DNR to continue using the same half-price sticker for additional annual admissions stickers and for senior citizen admissions stickers. Further, reestimate revenues based on the increase in senior citizen annual stickers and updated attendance projections. Revenues are expected to increase by \$635,900 (\$207,500 in 2001-02 and \$428,400 in 2002-03).

Senate: Maintain the resident annual and senior citizen annual parks admissions stickers at the current price (\$18 and \$9 respectively). Provide \$231,500 GPR (\$74,500 in 2001-02 and \$157,000 in 2002-03) and delete an equivalent amount of SEG expenditure authority from the parks account of the conservation fund.

Conference Committee/Legislature: Adopt provision under Joint Finance and delete Senate provision.

[Act 16 Sections: 1150 thru 1153c and 9437(3)]

25. STATE PARKS FUNDING ADJUSTMENT [LFB Paper 668]

SEG	- \$2,350,000
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Governor/Legislature: Delete \$1,300,000 in 2001-02 and \$1,050,000 in 2002-03 of parks account SEG in order to balance available revenues with authorized expenditures. The following adjustments are included: (a) delete \$700,000 in 2001-02 and \$550,000 in 2002-03 of parks SEG and provide the same amount of GPR for parks general operations; (b) in order to generate the GPR for parks operations, administration, technology, customer assistance and licensing GPR appropriations would be reduced by \$700,000 in 2001-02 and \$550,000 in 2002-03; (c) to further limit parks SEG expenditures reduce administration, technology, customer assistance and licensing SEG appropriations supported by the parks account by \$600,000 in 2001-02 and \$500,000 in 2002-03. Under the bill (and in conjunction with the admission fee increase described separately) the parks account would be expected to have a June 30, 2003, balance of approximately \$270,000. Administration-related GPR and SEG reductions under the bill would be taken from funds appropriated for supplies and services (no staff salary related reductions would be made) as follows:

	<u>2001-02</u>	<u>2002-03</u>
Customer Assistance and External Relations		
CAER Program Management	-\$76,200 GPR -24,600 SEG	-\$59,900 GPR -20,500 SEG
Community Financial Assistance	-39,800 GPR -7,200 SEG	-31,300 GPR -6,000 SEG
Communication and Education	-5,700 GPR -25,800 SEG	-4,500 GPR -21,500 SEG
Customer Service and Licensing	-15,300 GPR -76,200 SEG	-12,000 GPR -63,500 SEG
Administration and Technology		
Human Resources	-4,300 GPR -62,400 SEG	-3,400 GPR -51,700 SEG
Enterprise Information, Technology, and Applications	-153,900 GPR -102,400 SEG	-120,900 GPR -85,400 SEG
Administrative and Field Services	-248,400 GPR -96,100 SEG	-195,100 GPR -80,300 SEG
Finance	-141,000 GPR -139,400 SEG	-110,800 GPR -116,800 SEG
Legal Services	-10,300 GPR -24,400 SEG	-8,100 GPR -20,400 SEG
Administration	-5,100 GPR -24,400 SEG	-4,000 GPR -20,300 SEG
Management and Budget	<u>-17,000</u> SEG	<u>-13,600</u> SEG
Total	\$1,300,000	\$1,050,000

26. CENTENNIAL STATE PARKS STAFFING [LFB Paper 669]

	Funding Positions	
SEG	\$436,300	3.00

Joint Finance/Legislature: Provide \$149,200 in 2001-02 and \$137,100 in 2002-03 and 3.0 positions from parks account SEG for master planning efforts and to begin operations at the Centennial State Parks (one park manager and one naturalist and associated one-time start up costs for Caldron Falls and one park manager and one-time start-up costs at Capital Springs). In addition, provide \$95,000 in 2001-02 and \$55,000 in 2002-03 from the parks account for ongoing operations costs at the two Centennial State Park properties. This would include \$25,000 annually to either provide maintenance and enforcement services at Capital Springs Centennial State Park or to contract with Dane County for cooperative maintenance and enforcement support efforts at the property. In addition, \$70,000 would be available in 2001-02 and \$30,000 in 2002-03 for operations costs and one-time equipment

purchases for Caldron Falls (Tommy G. Thompson) Centennial State Park. The Department of Natural Resources is currently in the process of planning for the development of the two new Centennial State Parks, located in Dane and Marinette Counties. The purchase of these properties with funds from the Warren Knowles-Gaylord Nelson Stewardship 2000 program was approved by the Joint Committee on Finance at the December 19, 2000, meeting under s.13.10. At the April 24, 2001 s.13.10 meeting, the Committee approved a one-time transfer of \$12,000 in 2000-01 only from the Division of Administration and Technology to the Division of Land to authorize the hiring of a park manager for each of the two Centennial State Parks. The bill would provide ongoing funding to support staff and operations at the two properties.

27. STATE PARK BEACH MAINTENANCE

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG	\$300,000	-\$300,000	\$0

Joint Finance: Provide \$150,000 SEG annually from the water resources account of the conservation fund for the operation, development and maintenance of beaches at state park and southern forest properties.

Senate: Delete provision.

Conference Committee/Legislature: Adopt the Joint Finance provision. Further, make a technical correction to place the appropriation in the parks budget under the DNR Land Division (the substitute amendment places the appropriation in the Water Division in error).

Veto by Governor [B-66]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.370(1)(es)), 585k and 600p]

28. STATE TRAIL FUNDING FROM ATV ACCOUNT

SEG	\$200,000
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Joint Finance: Provide \$100,000 SEG annually from the all-terrain vehicle account of the conservation fund for the operation and maintenance of state park and southern state forest trails.

Assembly: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [B-67]: Limit the expenditure of funds from the ATV account to the "maintenance" of trails in state parks or southern state forests by deleting the words "operation and" from the authorizing language.

[Act 16 Section: 590m]

[Act 16 Vetoed Section: 590m]

29. STATE PARKS CONCESSIONS

Joint Finance/Legislature: Direct DNR to undertake an analysis of the operations and profitability of concessions sales at private park properties, and to investigate the option of outsourcing concessions operations to the private sector. Further, require DNR to report its findings to the Governor and to the Joint Committee on Finance no later than October 1, 2002.

Veto by Governor [B-63]: Delete provision.

[Act 16 Vetoed Section: 9137(4z)]

30. TRIBAL GAMING REVENUE TRANSFER TO PARKS

[LFB Paper 182]

SEG-REV \$1,718,000

Governor/Legislature: Provide a transfer of \$1,000,000 in 2001-02 and \$718,000 in 2002-03 from tribal gaming revenues to the parks account of the conservation fund. The transfer would occur in the 2001-03 biennium only under the bill.

[Act 16 Section: 9237(2)]

31. LEASE OF LAND IN THE WISCONSIN DELLS NATURAL AREA

Governor/Legislature: Permit the DNR to lease state park land located within the boundaries of the Wisconsin Dells natural area for terms not exceeding 30 years. Under current law, DNR generally may not lease lands from state forests or parks for terms greater than 15 years. Statutory exemptions have been granted to allow for 30-year leases on lands at the Rib Mountain and Willow River state parks and the Kettle Moraine state forest.

[Act 16 Section: 1147]

Water Quality

1. CONVERT NONPOINT APPROPRIATIONS TO GPR [LFB Paper 675]

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	\$5,700,000		\$1,411,400		\$7,111,400	
SEG-REV	-27,100,000		20,688,600		-6,411,400	
GPR	\$10,336,400	16.50	-\$10,336,400	-16.50	\$0	0.00
SEG	-10,336,400	-16.50	10,336,400	16.50	0	0.00
Total	\$0	0.00	\$0	0.00	\$0	0.00

Governor: Convert \$5,167,700 SEG in 2001-02 and \$5,168,700 SEG in 2002-03 with 16.5 DNR positions from the nonpoint account of the environmental fund to GPR, and transfer \$5,100,000 from the environmental fund to the general fund. The bill would delete or replace SEG appropriations and convert all nonpoint funding to GPR in the following annual amounts: (a) \$386,900 and 5.5 positions for nonpoint source water pollution research, evaluation and monitoring; (b) \$50,000 for water pollution credit trading projects (the continuing appropriation balance would be retained within the new GPR appropriation); (c) \$1,079,300 for nonpoint source water pollution contracts; (d) \$603,800 and 8.0 positions for nonpoint source water pollution administration; (e) \$2,000,000 for urban nonpoint source water pollution grants; (f) \$150,000 for river protection grants; and (g) \$463,600 for the Wisconsin Waters Initiative. The provision would also convert \$128,900 annually and 1.5 positions for total maximum daily load (TMDL) purposes to GPR funding. In addition, 1.5 positions and funding of \$305,200 in 2001-02 and \$306,200 in 2002-03 are replaced by GPR for administration and customer assistance and external relations. Delete the DNR SEG appropriation for rural nonpoint grants (funding in this appropriation was transferred to DATCP under the 1999 biennial budget act).

Further delete current provisions, and the corresponding GPR appropriation, that deposit general fund revenues (GPR) in an amount equal to the annual revenues generated from the \$7.50 automobile title transfer fee to the segregated nonpoint account of the environmental fund (prior to 1997, the actual title transfer fee revenues were annually transferred from the transportation fund to the nonpoint account). Under current law, the Secretary of Transportation must annually certify to the Secretary of Administration the amount of automobile title transfer fees collected during the previous fiscal year, for the purpose of determining the amounts to be transferred to the nonpoint account. The effect of the bill is to allow no revenues or expenditures to or from the nonpoint account of the environmental fund. Thus, with the required transfer of \$5,100,000 (the estimated account balance) to the general fund, the account would be eliminated. Additionally, interest of approximately \$300,000 annually would be earned by the general fund instead of by the nonpoint account.

Senate/Legislature: Delete provision, except maintain the deletion of the DNR SEG appropriation for rural nonpoint grants (funding in this appropriation was transferred to DATCP under the 1999-01 biennial budget act), and maintain the transfer of \$5,100,000 from the environmental fund to the general fund on the effective date of the bill. Further, require DNR to transfer \$956,200 on June 30, 2002 and \$1,055,200 on June 30, 2003 from the nonpoint account of the environmental fund to the general fund. It is estimated that interest earnings of approximately \$300,000 annually would be retained in the nonpoint account.

[Act 16 Sections: 611, 9104(4f), 9137(2g)&(2h) and 9237(1)&(2i)]

2. RURAL NONPOINT PROGRAM BONDING [LFB Paper 676]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	\$22,400,000	-\$3,400,000	\$19,000,000

Governor: Provide an increase in general obligation bonding authority of \$22,400,000 for the nonpoint source water pollution abatement program. Bonding revenue would provide cost share grants for rural landowners to install pollution abatement projects in designated priority watersheds. Additionally, funding would be used for rural and urban competitive nonpoint source projects.

Joint Finance/Legislature: Delete \$3,400,000 in general obligation bonding authority.

[Act 16 Sections: 394 and 965]

**3. TRIBAL GAMING REVENUE FOR ONEIDA NATION
NONPOINT GRANTS**

PR	-\$240,000
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Joint Finance/Legislature: Delete \$120,000 annually from tribal gaming program revenue and delete related appropriation language for funding nonpoint grants and local assistance (staffing) to the Oneida Nation of Chippewa from tribal gaming revenues. As a result, grant funding would instead be allocated from the Departments of Natural Resources and Agriculture, Trade and Consumer Protection GPR, SEG and bonding authorizations.

[Act 16 Sections: 616b and 890p]

4. LIMIT PRIORITY WATERSHED FUNDING EXTENSIONS [LFB Paper 675]

Governor: Prohibit DNR and the Land and Water Conservation Board (LWCB) from extending funding for a designated priority watershed or priority lake project under the nonpoint water pollution abatement program beyond the funding termination date established

prior to January 1, 2001, or if no funding termination date was set before January 1, 2001, the funding termination date first established after December 31, 2000. Further, require DNR to submit final priority watershed plans to the LWCB for approval (rather than receiving LWCB approval of an earlier draft), and prohibit DNR from implementing the plan without LWCB approval.

Joint Finance/Legislature: Delete provision. Instead, prohibit DNR and the Land and Water Conservation Board from extending funding for a designated priority watershed or priority lake project under the nonpoint water pollution abatement program beyond the ending date for the nonpoint source grant agreement period that was in effect on January 1, 2001. However, if DNR determines a delay in implementation was caused by conditions beyond the control of the landowner, allow DNR to extend the funding termination date for a cost-share grant entered into by that landowner for up to one year after the funding termination date.

[Act 16 Section: 3176b]

5. NONPOINT -- NOTICES OF DISCHARGE FUNDING

Assembly/Legislature: Require DNR to provide a cost-sharing grant for the cost of measures needed to correct any unacceptable practices identified in a notice of discharge (NOD) to an animal feeding operation. Allow DNR to provide a cost-sharing grant for over 70% of the cost of the corrective measures in cases of economic hardship, as defined by DNR rule. Require that if the cost-sharing grants are provided from the proceeds of general obligation bonds, DNR must pay any such grant to another governmental unit, but allow the Department to provide the grant to the landowner or operator or to another governmental unit if the funding is provided from a nonbonding DNR nonpoint grants appropriation.

Veto by Governor [B-45]: Delete provision. Under current law, regulatory funding for animal waste management statutorily may be provided through DATCP or DNR. Counties may use DATCP grants to fund cost-shares for animal waste management practices required as a result of an NOD. In DNR, the competitive nonpoint grant program provides another funding mechanism for the construction of animal waste management practices that are required as a result of an NOD.

[Act 16 Vetoed Section: 3173j]

6. SOUTH FORK OF THE HAY RIVER WATERSHED FUNDING

Joint Finance: Extend the statutorily designated South Fork of the Hay River priority watershed sunset date from June 30, 2001, to June 30, 2006, in order to provide additional cost-share grants to landowners in the watershed. Further, require DATCP to provide funding to counties for staffing in the South Fork of the Hay River priority watershed (in Barron, Dunn, Polk and St. Croix Counties) in the same manner as other continuing priority watersheds receive

staffing funds. The South Fork watershed area is exempt from nonpoint requirements related to cost-share rates and the types of best management projects installed. Instead, cost-shares are paid based on the amount of pollution reduced. The watershed was originally designated priority in 1993.

Assembly/Legislature: Include the provision as modified to set the sunset date at June 30, 2005.

[Act 16 Section: 3176m]

7. COMPETITIVE NONPOINT GRANT SELECTION CRITERIA

Governor/Legislature: Allow an area to be considered for a competitive nonpoint grant (DNR’s targeted runoff management or TRM program) based on its need for compliance with the agricultural performance standards currently being promulgated by DNR rule (these standards include, among other items, the four prohibitions related to the overflow of manure storage structures, unconfined manure piles, direct runoff and livestock’s unlimited access to waters). Further, modify the current competitive grant eligibility requirement that a project cannot be conducted with DATCP cost-share funding in order to receive a TRM grant. Instead, to be eligible for TRM, require that DNR, in consultation with DATCP, must determine that DATCP funding is insufficient to fund the project.

[Act 16 Sections: 3172 and 3173]

8. LAKE DISTRICT NONPOINT STAFFING GRANTS

Governor/Legislature: Allow DNR nonpoint grants to a lake district for a priority lake (as designated under the priority watershed program) to be used for plan preparation, technical assistance, educational and training assistance, ordinance development and administration. This authority was deleted in the 1999-01 budget act when county local assistance grant funding was shifted from DNR to the Department of Agriculture, Trade and Consumer Protection. However, authority to provide lake district staffing grants was not provided to DATCP.

[Act 16 Section: 3171]

9. URBAN NONPOINT AND FLOOD CONTROL FUNDING [LFB Paper 677]

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
BR	\$11,000,000	\$2,700,000	-\$9,000,000	\$4,700,000

Governor: Provide an increase in general obligation bonding authority of \$11,000,000 for cost-sharing grants under the urban nonpoint source water pollution abatement and municipal

flood control and riparian restoration programs. Under current law, \$13,000,000 in bonding is authorized for these grants. In addition, change the \$2,000,000 per year urban nonpoint appropriation from annual to biennial. The provision does not specify how much of the \$11 million BR and \$2 million GPR be spent on either program.

Joint Finance: Provide an additional \$2,700,000 BR and specify that of the total \$13.7 million, \$4.7 million BR be designated for cost-sharing grants under the urban nonpoint source water pollution abatement program. Further, specify the remaining \$9,000,000 in general obligation bonding authority be designated for municipal flood control and riparian restoration cost-share grants. In addition, maintain the \$2,000,000 per year urban nonpoint appropriation as an annual appropriation from which funds may be spent on either the municipal flood control and riparian restoration program or the urban nonpoint program.

Assembly/Legislature: In addition, require DNR to establish and administer a program to provide grants to counties to rehabilitate certain flood control dams. Allocate \$500,000 in 2001-03 of the \$9,000,000 authorized for municipal flood control and riparian restoration cost-share grants for dam rehabilitation grants. Specify that DNR may only provide grants for a project to match federal funds provided under the federal Watershed Protection and Flood Prevention Act of 1953 (PL 83-566). Require DNR to promulgate rules necessary to implement the grant program.

Veto by Governor [B-44]: Delete the \$9,000,000 in bonding for municipal flood control and certain statutory references that would have provided funding for the urban nonpoint and municipal flood control programs from two separate appropriations. Retain the \$500,000 earmark to match federal funds for dam rehabilitation, but allocate the amount from the combined appropriation. Further, eliminate the requirement that DNR promulgate rules to implement the flood control dam rehabilitation grant program.

As a result, the act provides a combined total of \$4.7 million in increased general obligation bonding authority for municipal flood control and riparian restoration as well as urban nonpoint cost-sharing, of which \$500,000 is allocated as matching funds for a federally authorized dam rehabilitation grant program.

[Act 16 Sections: 394, 621h, 962, 967, 967e and 1345cm]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.370(7)(da)), 621h, 962, 967, 967e and 1345cm]

10. STORM WATER DISCHARGE PERMITS AND ENFORCEMENT

Funding Positions	
PR	\$625,000 4.00

Governor/Legislature: Provide \$300,000 in 2001-02 and \$325,000 in 2002-03 and 4.0 positions for storm water discharge permits. Two water resource engineers and two water resource management specialists would work with communities that

would be required to obtain discharge permits under the bill. Funding is provided from construction site storm water application fees and annual industrial and municipal separate storm sewer permit fees. Allow the fees to be used for storm water discharge permit enforcement activities.

Specify that systems serving an incorporated area with a population of 100,000 or more "as determined by the 1990 federal census" require a permit. Require that the following additional municipal separate storm sewer systems obtain permit coverage for storm water discharge: (a) those serving an area located in an urbanized area, as determined by the latest decennial federal census (areas with a population density of 1,000 or more per square mile with a total population of at least 50,000); (b) those serving an area with a population of 10,000 or more and having a population density of 1,000 or more per square mile that the Department designates based on an evaluation of whether the storm water discharge has the potential to exceed water quality standards, including impairment of designated uses or other significant water quality impacts including habitat and biological impacts; or (c) those contributing substantially to the pollutant loadings of a physically interconnected municipal separate storm sewer system that is required to have a permit. Further, expand DNR rulemaking authority to generally administer storm water discharge permits, and give the Department the option of issuing a citation for storm water discharge permit violations (rather than requiring such a citation currently).

Require those owners or operators that are required to obtain a storm water permit for a discharge associated with an industrial or other activity, and that discharge storm water through one of the municipal separate storm sewer systems described above to submit the following information to the owner or operator of the municipal separate storm sewer system within 60 days of the effective date of the bill: (a) the name of the facility from which the release occurs and the location of the discharge; (b) the name and address of a person to contact for information about the discharge; and (c) a description of the principal products or services provided by the facility and the number of any permit covering the facility. However, allow new operators of industrial storm water discharges to provide the information no later than 180 days before beginning to release storm water into the municipal separate storm sewer system.

Under current law, an owner or operator must obtain storm water permit coverage for a discharge from: (a) a discernible, confined and discrete conveyance of storm water associated with an industrial activity, including construction, that meets criteria in DNR rules; (b) a municipal separate storm sewer system serving an incorporated area with a population of 100,000 or more; or (c) any other facility or activity if the Department determines that the discharge either contributes to a violation of a water quality standard or is a significant contributor of pollutants to the waters of the state. Owners or operators under (a) above currently are required to submit their facility information to the owner or operator of any municipal separate storm sewer system under (b) above.

[Act 16 Sections: 601, 3211 thru 3217 and 3219]

11. WISCONSIN WATERS INITIATIVE [LFB Paper 679]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$711,900	-\$711,900	\$0

Governor: Provide \$237,300 in 2001-02 and \$474,600 in 2002-03 from the water resources account of the conservation fund to continue development of a computer-based system to improve access to water-related site information electronically. Funding would be used for contracting services, geographic information system (GIS) development, software and other information technology items with a goal of improving mapping and enhancing Internet access to Department data on water levels, flood flows, wetlands, dams, waterway alteration permits and protection standards.

Joint Finance: Delete provision.

Senate: Restore provision. However, provide the funds from a new, annual appropriation from the nonpoint account of the environmental fund (\$150,000 annually) and from the water resources account of the conservation fund (\$87,300 in 2001-02 and \$324,600 in 2002-03).

Conference Committee/Legislature: Delete provision. Instead, place \$100,000 SEG from the nonpoint account of the environmental fund and \$100,000 SEG from the water resources account of the conservation fund in 2002-03 in the Joint Finance Committee's supplemental appropriation for release under a 14-day Joint Finance passive review process (no finding of emergency would be needed) to DNR for continued development of a system to provide computer accessible water resource management information.

Veto by Governor [B-47]: Delete provision. The veto does not affect a technical clarification under the bill that broadens appropriation language to reflect the actual expenditures made from a water resources account management appropriation.

[Act 16 Section: 600d]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.370(4)(ax)), 600r and 9137(2t)]

**12. WETLAND COMPENSATORY MITIGATION STAFF
[LFB Paper 678]**

	Funding	Positions
SEG	\$196,900	2.50

Joint Finance/Legislature: Provide \$75,600 in 2001-02 and \$121,300 in 2002-03 from the water resources account of the conservation fund for 2.0 water regulation and zoning specialists and 0.5 natural resource specialist for DNR to implement the wetland mitigation program. The staff would review mitigation plans, inspect mitigation sites, review monitoring reports, track the sale of mitigation bank credits and enforce program

regulations. Under current law, DNR may consider a mitigation project or credits from a wetlands mitigation bank to compensate for the filling or dredging of a wetland, if an applicant demonstrates that they have first taken measures to minimize adverse impacts to the wetland.

13. WETLANDS MAPPING

SEG	\$340,000
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Governor/Legislature: Provide \$170,000 annually from the water resources account of the conservation fund to update county wetland maps and databases and to make them compatible with other DNR databases.

14. WATERWAY PERMIT REQUIREMENTS

Assembly: Require DNR to notify, in writing, an applicant for a waterway permit under Chapter 30 of the statutes as to whether or not their permit application is complete within 30 days of the application submission. If the application is determined incomplete, require DNR to include in its notification the specific items needed to complete the application. Further, allow an applicant to supplement and resubmit such an application multiple times. Prohibit the Department from demanding items of information that are not specified in the notice as a condition for determining whether the application is complete unless both DNR and the applicant agree, or unless the applicant makes material additions or alterations to the project for which the application has been submitted.

Specify that if no request for a hearing is made and no substantive written objection to permit issuance is received, DNR must either provide notice stating that it will proceed on a permit or schedule a public hearing to be held within 30 days after receipt of the complete application (rather than prior law provisions that specified no time limit for holding a hearing). Further, if an objection is received, require that the public hearing be conducted within 30 days after the hearing is ordered. If DNR schedules or orders a hearing for a permit, in lieu of the hearing, allow a permit applicant to bring an action in circuit court asking that the court order DNR to issue the Chapter 30 waterway permit.

Allow persons to grade or otherwise remove topsoil from the bank of any navigable water where the area exposed by grading or removal is less than 20,000 square feet (versus 10,000 square feet under current law) without obtaining a permit from DNR. Further, remove the requirement that DNR must either provide notice stating that it will proceed on a permit to grade or otherwise remove topsoil from the bank of any navigable water where the area exposed by grading or removal exceeds 20,000 square feet if no objections are received or schedule a public hearing. Under current law, DNR must provide notice of such a permit to the clerks of the county and municipality in which the project or affected body of water is located, to local property owners and to the Milwaukee Metropolitan Sewerage District if the project affects waters located in the District.

Conference Committee/Legislature: Delete provision. Instead, require DNR to notify, in writing, an applicant for a waterway permit under Chapter 30 of the statutes as to whether or not their permit application is complete within 60 days of the application submission. If the application is determined incomplete, require DNR to include in its notification the specific items needed to complete the application. Further, allow an applicant to supplement and resubmit such an application multiple times. Prohibit the Department from demanding items of information that are not specified in the notice as a condition for determining whether the application is complete unless both DNR and the applicant agree, or unless the applicant makes material additions or alterations to the project for which the application has been submitted.

Specify that if no request for a hearing is made and no substantive written objection to permit issuance is received, DNR must either provide notice stating that it will proceed on a permit or schedule a public hearing to be held within 60 days after receipt of the complete application (rather than prior law provisions that specified no time limit for holding a hearing). Further, if an objection is received, require that the public hearing be conducted within 60 days after the hearing is ordered.

[Act 16 Sections: 1245g thru 1245s]

15. PERMITTING PROCESS FOR THE GREEN BAY AREA

Assembly: Create a lakeshore basin council in DNR consisting of two members appointed by the Governor and one resident each from Brown, Door and Kewaunee Counties appointed by their respective County Boards. Set a four-year term for council membership, but specify that the term of the initial appointee from Kewaunee County would expire on July 1, 2003, from Brown County would expire on July 1, 2005 and from Door County would expire on July 1, 2007. Apply the following provisions only to permit applications and permits for projects or activities sites that are located in Brown, Door or Kewaunee County.

Require DNR to submit each application for a Chapter 30 (waterway) permit that it receives to the lakeshore basin council for its recommendations regarding the issuance of the permit. Require the council to submit its recommendations on the permit to DNR and for DNR to give the council notice of any hearing that is scheduled or ordered on the issuance of a permit. Require the Department of Administration Division of Hearings and Appeals to randomly assign hearing examiners to conduct hearings regarding permit applications. Further, if DNR does not schedule a hearing requested by a permit applicant within 120 days after the Department denies a permit, allow the applicant to request the Division of Hearings and Appeals to schedule a hearing at the earliest date available to the Division.

Require DNR to treat any application for a noncommercial pier or dredging permit as a Type III action under DNR rules regarding environmental analysis and review procedures for Department actions. (Under NR 150, DNR determines Type III actions as those that normally do not have the potential to cause significant environmental effects, affect energy usage or involve unresolved conflicts in the use of available resources. A Type III action generally requires the

issuance of a news release and generally does not require an environmental assessment or environmental impact statement unless the Department determines otherwise.) Exempt the person applying for the permit from the requirement of preparing an environmental assessment unless DNR provides a written determination stating the specific reasons that an assessment is required under NR 150.

Require any person who submits a substantive written objection in response to a permit application to pay DNR a \$25 fee and to submit a sworn affidavit within the next 30 days that specifies the underlying arguments in support of the objection and that the person will appear, present testimony and produce any relevant witnesses in support of the objection in a contested case hearing. Place the burden of proof that DNR should not issue a permit on the person who objected to the permit. Further, if a hearing examiner or court finds that the objection was frivolous, provide that the hearing examiner or court may order the person who objected to the permit to pay the costs, including reasonable attorney fees, incurred by the permit applicant.

If someone other than DNR seeks judicial review of any permit application, require the site of judicial review to be either in a county where the plaintiff resides, where the property involved is located or in another county chosen by the plaintiff. Specify that if DNR seeks judicial review of any permit application hearing, the site of the review would be in the county where the DNR office is located that issued the original decision regarding the permit. Authorize DNR to allow the use of alternate dispute resolution procedures to resolve a permit application dispute in place of a hearing, and require DNR to promulgate administrative rules to establish the requirements and procedures for such an alternative procedure.

Conference Committee/Legislature: Delete provision.

16. SHORELAND ZONING

Assembly: Remove the requirement that a shoreland zoning ordinance for annexed land enacted by a city or village be at least as restrictive as the county shoreland zoning ordinance it is replacing.

In addition, if DNR, or a county as part of an ordinance, promulgates a shoreland zoning standard that establishes a setback distance (generally the distance landward from the ordinary high-water mark at which a structure may be built), provide that a shoreland zoning ordinance may allow a landowner to use an alternative setback distance if the parcel of land is located between two abutting parcels of land of which at least one has a closer setback distance (due to a nonconforming use or other exemption) than generally required. Require that the alternative setback distance be the average of the two setback distances of the abutting parcels of land.

Further, prohibit shoreland zoning ordinances from prohibiting or limiting repairs or improvements of a building or structure that is located in a shoreland setback area as of the effective date of the act, as long as the repair or improvement does not alter the footprint of the building or is conducted in an area where construction is permitted under the ordinance.

Conference Committee/Legislature: Delete provision.

17. RETAINING WALL CONSTRUCTION ALLOWANCES

Joint Finance: Allow a riparian owner to construct a retaining wall (a vertical wall designed to prevent land from eroding into a navigable water) above the ordinary high water mark regardless of any other current regulations or permitting requirements, if: (a) the area exposed by grading or removal of top soil does not exceed 10,000 square feet; (b) any material removed from the bed of the navigable water between the retaining wall and the ordinary high water mark during construction will be replaced with comparable material or riprap within 30 days; and (c) the retaining wall meets the following construction standards: (1) the wall incorporates adequate bracing and anchors to ensure structural stability; (2) a filter fabric lining containing a layer of gravel extends from the landward side of the retaining wall to facilitate drainage; (3) the base of the wall extends to a sufficient depth into the waterway bed to ensure structural stability and prevent wall failure; and (4) the ends of the wall are placed into the bank to prevent erosion or scouring.

Further, allow a riparian owner to construct a retaining wall in a navigable waterway in the Wolf River and Fox River basin area (defined to consist of all of Winnebago County; the portion and shoreline of Lake Poygan in Waushara County; the area south of STH 21 and east of STH 49 in Waushara County; that portion of Calumet County in the Lake Winnebago watershed; all of Fond du Lac County north of STH 23; that portion of Outagamie County south and east of USH 41; that portion of Waupaca County that includes the town of Mukwa, city of New London, town of Caledonia, town of Fremont, and the portion and shoreline of Partridge Lake and the Wolf River in the town of Weyauwega) that extends beyond the ordinary high water mark without obtaining a DNR waterway permit under s. 30.12 if it meets all of the standards outlined below.

Require that the retaining wall be either a new or replacement wall located in a connected artificial enlargement to a navigable water, or be a replacement of an existing retaining wall in a navigable water. Further require that if the retaining wall is a replacement wall, that it be constructed not more than two feet waterward of any existing retaining wall. Require riprap be placed at the base of the waterward side of the retaining wall up to the waterline, except for mooring locations where the level of riprap can be reduced to allow adequate space for the mooring of one or more watercraft. In addition to meeting the construction standards specified in 1-4 above, require that the retaining wall be constructed of treated wood and built at the lesser of: (a) the existing grade of the land; (b) four feet above the ordinary high water mark, or (c) only high enough to prevent overtopping by wave action.

Senate: Delete provision.

Conference Committee/Legislature: Include the second and third paragraphs of the Joint Finance provision (to allow a riparian owner to construct certain retaining walls in the Wolf River and Fox River basin area without a DNR permit).

[Act 16 Sections: 1247r and 1261m]

18. LAKE KOSHKONONG COMPREHENSIVE PROJECT

Joint Finance/Legislature: Allow the Rock-Koshkonong public inland lake protection and rehabilitation district, upon DNR approval, to implement a project developed and approved by the U.S. Army Corps of Engineers to place structures and/or fill on the bed of Lake Koshkonong for any of the following purposes: (a) to improve navigation or to provide navigation aids; (b) to restore or protect wetland habitat or water quality; (c) to create, restore or protect fish and wildlife habitat; or (d) to enhance the natural aesthetic value or improve the recreational use of the lake. Specify that the location of any structure or fill placed as part of this project be located within the area that consists of sections 10, 13, 18, 19, 20, 24, 33, and 35, T5N, R13. Further, require that any structure or fill placed as part of the project may only be used as a site for the placement of navigational aids approved by DNR, for activities to protect or improve wildlife or fish habitat, including the placement of DNR-approved fish or wildlife habitat structures, or for open space for recreational activities for the public. In addition, exempt the District from meeting general waterway permitting requirements under s. 31.12 of the statutes for the implementation or maintenance of the project.

Require the District to submit plans and specifications before beginning any activity involving the placement of a structure or fill as part of the project to DNR. Require the Department to comply with current law environmental impact requirements and to review the plans and specifications and gather any other information necessary to effectively evaluate the structural and functional integrity of the proposed structures and fill. Further, require DNR to hold a public informational meeting to discuss the proposal and to approve the plan with conditions it determines necessary to protect the public interest in water, if the Department finds that the structure or fill is structurally and functionally sound and that the structure or fill will further a purpose specified under (a) to (d) above, and will not: (a) materially effect the flood flow capacity of the Rock River; (b) materially obstruct navigation; (c) cause material injury to the rights of an owner of lands underlying any such structure or fill or of riparian lands affected by the project; (d) cause environmental pollution; or (e) be detrimental to the public interest.

Require the Rock-Koshkonong Lake District to maintain all structures and fill that are part of the project to assure that the structures and fill do not impair the safety of the public and remain in compliance with above requirements. Provide that the District owns all structures or fill that are part of the project and allow any employee or agent of DNR to have free access during reasonable hours to inspect the project's structures or fill. In addition, prohibit the District from transferring ownership of any part of the project unless DNR provides written approval and the transfer is to a

public entity, as defined by DNR rule. Require DNR to monitor the Rock-Koshkonong Lake District project to assure that the project is furthering a purpose for which it is authorized. Further, allow DNR to order the structure be modified, repaired or removed if necessary to comply with above requirements.

[Act 16 Section: 1261g]

19. EXEMPT PIERS AND BOAT SHELTERS FROM REGULATION

Assembly: Exempt piers or boat shelters that were in place on January 1, 2001 or that were seasonally placed at the same location in each of the years between 1996 and 2000 from DNR enforcement authority and permitting requirements, unless the riparian owner reconstructs or materially alters the pier or boat shelter after January 1, 2001. The exemption includes current law regulations that allow DNR to require a riparian owner to repair, renovate, modify or remove a pier or boat shelter under s. 30.12 of the statutes (generally prohibiting structures and deposits in navigable waters). The exemption also includes current law regulations that allow DNR to require the person who placed the pier or the owner of riparian land that abuts the pier to repair, renovate, modify or remove a pier.

In addition, exempt piers that were in place on January 1, 2001 or that were seasonally placed at the same location in each of the years between 1996 and 2000 from permitting requirements and enforcement authority of DNR, the governing body of a city, village or town, or a designated officer unless the riparian proprietor reconstructs or materially alters the pier after January 1, 2001. The exemption includes current law regulations that allow requirements that a riparian proprietor repair, renovate, modify or remove a pier under s. 30.13 of the statutes (regulating wharves, piers and swimming rafts and the establishment of pierhead lines). The exemption also includes piers that interfere with public rights or the rights of other riparian proprietors in navigable waters.

Further, void all DNR administrative rules currently in force that were promulgated under s. 30.12, s. 30.121 (regulating boathouses and houseboats), s. 30.13, and s. 30.131 (regulating wharves and piers placed and maintained by persons other than riparian owners). Require DNR to promulgate new rules to replace the voided rules and to submit the proposed rules to the Legislative Council staff by the first day of the 13th month after the effective date of the bill. Allow DNR to promulgate these rules as emergency rules without the finding of emergency for use until the effective date of the permanent rule.

Conference Committee/Legislature: Delete provision.

20. REPAIRS TO HISTORICALLY OR CULTURALLY VALUABLE BOATHOUSES

Assembly/Legislature: Exempt boathouses or fixed houseboats that a state or local historical society determines have a historic or cultural value, from current law regulations

regarding their repair or maintenance. Under current law, generally the riparian owner of any boathouse or fixed houseboat extending beyond the ordinary high-water mark of any navigable waterway may repair and maintain the boathouse or fixed houseboat only if the cost of the repair or maintenance does not exceed 50% of its value.

[Act 16 Section: 1252m]

21. PUBLIC ACCESS TO EXPOSED SHORE BELOW THE ORDINARY HIGH-WATER MARK OF A STREAM

Assembly/Legislature: Limit the public use of the exposed land between the ordinary high-water mark and the edge of a navigable stream without the permission of the riparian owner to only those instances where it is necessary to exit the body of water to bypass an obstruction (rather than to engage in water related recreational activity, under prior law). Specify that the public must enter this area from the stream, from a point of public access or with the permission of the riparian owner.

A 1999 Act 9 provision authorized public use of the exposed shore on certain navigable streams for water-related recreational activities (including swimming, fishing and boating). The provision prohibited the public from using the exposed land to: (a) generally use a motorized vehicle; (b) place a structure or object on the exposed shore area that remains after the person leaves the exposed shore area; (c) cut or remove trees or woody vegetation; (d) remove or damage soils or plants; (e) remove or damage any object that was placed on the exposed shore area by the riparian; and (f) camp overnight. The act replaces this provision by limiting public access to the exposed stream shore, up to the high-water mark, only as necessary to bypass an obstruction.

[Act 16 Sections: 1255d thru 1255v]

22. WATER QUALITY CERTIFICATION FOR NONFEDERAL WETLANDS

Assembly: Remove the 2001 Act 6 provision that DNR determine best management practices regarding the construction or maintenance of farm roads, forest roads or temporary mining roads that allow for exemptions to water quality certification requirements for nonfederal wetlands.

Require DNR to promulgate rules to interpret all exemptions to water quality certification requirements for nonfederal wetlands that are identical to (rather than consistent with) existing federal law, and require that any additional federal law or interpretation that is incorporated in the rules also be identical to the additional federal law or interpretation. Under Act 6, DNR is allowed to modify the additional federal law or interpretation, as it deems necessary.

If DNR chooses to issue general water quality certifications under Act 6, require that they be identical to (rather than consistent with) all of the general permits issued under federal law

that applied on January 8, 2001. Further, specify that DNR be required to incorporate any amendments or modifications to the general permits issued under federal law after January 8, 2001 so that the general water quality certification continues to be identical to the general permit.

Conference Committee/Legislature: Delete provision.

23. LAKE BELLE VIEW AND SUGAR RIVER PROJECT

Conference Committee/Legislature: Allow the village of Belleville, upon DNR approval, to place fill on all or part of the portion of the bed of Lake Belle View located in Dane County for any of the following purposes: (a) to improve fish and wildlife habitat; (b) to create and enhance wetlands; (c) to improve the water quality of Lake Belle View and the Sugar River; (d) to enhance the recreational use and aesthetic enjoyment of Lake Belle View and the Sugar River; (e) to separate Lake Belle View from the Sugar River by creating an artificial barrier from lake bottom sediment or other means; (f) to create suitable lake bottom depths or contours in Lake Belle View; or (g) to promote the growth of desirable wetland plants. If the village of Belleville creates an artificial barrier from lake bottom sediments under (e) above, require the village to also place lake bottom sediments in adjacent areas, upon DNR approval, to create and enhance wetlands. Further, upon DNR approval, allow any lake bottom sediments that are unsuitable for the creation of an artificial barrier under (e) above to be placed in any agricultural field adjacent to Lake Belle View.

Require the village of Belleville to submit to DNR any plans or other information that DNR considers necessary for it to effectively determine whether to approve the placement of fill for the above purposes. In addition, require the village of Belleville to ensure that any authorized artificial barrier: (a) will have no structure except those necessary for one of the purposes above placed on the barrier; (b) will not materially obstruct navigation or reduce the effective flood flow capacity of a stream; (c) is not detrimental to the public interest; (d) is owned by a public entity and the public is granted free access to the barrier solely for use as open space for recreational purposes; and (e) remains in as natural a condition as is practicable, as determined by DNR. Further, require the village to ensure that any construction draw down of Lake Belle View related to the creation of any authorized artificial barrier occurs only once.

Require the village of Belleville to maintain any authorized artificial barrier. However, allow any landowner of more than 500 feet of Lake Belle View shoreline, a portion of which is located within 1,000 feet of the barrier, to maintain the barrier upon DNR approval if the landowner is dissatisfied with the village maintenance. Further, allow DNR to require the village or the landowner to maintain the barrier in a structurally and functionally adequate condition.

Further, require that any artificial barrier created and all related maintenance comply with all state laws relating to navigable bodies of water except for permitting requirements

under s. 30.12 (1) and s. 30.12 (2) (generally prohibiting placing structures and deposits in navigable waters without a permit). Require the village of Belleville (or its successors or assigns) to pay any costs incurred by the state to construct, maintain, improve or remove any such artificial barrier. In addition, grant the state, its officers, employees and agents immunity from liability for acts or omissions that cause damage or injury and that relate to the construction, maintenance or use of any authorized artificial barrier.

[Act 16 Section: 1261k]

24. DAM EMERGENCY FUND [LFB Paper 680]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$100,000	-\$100,000	\$0

Governor: Provide \$50,000 annually from the water resources account of the conservation fund for costs associated with emergency safety actions, such as breaches and drawdowns of failing dams, in situations that pose an imminent threat to life and property.

Joint Finance/Legislature: Delete provision.

25. DAM INSPECTIONS

Assembly: Eliminate statutory provisions requiring DNR to inspect each large dam that is maintained or operated in or across navigable waters every ten years. Instead, require public and private owners of dams to have the dam inspected every ten years by a private inspector or engineering firm. Require DNR to maintain a list of professional engineering firms suitable for conducting dam inspections. Require the owner or responsible party for the dam to submit a record of the inspection to DNR within six months of the inspection. Specify that dam inspections performed by DNR prior to July 1, 2002, qualify under the ten-year requirement. Further, require DNR to work collaboratively with DATCP to establish an on-line, reverse-auction bid site where private and public dam owners may post requests for inspections and receive bids from potential inspectors or engineering firms. The Department would retain the authority to inspect or to require the inspection of any reservoir. In addition, DNR would be authorized to inspect any dam for which an inadequate inspection report was prepared if the owner or certified inspector fails to inform the Department within 90 days of the date after receipt of the written notification from DNR as to the steps that would be taken for the inspection to be adequately completed, or if the owner fails to submit a report containing an adequate inspection (as determined by DNR) within 200 days of the date of the receipt of the written notification from the Department. Delete \$149,300 GPR in 2001-02 and \$199,000 GPR in 2002-03 and 3.5 GPR-supported positions related to dam inspections.

Conference Committee/Legislature: Delete provision.

26. CAZENOVIA DAM [LFB Paper 680]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
BR	\$250,000	-\$250,000	\$250,000	\$250,000

Governor: Provide \$250,000 of segregated revenue supported bonding from the water resources account of the conservation fund for the municipal dam safety program. Further, require DNR to provide the amount necessary, up to \$250,000, to repair the dam located in the Village of Cazenovia. The Village would not need to apply for a grant. In addition, it would be exempted from both the grant cap of \$200,000 and the matching funds requirement of the dam safety grant program.

Joint Finance: Delete provision.

Senate/Legislature: Restore provision.

[Act 16 Sections: 968c and 1345b]

27. WATER INTEGRATION TEAM

Assembly: Delete \$440,200 GPR annually and 6.5 positions assigned to the water integration team. The water integration team supports the operations of regional and central offices and promotes the integration of the watershed management, fisheries management and habitat protection, drinking water and groundwater, and Mississippi/Lower St. Croix subprograms.

Conference Committee/Legislature: Delete provision.

28. FISH LAKE WATER LEVELS

Assembly/Legislature: Earmark \$200,000 SEG in 2001-02 only from the lake management grant program for water quality and lake level improvements of the Fish, Crystal and Mud Lakes in northwestern Dane County. Funds would be provided to Dane County, and the matching requirement would not apply. Project activity would include the installation of a water pump and drain pipe from Fish Lake into the Wisconsin River, with a goal of lowering the water level of the lake by approximately two feet below current levels. Dane County, together with Columbia County and the townships of Roxbury and West Point, would be responsible for funding the remainder of the project, estimated at a total cost of \$350,000.

Veto by Governor [B-48]: Delete the provision.

[Act 16 Vetoed Section: 9137(8q)]

29. SOUTHEASTERN WISCONSIN FOX RIVER COMMISSION

SEG	\$200,000
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Assembly/Legislature: Provide \$200,000 SEG from the water resources account in 2001-02 to the recreational boating aids program. Direct DNR to provide a \$200,000 grant to the Southeastern Wisconsin Fox River Commission. The Commission is responsible for a variety of activities, including: (a) initiating and coordinating surveys and research projects relating to the Southeastern Wisconsin Fox River basin; (b) act as a liaison between federal, state, and local agencies and other organizations involved in protecting, rehabilitating, and managing water resources; and (c) providing public information relating to the Southeastern Wisconsin Fox River.

[Act 16 Sections: 605, 605b and 9137(9n)]

30. WETLAND ENHANCEMENT AND RESTORATION GRANTS

Assembly: Require DNR to provide \$250,000 annually in the 2001-03 biennium only for grants to local units of government from available funds under the lake management grants program. Grants of \$10,000 each would be provided to eligible recipients in the order in which the grant applications are received by the Department for wetlands restoration or enhancement programs. Any local unit of government that has completed a comprehensive land use plan that includes a wetlands enhancement or restoration project as part of that plan would be eligible to apply. Specify that if the proposed project site is located in or near a drainage district, the drainage district commission must agree to allow the proposed project before grant funding could be awarded.

Conference Committee/Legislature: Adopt the Assembly provision. However, delete the requirement that a drainage district commission must agree to allow the proposed project before grant funding could be awarded if the proposed project site were located in or near a drainage district.

[Act 16 Sections: 3200m, 3206m and 3206r]

31. WISCONSIN RIVER COORDINATOR

	Legislature (Chg. to Base)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$101,000	1.00	-\$101,000	- 1.00	\$0	0.00

Senate/Legislature: Provide \$46,000 in 2001-02 and \$55,000 in 2002-03 and 1.0 position from the water resources account of the conservation fund for a Wisconsin River coordinator. This position would be responsible for coordinating the construction and operation of a Wisconsin River resource center. The resource center would provide information, educational programs, and tourism promotional activities related to the Wisconsin River. The position would be located within the DNR Rhinelander office, and would report to the regional director of the DNR.

Veto by Governor [B-80]: Delete the provision by lining out the appropriated amount and writing in the lower amounts. Further, the Governor's veto message requests the DOA Secretary to not allot the funds or authorize the position.

[Act 16 Vetoed Section: 395 (as it relates to s. 20.370 (4)(aq))]

32. ADOPT A RIVER PROGRAM

Assembly/Legislature: Authorize DNR to promulgate rules to create a program that would encourage volunteers to oversee a section of a lake, river, wetland, or ravine in order to take responsibility for annual clean up efforts and to ensure the long-term environmental health of the area. The Department would supply educational support and necessary supplies (such as rubbish bags and gloves) to the volunteers. In addition, DNR would be required to track information related to the program, including pounds of rubbish collected, volunteer hours provided, and descriptions of debris found, and would be directed to publicly recognize volunteer groups for their efforts.

[Act 16 Section: 1261p]

33. FISH LADDER EXEMPTION

Joint Finance: Exempt the City of Jefferson from any requirement that a dam owned by the city be required to install a fish ladder. Further, specify the city be eligible for a dam safety grant for the city owned dam.

Senate: Delete provision.

Assembly/Legislature: Include Joint Finance provision.

Veto by Governor [B-75]: Delete provision.

[Act 16 Vetoed Sections: 1340r and 1345c]

34. INVASIVE PLANTS MANAGEMENT [LFB Paper 681]

SEG	\$600,000
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Governor: Provide \$300,000 annually from the water resources account of the conservation fund to begin a comprehensive program to manage invasive species. Funds would be used for watercraft inspection for invasive plants, information and educational efforts relating to the transport of invasive species, monitoring of affected ecosystems, and bio-control of purple loosestrife using *Galerucella* beetles. In addition, create statutory language authorizing DNR to establish an invasive plants management program. The goal of the program would be to: (a) protect and develop diverse and stable communities of native aquatic plants; (b) regulate how aquatic plants are managed; and (c) provide education and conduct research concerning invasive aquatic plants.

Authorize DNR to regulate the introduction, cutting, removal, destruction or suppression of invasive aquatic plants. Designate Eurasian water milfoil, curly leaf pondweed, and purple loosestrife as invasive, and grant DNR the authority to designate any other aquatic plant as invasive by administrative rule if the plant (a) has the ability to cause significant adverse change to desirable aquatic habitat; (b) to significantly displace desirable aquatic vegetation; or (c) to reduce the yield of products produced by aquaculture.

Authorize DNR to issue aquatic plant management permits. Permits may specify (a) the quantity of the aquatic plant to be managed; (b) the species of the aquatic plant to be managed; (c) the areas in which the aquatic plants may be managed; (d) the methods that may be used for the management of aquatic plants; (e) the times during which aquatic plants may be managed; and (f) allowable methods for disposing of or using aquatic plants that are removed or controlled under an aquatic plant management permit. Require possession of a valid permit to do any of the following: (a) introduce non-native aquatic plants into the waters of this state; (b) manually remove aquatic plants from navigable waters; (c) control aquatic plants in any waters of the state by the use of chemicals or by the introduction of biological agents, or (d) control aquatic plants in navigable waters by any process that involves dewatering, desiccation, burning, or freezing or by mechanical means. A person violating these provisions would be subject to a forfeiture of not more than \$200. If a person has been convicted of violating this same provision within the last five years, they would forfeit not less than \$700 and not more than \$2,000, or could be imprisoned for not less than six months nor more than nine months, or both.

Authorize the DNR to establish fees for aquatic plant management permits; however, allow DNR to establish a different fee for an aquatic plant management permit pertaining to plant management in a body of water that is entirely confined on the property of one owner. No estimate of revenues is made. Permit the DNR to require that an application for an aquatic plant management permit contain a plan for the department's approval as to how the aquatic plants will be introduced, removed, or controlled. A person who is convicted of a second or subsequent violation may be ordered by the court to abate any nuisance caused by the violation, restore any natural resource damaged by the violation, or take other appropriate action to eliminate or minimize any environmental damage caused by the violation.

Exemptions to the permit requirement would include: (a) manually removing aquatic plants from privately owned stream beds with the permission of the owner; (b) persons engaged in the harvesting of wild rice; and (c) persons engaged in the operation of an authorized fish farm. In addition, allow the DNR to waive the permit requirement by rule for any of the following: (a) a person who owns property on which there is a body of water that is entirely confined on the property of that person; (b) a riparian owner who manually removes aquatic plants from a body of water that abuts the owner's property, provided that the removal does not interfere with the rights of other riparian owners; (c) a person who is controlling purple loosestrife; (d) a person who uses chemicals in a body of water for the purpose of controlling bacteria on bathing beaches; (e) a person who uses chemicals on plants to prevent the plants from interfering with the use of water for drinking purposes; or (f) a state agency or local governmental unit that uses a chemical treatment in a body of water for the purpose of protecting public health.

Prohibit the distribution of an invasive aquatic plant. The forfeiture for distribution could not exceed \$100. In addition, prohibit removing, selling, or transporting any native plant or plant product commonly used to furnish food for game birds, including duck potato and wild celery, out of public waters. This prohibition would not apply to wild rice.

Require individuals to remove aquatic plants from a boat, boat trailer, or boating equipment before placing it in navigable water. Grant DNR conservation wardens and local law enforcement officers the authority to remove or prohibit the placement of a boat, boat trailer, or boating equipment in navigable water if the officer has reason to believe that that the equipment may have aquatic plants attached. Require the DNR to prepare a notice summarizing this requirement and to make the notices available. Further, require owners to post and maintain the notice at public boat access sites.

Joint Finance/Legislature: In addition, authorize DNR conservation wardens or local law enforcement officers to remove or prohibit the placement of a boat, boat trailer, or boating equipment in navigable waters if the officer has reason to believe that the equipment may have zebra mussels attached. Further, specify that fees for aquatic species management permits be established by administrative rule.

[Act 16 Sections: 1040 thru 1042, 1203, 1253 thru 1255, 1307 thru 1317, 1330, 1331, 3161 and 9337(1)]

35. PREMIER LAKES PROGRAM [LFB Paper 682]

Governor: Establish a Premier Lakes program that allows lake associations which meet certain criteria to receive lake management planning grant funding for up to 75% of project costs, but no more than \$25,000 per grant. The current maximum allowable planning grant award of \$10,000 would remain for all other qualifying lake associations.

To qualify for the premier lakes program, lake associations must be incorporated and meet all of the requirements of a qualified lake association. In addition, the premier lake associations would need to demonstrate that they (a) have as paid members at least 50% of the individuals that meet either of the following criteria: (1) own property on or within one mile of the lake; or (2) that live on or within one mile of the lake for at least one month of the year (but no less than 25 members); (b) held at least two regularly scheduled meetings of its members each year; (c) distribute at least one annual newsletter; (d) promote annual monitoring of private sewage systems, and encourage real estate owners who are eligible to be members to upgrade failing systems; (e) promote the use of phosphate-free or other environmentally safe soaps by residents and real estate owners who are eligible to be members; (f) promote water safety and the protection of the natural fish population in, as well as the wildlife population near, each inland lake for which the association was incorporated; (g) cooperate with any local, state, or federal programs that provide support for the protection or improvement of any of the inland lakes for which the association was incorporated; and (h) actively raise funds for all of the following activities: (1) signs at public access sites on inland lakes providing information on nuisance species; (2) washing stations for boats or boating equipment; (3) in-kind contributions to assist the DNR to control aquatic nuisance species; (4) manuals addressing the responsibility for managing the resources of inland lakes; and (5) surveys to monitor the water quality of inland lakes. Repeal the statutory \$10 minimum and \$25 maximum annual membership fee and grant DNR the authority to establish the minimum and maximum allowable membership fee requirements for eligibility by rule.

A school district would be eligible to receive a planning grant under this program provided that it adopts a resolution to conduct a lake management planning project that would provide information or education on the use of lakes or natural lake ecosystems, on the quality of water in lakes, or on the quality of natural lake ecosystems. In addition, the school district would be required to allow another eligible recipient of lakes planning grants to cooperate with the school on the planning project. The scope of eligible planning projects would be expanded to include programs and materials that promote the monitoring of private sewage systems, a reduction in the use of environmentally harmful chemicals, promotion of water safety activities and protection of natural lake ecosystems.

Require DNR to give higher priority to any group that is designated a premier lake association in awarding grants under the lake management grant program (which provides for up to 75% of the cost of a project up to \$200,000 per grant). Expand the provisions of the lake management grant program to include restoration of shoreline habitat as an eligible activity. Permit DNR to expend up to \$5,000 each fiscal year for the design and manufacturing of signs, to be provided to premier lake associations, that identify the lakes for which the premier lake associations were incorporated.

Under the bill, lake protection planning and management grants are funded at the base level of \$2,675,400 annually from the water resources account of the conservation fund.

Joint Finance/Legislature: Delete the provisions that would have established a Premier Lakes program, including: (a) allowing lake associations that meet specified criteria to receive lake management planning grant funding for up to 75% of project costs; (b) that DNR to give higher priority to any group that is designated a premier lake association in awarding grants under the lake management grant program (which provides for up to 75% of the cost of a project up to \$200,000 per grant), and (c) DNR authority to expend up to \$5,000 each fiscal year for the design and manufacturing of signs, to be provided to premier lake associations, that identify the lakes for which the premier lake associations were incorporated.

Approve the remaining Governor's recommendations to expand the provisions of the lake management grant program to include restoration of shoreline habitat as an eligible activity. Further, expand eligibility requirements for lake management planning grants to school districts, provided that the district adopts a resolution to conduct an eligible lake management planning project, and the school district allows another eligible recipient of lakes planning grants to cooperate with the school on the planning project. In addition, DNR would have the authority to establish the minimum and maximum allowable membership fee for qualified lake associations by rule. Further, the scope of eligible planning projects would be expanded to include programs and materials that provide the monitoring of private sewage systems, a reduction in the use of environmentally harmful chemicals, promotion of water safety activities and protection of natural lake ecosystems.

[Act 16 Sections: 1318 thru 1328, 3180 thru 3199, 3201 thru 3206 and 9337(2y)&(2z)]

36. GREAT LAKES REMEDIATION BONDING

BR	\$2,000,000
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Governor/Legislature: Provide \$2,000,000 in general obligation bonding authority to conduct remedial action at Great Lakes areas of concern such as contaminated sediments in harbors and rivers on the Great Lakes. The request would increase DNR's general obligation bonding authority (with GPR debt service payments) for Great Lakes remedial actions from \$5 million to \$7 million.

[Act 16 Section: 966]

37. DRINKING WATER -- SURVEILLANCE OF NON-COMMUNITY WATER SYSTEMS

FED	\$300,000
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Governor/Legislature: Provide \$150,000 annually from federal safe drinking water grants to increase current payments and to contract with at least six additional counties to conduct a surveillance program for noncommunity water systems. The federal Safe Drinking Water Act mandates that the state conduct a surveillance program for the approximately 9,000 noncommunity water systems in the state. Noncommunity water systems serve more than 25 persons per day for at least 60 days per year, and typically include commercial facilities, restaurants, campgrounds and churches. Currently, DNR contracts with 13 counties to inspect

2,100 water supply systems, analyze water samples for coliform and nitrates and follow-up on any samples that exceed drinking water standards.

38. SEPTAGE MANAGEMENT STAFF

Funding Positions		
SEG	\$168,400	2.00

Governor/Legislature: Provide \$84,200 SEG annually from the environmental fund to convert 2.0 project septage management positions (expiring June 30, 2001) to permanent.

39. FACTS SYSTEM

SEG	\$60,000
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Governor/Legislature: Provide \$30,000 annually from the environmental management account of the environmental fund for ongoing maintenance and computer time for the FACTS system. The FACTS system is a computer information system developed with a federal grant to provide integrated information about facilities with environmental concerns. It provides information about wastewater discharge, public water supply, solid and hazardous waste, air permits and toxic release inventory programs. The FACTS system has \$10,000 in environmental fund SEG base funding.

40. LABORATORY CERTIFICATION STAFF

Funding Positions		
PR	\$57,900	1.00

Governor/Legislature: Provide \$17,000 in 2001-02 and \$40,900 PR in 2002-03 to convert 1.0 laboratory certification program position from project (expiring on February 3, 2002) to permanent.

41. REGULATION OF HIGH-CAPACITY WELLS

Joint Finance: Modify the authority of DNR to regulate high-capacity wells (capacity exceeds 100,000 gallons per day) to require that DNR: (a) provide in each approval for a high capacity well that the water withdrawn from the well may not be used to produce bottled drinking water unless DNR approves use of the well for that purpose; (b) withhold, condition, or modify its approval in order to minimize adverse effects to the quality or quantity of waters of the state caused by a high-capacity well used to produce bottled drinking water; (c) prepare an environmental impact statement for each decision by the Department to approve the use of a well to produce bottled drinking water; (d) not apply the provisions to a withdrawal of water by a public utility engaged in furnishing water to or for the public; (e) apply the provisions to an approval issued by DNR for a high-capacity well on or after September 1, 2000; and (f) modify an approval issued by DNR for a high-capacity well on or after September 1, 2000, in order to incorporate into the approval the conditions required under the substitute amendment.

Assembly: Delete the Joint Finance provision. Instead, require that if DNR finds that the proposed withdrawal of water from a high-capacity well is for a purpose other than an agricultural purpose, and if DNR finds that the proposed withdrawal will adversely affect waters of the state, the Department would be allowed to withhold its approval or grant a limited approval under which it imposes conditions that will protect the waters of the state. The provision would apply to high-capacity wells for which the initial construction or expansion begins on or after the effective date of the biennial budget act.

Conference Committee/Legislature: Restore the Joint Finance provision.

Veto by Governor [B-40]: Delete the following requirements: (a) that DNR withhold, condition or modify its approval in order to minimize adverse effects to the quality or quantity of waters of the state caused by a high-capacity well used to produce bottled drinking water; (b) that DNR prepare an environmental impact statement for each decision by the Department to approve the use of a well to produce bottled drinking water; (c) that the provisions apply retroactively to an approval issued by DNR for a high-capacity well on or after September 1, 2000; and (d) that DNR modify an approval issued for a high-capacity well on or after September 1, 2000, in order to incorporate into the approval the required conditions.

Under the act DNR is required to condition each high-capacity well permit, except those issued to a public utility furnishing water to the public, with a prohibition on producing bottled water unless DNR approves use of the well for that purpose.

[Act 16 Sections: 3160t and 3160v]

[Act 16 Vetoed Sections: 3160v and 9137(1x)]

42. LEGISLATIVE COUNCIL STUDY OF GROUNDWATER

Joint Finance: Request the Joint Legislative Council to study the issue of the need to amend the statutes to address the impacts of groundwater usage. In addition to legislative representation, direct that the Study Committee include members that have an interest in agriculture, surface water usage, business and relevant science including experts from the United States Geological Survey, the Wisconsin Geological and Natural History Survey and the Groundwater Center at the University of Wisconsin - Stevens Point.

Assembly/Legislature: In addition to the Joint Finance provision, direct the Joint Legislative Council to study the issues raised by high-capacity wells in Wisconsin.

Veto by Governor [B-41]: Delete provisions.

[Act 16 Vetoed Section: 9132(1q)&(2x)]

43. WISCONSIN FUND FINANCIAL ASSISTANCE [LFB Paper 432]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$0	\$21,400	\$21,400
BR	-\$8,956,400	\$0	-\$8,956,400

Governor: Eliminate \$8,956,400 in residual general obligation bonding authority for the Wisconsin fund. The program operated from 1977 to 1990 to provide grants for the construction of municipal wastewater treatment projects. The Wisconsin fund is the wastewater financial assistance predecessor to the clean water fund. Although the program ended in 1990, the 1997-99 biennial budget act designated up to \$1,300,000 in residual bonding authority for a project in the Lake Tomahawk Sanitary District (\$1,000,000 of which was repaid through a US EPA grant) and the 1999-01 biennial budget act designated \$770,000 for a project in the Village of Hatley in Marathon County and \$1,100,000 for a project in the Village of Marathon.

Assembly/Legislature: In addition, direct DNR to provide \$720,000 in financial assistance from the Wisconsin fund with the following requirements: (a) provide a \$320,000 loan at a 0% interest rate to the Village of Athens in Marathon County for a water tower and related costs, if the village applies for a loan; (b) provide a \$400,000 loan at a 0% interest rate to the Village of Weston in Marathon County for a water tower and related costs, if the Village applies for a loan; and (c) for both loans, the requirements of the Wisconsin fund would not apply. The provision would utilize the remaining \$720,000 in Wisconsin fund general obligation bonding authority. Debt service costs on the bonds issued to fund the no-interest loans would be approximately \$21,400 GPR annually beginning in 2002-03.

[Act 16 Sections: 969, 3161u and 3161uc]

44. TRIBAL GAMING REVENUE FOR TOWN OF SWISS

PR	\$1,000,000
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Joint Finance: Provide \$500,000 PR in each of 2001-02 and 2002-03 from tribal gaming revenue as a one-time grant to the Town of Swiss in Burnett County and the St. Croix Band of Chippewa for design, engineering and construction of wastewater and drinking water treatment facilities at Danbury. Any unencumbered balance on June 30 of each year would revert to the DOA tribal gaming receipts appropriation.

Senate/Legislature: Specify that the \$500,000 PR would be provided annually for four years through fiscal year 2004-05 instead of in the 2001-03 biennium only.

[Act 16 Sections: 613p, 890r and 3207p]

45. PROHIBIT OIL AND GAS DRILLING BENEATH THE GREAT LAKES

Senate/Legislature: Prohibit any person from drilling beneath the beds of the Great Lakes or bays or harbors that are adjacent to the Great Lakes to explore for or produce oil or gas, without regard to where the drilling originates, notwithstanding the requirement that the person enter into a contract with DNR for the removal of oil or gas from beneath navigable waters. Previously, no person could drill to explore for or produce oil or gas from beneath the beds of the Great Lakes or bays or harbors that are adjacent to the Great Lakes unless that drilling originated from the shore and the person had a license from DNR for the activity and a written contract with DNR that authorizes the person to remove oil or gas from beneath navigable water.

[Act 16 Section: 3325k]

46. PROHIBIT DISCHARGES OF UNTREATED WASTEWATER

Assembly: Prohibit an owner or operator of a publicly owned wastewater treatment plant from intentionally discharging untreated wastewater unless all of the following apply: (a) the discharge does not cause any effluent limitation to be exceeded; (b) the discharge is necessary to prevent personal injury, loss of life, or severe property damage; (c) there is no feasible alternative to the discharge; and (d) the owner or operator provides any required notification of the discharge. In addition, prohibit DNR from including a provision in the permit for a publicly owned wastewater treatment plant that authorizes the discharge of untreated wastewater resulting from a temporary power interruption. Currently, no person may discharge wastewater to waters of the state except under a Wisconsin pollutant discharge elimination system (WPDES) permit issued by DNR. The permit limits the amount and frequency of the discharge of pollutants and prohibits the discharge of pollutants more frequently or at a level in excess of that authorized by the permit.

Conference Committee/Legislature: Delete provision.

47. ELCHO SANITARY DISTRICT WASTEWATER TREATMENT GRANT

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$50,000	-\$50,000	\$0

Senate/Legislature: Provide \$25,000 GPR annually to the Elcho Sanitary District in Langlade County if the Elcho Sanitary District charges not more than \$30 per 1,000 gallons to accept septic waste for treatment by the wastewater treatment plant and charges not more than \$6 per 1,000 gallons to accept holding tank waste for treatment by the plant.

Veto by Governor [B-43]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.370(6)(dc)), 615t and 3207v]

48. ENVIRONMENTAL IMPACT OF PROPOSED PUBLIC UTILITY FACILITIES ON RESIDENTIAL WELLS

Assembly: Require that when a person applies for a certificate of public convenience and necessity from the Public Service Commission for the construction of a public utility facility and submits an engineering plan to DNR as currently required, the plan must describe the anticipated effects of the facility on residential wells. This would be in addition to the current requirement that the engineering plan for the facility show the location of the facility, a description of the facility, including the major components of the facility that have a significant air, water or solid waste pollution potential, and a description of the anticipated effects of the facility on air and water quality. DNR would be required to determine whether the facility will reduce the availability of water to a residential well or cause a preventive action limit established under s. 160.15 to be exceeded in water produced by a residential well. A preventive action limit is a numerical value for the concentration of a substance in groundwater for which an enforcement standard is established. It is a contamination limit that is more stringent than the groundwater enforcement standard and is intended as a warning level to allow action to be taken prior to violation of the enforcement standard. The PSC would not be allowed to issue a certificate of public convenience and necessity to the proposed facility unless DNR has determined that the facility will not reduce the availability of water to a residential well and will not cause a preventive action limit to be exceeded in water produced by a residential well.

If a person applied for the certificate of public convenience and necessity from the PSC before the effective date of the biennial budget act, the applicant would be required to, no later than 30 days after the effective date of the biennial budget act, provide DNR with a supplemental engineering plan that includes a description of the anticipated effects of the facility on residential wells. No later than 60 days after DNR receives a supplemental plan from an applicant, DNR would be required to determine whether the facility will reduce the availability of water to a residential well and will not cause a preventive action limit to be exceeded in water produced by a residential well.

Conference Committee/Legislature: Delete provision.

49. RESIDENTIAL WELL AIR FILTRATION REQUIREMENT

Senate: Require that the owner of a residential well, other than a driven well, that has a casing filter air that enters the well to prevent airborne bacteria from contaminating the well water if the construction of the well begins on or after January 1, 2002, or if the water from the well tests positive for bacteria on or after January 1, 2002.

Conference Committee/Legislature: Adopt the Senate provision, as modified to provide a January 1, 2003, effective date instead of January 1, 2002.

Veto by Governor [B-42]: Delete provision.

[Act 16 Vetoed Sections: 3160q and 9437(6p)]

Air, Waste and Contaminated Land

1. STATEWIDE RECYCLING FUND EXPENDITURES [LFB Paper 697]

Governor: In general, the bill would reduce program expenditures to reflect current law recycling fund revenues. Appropriations from the recycling fund would be provided to DNR, Commerce, Corrections and Revenue with total funding of \$16.0 million in 2001-02 and \$17.5 million in 2002-03, with 14.5 positions.

Joint Finance: Maintain base funding for DNR, adopt the Governor's recommendations for Corrections and the UW System and delete \$64,300 SEG and 1.0 SEG position annually for the Commerce Recycling Market Development Board. Appropriations from the recycling fund would be provided to DNR, Commerce, Corrections and Revenue with total funding of \$27.4 million in 2001-02 and \$27.4 million in 2002-03 with 24.5 positions. The recycling fund would have a potential \$19.8 million deficit on June 30, 2003. The department of Administration and state agencies would have to manage expenditures so that they would be \$19.8 million less than authorized during the 2001-03 biennium.

Senate: Appropriations from the recycling fund would be provided to DNR, Commerce, Corrections, Revenue and the UW System with total funding of \$32.4 million in 2001-02 and \$67.4 million in 2002-03 with 29.5 positions.

Assembly: Appropriations from the recycling fund would be provided to DNR, Commerce, Corrections, Revenue and the UW-System with total funding of \$27.3 million in 2001-02 and \$27.3 million in 2002-03 with 22.9 positions. The recycling fund would have a potential \$19.7 million deficit on June 30, 2003. The Department of Administration and state agencies would have to manage expenditures so that they would be \$19.7 million less than authorized during the 2001-03 biennium.

Conference Committee/Legislature: Appropriations from the recycling fund would be provided to DNR, Commerce, Corrections, Revenue and the UW System with total funding of \$22.8 million in 2001-02 and \$34.6 million in 2002-03 with 28.0 positions. Recycling fund appropriations for all state agencies are shown in the following table.

Recycling Fund Appropriations, All Agencies

	<u>2000-01 Adjusted Base</u>		<u>2001-02 Legislature</u>		<u>2002-03 Legislature</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
Commerce	\$141,800	2.0	\$65,800	1.0	\$65,800	1.0
Corrections	500,000	4.0	335,500	3.0	335,400	3.0
Natural Resources						
Municipal & County Recycling Grants	24,500,000	0.0	19,500,000	0.0	29,500,000	0.0
Recycling Efficiency Incentive Grants	0	0.0	0	0.0	1,900,000	0.0
Demonstration Grants	500,000	0.0	300,000	0.0	500,000	0.0
Administration	1,926,600	19.0	1,833,600	18.5	1,616,100	18.5
Revenue	245,900	1.5	231,800	1.0	231,800	1.0
University of Wisconsin System	<u>527,400</u>	<u>4.5</u>	<u>491,800</u>	<u>4.5</u>	<u>491,800</u>	<u>4.5</u>
Total	\$28,341,700	31.0	\$22,758,500	28.0	\$34,640,900	28.0

Veto by Governor [B-36]: Appropriations from the recycling fund would be provided to DNR, Commerce, Corrections and Revenue with total funding of \$22.3 million in 2001-02 and \$34.2 million in 2002-03 with 22.5 positions (4.5 UW and 1.0 DNR positions are vetoed). Recycling fund appropriations for all agencies are shown in the following table:

Recycling Fund Appropriations, All Agencies

	<u>2000-01 Adjusted Base</u>		<u>2001-02 Act 16</u>		<u>2002-03 Act 16</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
Commerce	\$141,800	2.0	\$65,800	1.0	\$65,800	1.0
Corrections	500,000	4.0	335,500	3.0	335,400	3.0
Natural Resources						
Municipal & County Recycling Grants	24,500,000	0.0	19,500,000	0.0	29,500,000	0.0
Recycling Efficiency Incentive Grants	0	0.0	0	0.0	1,900,000	0.0
Demonstration Grants	500,000	0.0	300,000	0.0	500,000	0.0
Administration	1,926,600	19.0	1,833,600	17.5	1,616,100	17.5
Revenue	245,900	1.5	231,800	1.0	231,800	1.0
University of Wisconsin System	<u>527,400</u>	<u>4.5</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>
Total	\$28,341,700	31.0	\$22,266,700	22.5	\$34,149,100	22.5

2. REVENUE FROM A RECYCLING TIPPING FEE

SEG-REV \$23,375,000

Senate: Increase the existing state recycling tipping fee assessed on waste that is not high-volume industrial waste from \$0.30 per ton by \$9.70 to \$10 per ton, effective with waste landfilled on or after January 1, 2002. Effective January 1, 2003, direct DNR to annually adjust the recycling tipping fee to reflect adjustments to the U.S. consumer price index for all urban consumers, U.S. city average, as determined by the U.S. Department of Labor. Increase the state environmental fund tipping fee on solid waste other than high-volume industrial waste by \$0.10 per ton, effective with waste landfilled on or after January 1, 2002, to compensate for an expected reduction in landfill disposal as a result of the recycling fee increase. Estimate revenue at approximately \$12,912,500 in 2001-02 and \$51,650,000 in 2002-03 to be deposited in the recycling fund.

Create a state recycling tipping fee of \$0.25 per ton of high-volume industrial waste, effective with high-volume waste landfilled on or after January 1, 2002. Estimate revenue at approximately \$106,300 in 2001-02 and \$425,000 in 2002-03 to be deposited in the recycling fund.

Conference Committee/Legislature: Increase the existing state recycling tipping fee assessed on waste that is not high-volume industrial waste from 30¢ per ton by \$2.70 to \$3 per ton, effective with waste landfilled on or after January 1, 2002. Estimated revenue of approximately \$4,675,000 in 2001-02 and \$18,700,000 in 2002-03 would be deposited in the recycling fund.

[Act 16 Sections: 3228db, 9337(1m) and 9437(5k)]

3. RECYCLING -- ADMINISTRATIVE FUNDING [LFB Paper 697]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
SEG	-\$1,858,700	-11.00	\$1,858,700	11.00	\$112,800	0.50	\$0	-1.00	\$112,800	-0.50

Governor: Reduce funding for DNR recycling administration by \$931,300 and 11.0 positions in 2001-02 and \$927,400 and 11.0 positions in 2002-03 to decrease the number of DNR positions funded from the recycling fund from 19 in 2000-01 to seven in each of 2001-02 and 2002-03. (One recycling program and planning analyst project position expires on October 14, 2001 and is deleted under standard budget adjustments, in addition to the positions described in this entry.) The reductions would be allocated as follows:

a. Delete \$480,300 in 2001-02 and \$476,400 in 2002-03 and 7.0 positions annually in the waste management program. These positions include Air and Waste Division staff in the central office who perform policy development, administrative, planning, evaluation, markets directory and data management functions and regional staff in five regional offices who provide technical assistance and outreach to local governments and also process applications for the municipal and county recycling grant program. Under the bill, \$414,500 in 2001-02 and \$400,900 in 2002-03 with 5.0 positions would remain to perform these functions.

b. Delete \$87,300 and 1.0 position annually in the Administration and Technology Division related to accounting, audit of recycling grants, purchasing and other financial management recycling-related responsibilities (0.5 auditor and 0.5 accountant). Under the bill, no staff funded from the recycling fund would be provided to perform these functions. However, the bill would maintain the requirement that DNR annually audit at least 5% of the recipients of municipal and county recycling grants. The Division would retain funding of \$117,800 annually for departmental rent and facilities costs and \$24,800 annually for operations in DNR service centers and administrative facilities throughout the state, including utilities, janitorial services, building and ground maintenance, telephone costs and other operations costs.

c. Delete \$96,600 and 1.0 position annually in the cooperative environmental assistance program in the Customer Assistance and External Relations (CAER) Division associated with business sector assistance from the recycling fund. The bill would continue to fund eight business sector specialists from other funding sources. Business sector specialists help businesses obtain information, approvals and technical assistance from the Department.

d. Delete \$190,100 and 1.0 position annually in the communication and education program in the CAER Division to delete the use of the recycling fund for recycling informational and education functions. The bill maintains the current requirement that DNR collect, prepare and disseminate information and conduct educational and training programs designed to assist in the implementation of recycling programs and that are targeted to a statewide audience.

e. Delete \$77,000 and 1.0 position annually in the community financial assistance program in the CAER Division for administration of the municipal and county recycling grant program and waste reduction and recycling demonstration grant program. Under the bill, \$77,100 with 1.0 position would remain to administer recycling grant programs.

f. Maintain base funding of \$111,700 and 1.0 position annually for recycling enforcement that is provided by allocating a portion of the time of environmental wardens throughout the state.

Joint Finance: Delete provision.

Senate: Delete \$43,600 SEG annually and 0.5 SEG auditor position in the Division of Administration and Technology. Provide 1.0 SEG waste management specialist position in the Air and Waste Division (no funding would be provided for the position). This would provide total funding for DNR administration of \$1,633,600 SEG in 2001-02 and \$1,662,700 SEG in 2002-03 for 18.5 positions.

Assembly: Delete \$247,000 SEG in 2001-02 and \$245,000 SEG in 2002-03 and 3.6 SEG positions annually in the waste management program of the Air and Waste Division. This would provide total funding for DNR administration of \$1,430,200 SEG in 2001-02 and \$1,414,700 SEG in 2002-03 for 14.4 positions.

Conference Committee/Legislature: Delete \$43,600 SEG annually and 0.5 SEG auditor position in the Division of Administration and Technology. Provide 1.0 SEG waste management specialist position in the Air and Waste Division (no funding would be provided for the position). Provide \$200,000 SEG in 2001-02 in the Air and Waste Division for development of administrative rules for recycling efficiency incentive grants, the pilot program for effective program compliance with the requirement of materials to be recycled, and disposal ban enforcement. This would provide total funding for DNR administration of \$1,833,600 SEG in 2001-02 and \$1,616,100 SEG in 2002-03 for 18.5 positions.

Veto by Governor [B-36]: Delete 1.0 SEG waste management specialist position in the Air and Waste Division. (The enrolled bill did not provide funding for this position.)

[Act 16 Vetoed Section: 9137(1km)]

4. RECYCLING -- MUNICIPAL AND COUNTY RECYCLING GRANTS [LFB Paper 697]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$21,500,000	\$21,500,000	\$0

Governor: Reduce base funding for municipal and county recycling grants by \$10,500,000 in 2001-02 and \$11,000,000 in 2002-03 from the recycling fund to provide local grant funding of \$14,000,000 in 2001-02 (calendar year 2002) and \$13,500,000 in 2002-03 (calendar year 2003).

Require that responsible units of local government seeking financial assistance under the municipal and county recycling grant program submit an application on forms provided by DNR and delete the requirement that an application provide the following information: (a) documentation that the financial assistance will result in the responsible unit maintaining an effective recycling program that meets statutory criteria (the bill would maintain the requirement that the responsible unit operate an effective recycling program); (b) a financial report on the activities that have been or are likely to be funded by the grant in the preceding grant period, including a statement of whether any portion of that preceding grant was or is likely to be spent on activities not related to the requirements of the municipal and county recycling grant program; (c) information on financial incentives that the responsible unit is using or plans to use to encourage reduction of the amount of solid waste generated or disposed of in the region; and (d) information concerning user fees used or proposed to be used to finance costs of the recycling program and, if no user fees are used, an explanation of why they are not used.

Joint Finance: Delete provision (grants would be appropriated at \$24,500,000 annually).

Senate: Provide funding for local grants of \$28,900,000 SEG in 2001-02 and \$56,000,000 SEG in 2002-03. This would increase base funding from \$24,500,000 by \$4,400,000 in 2001-02 and \$31,500,000 in 2002-03.

In addition, change the local grant formula beginning with grant calendar year 2002 and in subsequent years according to the following:

a. Direct DNR to distribute the grants on a per capita basis to all responsible units of local government that operate effective recycling programs. Provide that the grant amount would be \$11.80 per capita.

b. Limit the grants in 2002 and subsequent years to the eligible costs incurred by the responsible unit two years earlier and reported to DNR in the previous year. (For example, a grant made for calendar year 2002 could not exceed eligible costs incurred in calendar year 2000 and reported to DNR in 2001.) Define eligible costs the same as under current law (expenses, including capital expenses, for planning, constructing or operating an effective recycling program and complying with the 1993 and 1995 landfill bans.)

c. Direct that if the appropriated funds are insufficient to fully fund the grants under the per capita allocation, DNR would prorate the grants.

d. Specify that for grant year 2002 only, a responsible unit that received a grant in 2001 would be eligible for an award equal to a minimum of 80% of the 2001 award. This provision would not apply to responsible units that did not receive an award in 2001. Specify that the proration factor would not apply to these responsible units.

e. Specify that for grant year 2002, DNR shall calculate the total eligible grant awards as \$42,450,000. For grant year 2002 only, DNR shall disburse the awards in two installments, instead of the current single payment by June 1. Direct DNR to disburse \$28,900,000 of the awards by June 1, 2002, from the 2001-02 appropriation and the remaining \$13,550,000 by December 1, 2002, from the 2002-03 appropriation. For grant year 2003 only, DNR shall disburse the remaining \$42,450,000 from the 2002-03 appropriation by June 1, 2003 (the same disbursement date as currently). For grant year 2004 and subsequent years, DNR shall disburse the entire municipal and county grant appropriation of \$56,000,000 by June 1 of the year for which the grants are made.

f. Provide that in 2002 and subsequent years, any county that is the responsible unit for at least 75% of the county's population would receive a grant equal to the greater of \$100,000 or the per capita grant amount, but no more than eligible costs. Specify that the proration factor would not apply to these responsible units.

g. Beginning with grant year 2005 (2004-05), reduce the per capita grant award by \$3 times the population of the responsible unit, if the responsible unit is not eligible for an efficiency incentive grant.

Assembly: Change the formula for distribution of municipal and local grants effective with the 2002 grant year. Direct DNR to promulgate administrative rules that specify a method for determining the amount of a grant for years after 2001 based on the population of responsible units of local government with effective recycling program. Direct DNR to specify different per capita grant amounts for responsible units that the Department requires to provide collection of recyclable materials from residential properties and for other responsible units. DNR could not restrict the amount of a grant to the costs of operating an effective recycling program. Delete the current late application penalty provisions. Currently, for grant years 2000 and after, responsible units of local government are eligible for a municipal and county recycling grant equal to the same percentage of total grant funds that each responsible unit

received in 1999. Each responsible unit's grant is capped at the current year's net eligible recycling costs. Net eligible costs include expenses, including capital expenses, anticipated to be incurred for planning, constructing or operating an effective recycling program, which includes complying with the 1995 landfill and incineration bans, and for complying with the 1993 prohibition of disposing of yard waste in a landfill or incinerator. Current law late application penalty provisions require that the responsible unit receives 95% of the grant amount if it submits its grant application after the October 1 deadline and no later than October 10, 90% of the grant amount if it submits its application after October 10, but no later than October 20, 75% of the grant amount if it submits its grant application after October 20, but no later than October 30, and no grant if it submits its application after October 30.

Conference Committee/Legislature: Provide funding for local grants of \$19,500,000 SEG in 2001-02 and \$29,500,000 SEG in 2002-03. Change the local grant formula beginning with grant calendar year 2002 and in subsequent years according to the following:

a. Direct DNR to distribute the grants on a per capita basis to all responsible units of local government that operate effective recycling programs. Provide that the grant amount would be \$5.30 per capita.

b. Limit the grants in 2002 and subsequent years to the eligible costs incurred by the responsible unit two years earlier and reported to DNR in the previous year. (For example, a grant made for calendar year 2002 could not exceed eligible costs incurred in calendar year 2000 and reported to DNR in 2001.) Define eligible costs the same as under current law (expenses, including capital expenses, for planning, constructing or operating an effective recycling program and complying with the 1993 and 1995 landfill bans).

c. Direct that if the appropriated funds are insufficient to fully fund the grants under the per capita allocation, DNR would prorate the grants.

d. Specify that for grant year 2002 only, a responsible unit that received a grant in 2001 would be eligible for an award equal to a minimum of 80% of the 2001 award. This provision would not apply to responsible units that did not receive an award in 2001. Specify that the proration factor would not apply to these responsible units.

e. Specify that for grant year 2002, DNR shall calculate the total eligible grant awards as \$24,500,000. For grant year 2002 only, DNR shall disburse the awards in two installments, instead of the current single payment by June 1. Direct DNR to disburse \$19,500,000 of the awards by June 1, 2002, from the 2001-02 appropriation and the remaining \$5,000,000 by December 1, 2002, from the 2002-03 appropriation. For grant year 2003 only, DNR shall disburse the remaining \$24,500,000 from the 2002-03 appropriation by June 1, 2003 (the same disbursement date as currently). For grant year 2004 and subsequent years, DNR shall disburse the entire municipal and county grant appropriation by June 1 of the year for which the grants are made.

f. Provide that in 2002 and subsequent years, any county that is the responsible unit for at least 75% of the county's population would receive a grant equal to the greater of \$100,000 or the per capita grant amount, but no more than eligible costs. Specify that the proration factor would not apply to these responsible units.

g. Beginning with grant year 2005 (fiscal year 2004-05), reduce the per capita grant award by \$1.50 times the population of the responsible unit, if the responsible unit is not eligible for an efficiency incentive grant.

Veto by Governor [B-36]: Delete the following requirements: (a) the distribution of grants on a per capita basis in the amount of \$5.30 per capita; (b) the limit on grants to the eligible costs incurred by the responsible unit two years earlier and reported to DNR in the previous year; (c) that for grant year 2002 only, a responsible unit that received a grant in 2001 would be eligible for an award equal to a minimum of 80% of the 2001 award; (d) proration of grants if the appropriated funds are insufficient to fully fund the grants under the per capita allocation; (e) the minimum grant amount for a county that is the responsible unit for at least 75% of the county's population; and (f) that beginning with grant year 2005, the per capita grant award would be reduced by \$1.50 per capita if the responsible unit is not eligible for an efficiency incentive grant. Under the act, grant awards would be distributed according to the current law formula, under which a responsible unit receives a grant equal to the same percentage of the total grant funding as the responsible unit received or would have received in 1999 (but not to exceed eligible costs). DNR would distribute grant awards totaling \$24,500,000 for calendar year 2002 (\$19,500,000 by June 1, 2002, from the 2001-02 appropriation, and \$5,000,000 by December 1, 2002, from the 2002-03 appropriation) and totaling \$24,500,000 for calendar year 2003 by June 1, 2003, from the 2002-03 appropriation.

[Act 16 Sections: 614, 3225 and 3226 thru 3226d]

[Act 16 Vetoed Sections: 3225c and 3225f]

5. RECYCLING -- REGIONAL RECYCLING GRANTS [LFB Paper 697]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$2,000,000	-\$2,000,000	\$0

Governor: Provide \$2,000,000 annually beginning in 2002-03 from the recycling fund for a new regional recycling grant program. DNR would provide grants to groups of local governments, on a competitive basis, to assist the groups to establish regional recycling programs. The program would include the following requirements: (a) DNR would be required to select grant recipients based on the potential for reducing the costs of operating local recycling programs; (b) the grant amount could not exceed twice the amount contributed by the grant recipient, meaning that for every \$2 grant, the recipient would be required to contribute at

least \$1; (c) no group of local governments could receive more than one grant under the program; (d) a grant could be used for (1) planning, (2) acquiring a regional recycling processing facility and equipment for such a facility, and (3) developing a regional collection system; (e) DNR would be required to promulgate administrative rules for administration of the grant program; and (f) authorize DNR to promulgate administrative rules, without the finding of an emergency, for administration of the program.

Joint Finance/Legislature: Delete provision.

6. RECYCLING -- EFFICIENCY INCENTIVE GRANTS

SEG	\$1,900,000
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Senate: *Recycling Efficiency Incentive Planning Grants.* Provide DNR with \$3,000,000 GPR on a one-time basis in 2001-02 to establish and administer a grant program to provide DNR with information to use in implementing the recycling efficiency incentive grant program and to assist municipalities that are responsible units in preparing for use of recycling efficiency incentive grants. Include the following requirements:

- a. Specify that eligible applicants would be cities, villages and towns that are responsible units.
- b. Direct DNR to award up to \$2,000,000 to municipalities with a population of 50,000 or more and up to \$1,000,000 to municipalities with a population of less than 50,000.
- c. Require a grant recipient to report information to DNR concerning any policies and activities that, if implemented, would make its recycling program more efficient and more effective, including activities to provide the coordinated program delivery required under the new recycling efficiency incentive grant program and concerning any barriers to the implementation of these policies and activities.
- d. Authorize DNR to promulgate administrative rules to administer the program and to promulgate the administrative rules without finding of an emergency. In addition, specify that the emergency rule could remain in effect until June 30, 2003.

DNR Recycling Efficiency Incentive Grants. Provide DNR with \$7,600,000 SEG beginning in 2002-03 to create a new recycling efficiency incentive grant program for responsible units. Include the following requirements:

- a. Direct DNR to provide a grant amount of \$2 times the population of the responsible unit to responsible units that meet eligibility criteria.
- b. Direct that if the appropriated funds are insufficient to fully fund the grants under the per capita allocation, DNR would be required to prorate the grants.

c. The following responsible units would be eligible to apply for an efficiency incentive grant: (1) a county that is a responsible unit; (2) a responsible unit that is not a county and that has a population of 50,000 or more; and (3) a responsible unit that is formed by the merger of three or more responsible units or that is the responsible unit for three or more municipalities.

d. Specify that in order to receive a recycling efficiency incentive grant, the responsible unit must engage in coordinated program delivery. Direct DNR to promulgate administrative rules that specify the minimum elements of coordinating program delivery, including: (1) the joint provision of, a single program operated by the responsible unit for, or a single contract for, the collection of materials from single-family residences that are separated for recycling under the effective recycling program requirements; (2) the joint provision of, a single program operated by the responsible unit for, or a single contract for, the processing and marketing of recyclable materials collected under effective recycling program requirements; and (3) the joint or coordinated planning of solid waste management services within the responsible unit.

e. Require applicants for recycling efficiency incentive grants to apply by October 1 in the year preceding the year that the grant is sought. Applicants would be subject to the same late application penalties as exist for municipal and county recycling grant applicants. (The responsible unit receives 95% of the grant amount if it submits its grant application after the October 1 deadline and no later than October 10, 90% of the grant amount if it submits its application after October 10, but no later than October 20, 75% of the grant amount if it submits its grant application after October 20, but no later than October 30, and no grant if it submits its application after October 30.)

f. Direct DNR to disburse grant awards to applicants after approval, but no later than June 1 of the year for which the grants are made.

Conference Committee/Legislature: Provide DNR with \$1,900,000 SEG in 2002-03 and create a new recycling efficiency incentive grant program for responsible units. Include the following requirements:

a. Direct DNR to provide a grant amount of \$1 times the population of the responsible unit to responsible units that meet eligibility criteria. Direct DNR to disburse grant awards of \$3,800,000 in two installments in calendar year 2003. (Due to a technical error, the bill states 2002 instead of 2003.) The first grant payment would be disbursed by June 1 with the remaining grant amount disbursed by December 1.

b. Direct that if the appropriated funds are insufficient to fully fund the grants under the per capita allocation and semiannual disbursement, DNR would be required to prorate the grants.

c. Direct DNR to submit its request to the Governor for the 2003-05 biennial budget bill as though the Department was appropriated \$7,600,000 SEG annually in base funding for recycling efficiency incentive grants (instead of the \$1,900,000 in the 2002-03 appropriation).

d. The following responsible units would be eligible to apply for an efficiency incentive grant: (1) a county that is a responsible unit; (2) a responsible unit that is not a county and that has a population of 50,000 or more; (3) a responsible unit that is formed by the merger of three or more responsible units; and (4) a responsible unit that is the responsible unit for three or more municipalities.

e. Specify that in order to receive a recycling efficiency incentive grant, the responsible unit must engage in coordinated program delivery. Direct DNR to promulgate administrative rules that specify the minimum elements of coordinated program delivery, including: (1) the joint provision of, a single program operated by the responsible unit for, or a single contract for, the collection from single-family residences of materials that are separated for recycling under the effective recycling program requirements; (2) the joint provision of, a single program operated by the responsible unit for, or a single contract for, the processing and marketing of recyclable materials collected under effective recycling program requirements; and (3) the joint or coordinated planning of solid waste management services within the responsible unit.

f. Require applicants for recycling efficiency incentive grants to apply by October 1 in the year preceding the year that the grant is sought. Applicants would be subject to the same late application penalties as exist for municipal and county recycling grant applicants. (The responsible unit receives 95% of the grant amount if it submits its grant application after the October 1 deadline and no later than October 10, 90% of the grant amount if it submits its application after October 10, but no later than October 20, 75% of the grant amount if it submits its grant application after October 20, but no later than October 30, and no grant if it submits its application after October 30.)

g. Direct that the sum of the recycling efficiency incentive grant and the municipal and county recycling grant received by a responsible unit may not exceed the eligible costs incurred by the responsible unit two years earlier and reported to DNR in the previous year.

Veto by Governor [B-36]: Delete the requirements that: (a) provided a grant amount of \$1 per capita to responsible units that meet eligibility criteria; (b) provided 50% of a grant by June 1 and the balance no later than December 1; (c) prorated the grants if appropriated funds are insufficient to fully fund the per capita grants; (d) established eligible responsible units that would be eligible to apply for a grant; (e) specified that in order to receive a recycling efficiency incentive grant, the responsible unit must engage in coordinated program delivery; (f) directed that the DNR administrative rules that would be promulgated for the program specify the minimum elements of coordinated program delivery; (g) required applicants to apply by October 1 in the year preceding the year that the grant is sought, and be subject to the same late application penalties as exist for municipal and county recycling grant applicants; and (h)

directed DNR to submit its request to the Governor for the 2003-05 biennial budget bill as though the Department was appropriated \$7,600,000 SEG annually in base funding for the program, instead of \$1,900,000. Under the act, DNR would promulgate administrative rules to make recycling efficiency incentive grants to responsible units and would have an appropriation of \$1,900,00 annually, beginning in 2002-03, for grants under the program.

[Act 16 Sections: 615e, 3222e and 3226k]

[Act 16 Vetoed Sections: 3222e, 3226k and 9137(1k)]

7. RECYCLING -- RESPONSIBLE UNIT AUDITS

Senate/Legislature: Delete the requirement that DNR annually conduct a financial audit of at least 5% of the responsible unit grant recipients. In addition, direct DNR to annually review, in cooperation with UW-Extension, the effective recycling programs of at least 5% of the responsible unit grant recipients. Direct that the review include all of the following: (a) ensure compliance with the 1991, 1993 and 1995 bans on disposal of certain materials in landfills or incinerators; (b) ensure compliance with the effective recycling program criteria in statutes and DNR administrative rules; and (c) identify activities, methods or procedures for the responsible unit to become efficient or effective. Direct that by June 30 annually, DNR report to the Joint Committee on Finance the number of recycling programs reviewed during the previous year.

Veto by Governor [B-36]: Delete: (a) the requirement that UW-Extension participate in the review; (b) replacing the current requirements with a list of items that would be reviewed; and (c) the requirement that DNR annually report to the Joint Committee on Finance.

[Act 16 Sections: 3222p and 3222r]

[Act 16 Vetoed Sections: 3222p, 3222q and 3222r]

8. RECYCLING -- EFFECTIVE PROGRAM COMPLIANCE WITH THE REQUIREMENT OF MATERIALS TO BE RECYCLED

Assembly: Direct DNR to promulgate administrative rules that would establish a permanent program that would offer responsible units of local government an alternative method of complying with the effective recycling program requirement that a responsible unit's program require that the occupants of residential, commercial, retail, industrial and governmental facilities within the responsible unit separate the materials subject to the 1995 landfill bans, from postconsumer waste. DNR would be required to promulgate administrative rules for the program that do all of the following: (a) set goals for materials to be recycled as a percentage of solid waste generated in the geographic area served by a responsible unit of local government; (b) establish a list of recyclable materials that could be collected for recycling by responsible units, including materials currently subject to the 1995 landfill bans and other

recyclable materials; (c) specify a procedure for a responsible unit to identify the materials that it will require to be separated for recycling under its recycling program; and (d) specify a procedure to be used by DNR to determine whether a responsible unit has achieved the recycled materials percentage goals. Responsible units that comply with the alternate method of compliance for requiring materials to be recycled would not have to comply with the 1995 landfill and incineration bans that are currently required in order to maintain an effective recycling program.

Conference Committee/Legislature: Direct DNR to promulgate administrative rules that would establish a pilot program that would offer responsible units of local government an alternative method of complying with the effective recycling program requirement that a responsible unit's program require that the occupants of residential, commercial, retail, industrial and governmental facilities within the responsible unit separate the materials subject to the 1995 landfill bans, from postconsumer waste. The program would include the following requirements:

a. DNR would be required to promulgate administrative rules for the program, and would be authorized to promulgate administrative rules without the finding of emergency, for administration of the program.

b. The administrative rules established by DNR would be required to do all of the following: (1) set goals for materials to be recycled as a percentage of solid waste generated in the geographic area served by a responsible unit of local government; (2) establish a list of recyclable materials that could be collected for recycling by responsible units, including materials currently subject to the 1995 landfill bans and other recyclable materials; (3) specify a procedure for a responsible unit to identify the materials that it will require to be separated for recycling under its recycling program; and (4) specify a procedure to be used by DNR to determine whether a responsible unit has achieved the recycled materials percentage goals.

c. DNR would be required to select nine responsible units for participation in the pilot program. DNR would be required to select: (1) three responsible units with a population of less than 5,000; (2) three responsible units with a population of at least 5,000 and less than 25,000; and (3) three responsible units with a population of at least 25,000.

d. Responsible units that comply with the alternate method of compliance for requiring materials to be recycled would not have to comply with the 1995 landfill and incineration bans that are currently required in order to maintain an effective recycling program.

e. DNR would be required to prepare and submit a report to the appropriate standing committees of the Legislature, and the Joint Committee on Finance no later than January 1, 2003 and a report no later than January 1, 2005. Each report would be required to include all of the following: (1) a description of the participation in the pilot program and the results to date; (2) any changes in the recycling rate obtained by the participants; (3) any cost or program

efficiencies obtained by the participants; (4) any recommendations for statutory changes to modify the pilot program or expand it on a statewide basis; and (5) any recommendations about whether the 1995 landfilling and incineration bans should be modified, and if so, in what manner.

- f. Specify that the pilot program would end on December 31, 2005.

Veto by Governor [B-36]: Delete the requirement that DNR prepare and submit the January 1, 2003, and January 1, 2005, reports to the Legislature and the Joint Committee on Finance.

[Act 16 Sections: 3222m and 9137(1kL)]

[Act 16 Vetoed Section: 3222m]

9. RECYCLING -- ENFORCEMENT REQUIREMENTS

Senate: Prohibit any solid waste facility from accepting municipal solid waste from a building containing five or more dwelling units, or a commercial, retail, industrial or governmental facility that does not provide for the collection of recyclable materials that are subject to the 1995 landfill and incineration disposal bans, that are separated from solid waste by users or occupants of the building or facility. Authorize DNR to promulgate an administrative rule that would create an exception to this prohibition where necessary to protect public health. (The prohibition would be in addition to the current requirement that no person may dispose of recyclable materials that are subject to the 1995 landfill and incineration disposal bans, unless the materials are residuals remaining under an effective recycling program after like materials have been separated for recycling.) Require that persons who violate the prohibition pay a forfeiture of \$50 for the first violation, \$200 for the second violation and \$2,000 for the third or subsequent violation. Authorize DNR to issue a citation to collect the forfeiture for the violation of the prohibition. (This would be the same as the penalties for violation of the current prohibition.)

Revise the exception to the 1995 landfill and incineration bans to apply the exception to waste that contains an incidental amount of the banned recyclables, as established by DNR rule, instead of to any waste that is generated in a region that has an effective recycling program under current law. Direct DNR to promulgate administrative rules to implement the provision. Retain the current exemption to the exception for solid waste that is separated for recycling as part of an effective recycling program.

Conference Committee/Legislature: Make the following changes related to recycling enforcement:

- a. Prohibit any solid waste facility from accepting solid waste from a building containing five or more dwelling units, or a commercial, retail, industrial or governmental

facility that does not provide for the collection of recyclable materials that are subject to the 1995 landfill and incineration disposal bans and that are separated from solid waste by users or occupants of the building or facility. Authorize DNR to create an exception to this prohibition on a case-by-case basis where necessary to protect public health. In addition, specify that the provision would not apply to a person operating a solid waste disposal facility or a solid waste treatment facility if the person has implemented a program to minimize the acceptance of recyclable materials at the facility. DNR would be directed to promulgate administrative rules to establish minimum standards for a program to minimize the acceptance of recyclable materials at a solid waste disposal facility or a solid waste treatment facility. Require that persons who violate the prohibition pay a forfeiture of \$50 for the first violation, \$200 for the second violation and \$2,000 for the third or subsequent violation. Authorize DNR to issue a citation to collect the forfeiture for the violation of the prohibition. (This would be the same as the penalties for violation of the current prohibition.)

b. Prohibit any solid waste facility that provides a collection and transportation service from transporting solid waste for delivery to a solid waste disposal facility or a solid waste treatment facility that converts solid waste into fuel or that burns solid waste with or without energy recovery if the solid waste contains more than incidental amounts of materials subject to the 1995 landfill bans, as provided by DNR rule. The provision would not apply for activities currently exempt from the landfill and incineration bans. The prohibition would be subject to the same enforcement and penalties as for violations of current prohibitions and the new prohibition described above.

c. Revise the exception to the 1995 landfill and incineration bans to apply the exception to waste that contains no more than an incidental amount of the banned recyclables, as established by DNR rule, instead of to any waste that is generated in a region that has an effective recycling program under current law. Direct DNR to promulgate administrative rules to implement the provision. Retain the current exemption to the exception for solid waste that is separated for recycling as part of an effective recycling program.

Veto by Governor [B-36]: Delete provision.

[Act 16 Vetoes Sections: 3222e thru 3222h and 3227e]

**10. RECYCLING -- WASTE REDUCTION AND RECYCLING
DEMONSTRATION GRANTS**

SEG	-\$200,000
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Assembly: Delete \$40,000 SEG annually to decrease funding for the program from \$500,000 to \$460,000 SEG annually. The program provides cost-share grants to municipalities, public entities, businesses and nonprofit organizations for projects that implement innovative waste reduction and recycling activities.

Conference Committee/Legislature: Delete \$200,000 SEG in 2001-02 to reduce from \$500,000 to \$300,000 the amount available for waste reduction and recycling demonstration grants. Maintain the current grant level funding of \$500,000 SEG in 2002-03.

11. RECYCLING -- WHEELCHAIR RECYCLING PROJECT

Assembly: Create an appropriation in DNR and direct DNR to provide \$40,000 SEG annually on an ongoing basis to the Wheelchair Recycling Project of the Madison Chapter of the National Spinal Cord Injury Association, to provide recycled wheelchairs and other medical equipment to individuals and programs in need and for costs of equipment, parts, maintenance, and distribution.

Conference Committee/Legislature: Delete provision.

12. RECYCLING -- NEWSPAPER RECYCLED CONTENT

Assembly: Change the specified minimum percentage of fiber from postconsumer waste for newsprint used in newspapers to be 33% in 1998 and thereafter, with no future increases. Currently, the specified minimum percentage is 33% for 1998 to 2000, 37% for 2001 and 2002, and 40% for 2003 and thereafter. The state would forego approximately \$1,000 in newspaper recycled content fees annually. The fees are based on the volume of newsprint used by the publisher unless the newsprint on which the newspaper is printed contains a specified minimum percentage of fiber derived from postconsumer waste.

Conference Committee/Legislature: Delete provision.

13. AIR MANAGEMENT STAFF [LFB Paper 690]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	\$1,888,000	5.50	\$0	0.00	\$1,888,000	5.50
PR	<u>-1,888,000</u>	<u>-9.50</u>	<u>-1,419,200</u>	<u>-8.00</u>	<u>-3,307,200</u>	<u>-17.50</u>
Total	\$0	-4.00	-\$1,419,200	-8.00	-\$1,419,200	-12.00

Governor: Delete \$944,000 PR annually and 9.5 PR air management positions funded from air emissions tonnage fees, including 4.0 positions in the Air and Waste Division and 5.5 positions in the Division of Administration and Technology. Provide \$944,000 FED annually and 5.5 FED positions to convert funding for the 5.5 PR air management program staff in the Division of Administration and Technology to federal indirect revenues. Federal indirect revenues are the portions of federal grants received by the Department for general administrative or overhead costs. The Administration and Technology positions include 1.5

legal, 1.0 administrative and 3.0 information technology services positions. While the bill would delete four Air and Waste Division positions, it would not delete associated funding of \$251,000 PR annually. The DOA Budget Office indicates that the associated funding will not be expended and in addition, eight Air and Waste Division positions will be held vacant and associated funding of \$458,600 annually will not be expended in order to maintain air emissions funded expenditures within existing fee revenues.

Joint Finance: Approve the Governor's recommendation and, in addition: (a) delete \$251,000 PR annually associated with the four Air and Waste Division positions that would be deleted by the Governor; and (b) delete an additional \$458,600 PR annually and 8.0 PR positions in the Air and Waste Division in order to maintain air emissions funded expenditures within existing fee revenues.

Senate: Restore \$458,600 PR annually and 8.0 PR positions in the Air and Waste Division.

Assembly: Delete \$11,200 PR annually from stationary source air emission tonnage fees and transfer 2.0 PR positions from the Bureau of Cooperative Environmental Assistance (delete \$138,400 PR annually) to the Bureau of Air Management (provide \$127,200 PR annually) to perform air permit issuance activities. This would decrease the number of business sector specialists funded from air emissions fees from three to one. Under the Joint Finance substitute amendment, 1.0 PR position and \$58,000 PR annually are deleted from the Bureau of Air Management and 1.0 PR position and \$69,200 PR annually are provided to the Bureau of Cooperative Assistance.

Conference Committee/Legislature: Delete the Senate and Assembly provisions and restore the Joint Finance provision.

14. AIR MANAGEMENT -- AIR EMISSIONS FEES [LFB Paper 690]

Governor: Change the method of calculation of the annual air emissions fee paid to DNR by owners or operators of stationary sources of air pollution who must obtain an air pollution control permit from the Department. Currently, for calendar year emissions billed prior to 2002, stationary sources paid an emissions fee per ton that was adjusted annually according to changes in the consumer price index. Currently, 1999 Act 9 requires that, effective with fees assessed beginning in 2002 (for calendar year 2001 emissions), a performance-based emission fee system is created that includes the requirement that each stationary source pay a fee based on actual emissions of pollutants from the source in the preceding five years, using a five-year rolling average. Under the bill, the fees assessed beginning in 2002 (fiscal year 2001-02) would be based on actual emissions of pollutants in the preceding year, instead of the preceding five years. The DOA Budget Office estimates that the formula change would result in no revenue change from current law.

Senate: Restore the annual consumer price index adjustment of the air emissions tonnage fee beginning in 2001-02 (1999 Act 9 deleted the CPI adjustment after 2000-01) to generate

additional revenue of approximately \$339,300 PR in 2001-02 and \$562,300 PR in 2002-03. Under the provision, the emissions tonnage fee would increase from \$35.71 per ton currently to an estimated \$36.86 per ton in 2001-02 and \$37.82 in 2002-03.

Conference Committee/Legislature: Adopt the Governor's recommendation and delete Senate provision.

[Act 16 Section: 3222]

15. AIR MANAGEMENT -- GENERAL CONSTRUCTION PERMITS

Assembly/Legislature: Authorize DNR to promulgate administrative rules that specify the types of stationary sources of air emissions that may obtain general construction permits. A general construction permit may cover several similar stationary sources. It would be used instead of issuing an individual construction permit for each source covered by the general construction permit. Examples of categories for which a general construction permit might be created would include crushers, package boilers, degreasing units, dry cleaners and hot-mix asphalt plants.

[Act 16 Section: 3221]

16. LOCATION OF AIR QUALITY TESTING FACILITIES

Assembly: Prohibit DNR from operating an air quality testing facility within one mile of Lake Michigan. DNR operates several networks of air quality monitors at numerous sites throughout the state. Air quality data from the monitoring networks is collected, analyzed and used for state and federal air quality reporting, compliance and planning purposes.

Conference Committee/Legislature: Delete provision.

17. SOLID AND HAZARDOUS WASTE STAFF [LFB Paper 691]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$0	0.00	-\$523,200	-4.00	-\$523,200	-4.00
FED	-878,600	-6.00	-111,600	-1.11	-990,200	-7.11
PR	<u>298,500</u>	<u>2.00</u>	<u>523,200</u>	<u>4.00</u>	<u>821,700</u>	<u>6.00</u>
Total	-\$580,100	-4.00	-\$111,600	-1.11	-\$691,700	-5.11

Governor: Make the following changes in funding for hazardous waste management staff: (a) delete \$439,300 FED annually and 6.0 FED positions to reflect the anticipated level of federal hazardous waste grant funding; and (b) provide \$138,900 PR in 2001-02 and \$159,600 PR in 2002-03 and 2.0 PR positions annually. Program revenue would be provided from current

landfill plan review fees and licenses (including the current 9¢ per ton landfill license surcharge) and hazardous waste facility licenses, transporter licenses and plan review fees.

Joint Finance/Legislature: Approve the Governor's recommendation and, in addition: (a) delete \$55,800 FED and 1.11 FED position annually to reflect the anticipated level of federal hazardous waste grant funding; and (b) convert \$261,600 GPR with 4.0 GPR positions annually to program revenue from the solid and hazardous waste management appropriation.

18. VEHICLE ENVIRONMENTAL IMPACT FEE [LFB Paper 692]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$16,600,000	\$9,000,000	\$25,600,000

Governor: Recreate the \$6 per vehicle environmental impact fee beginning on October 1, 2001, and sunset the fee on September 30, 2003. Under current law, this fee is sunset on June 30, 2001. The fee is deposited in the environmental fund. DOA estimates the fee would provide revenue of approximately \$7.0 million in 2001-02 and \$9.6 million in 2002-03. The fee applies to the titling of new and used vehicles and is collected by the Department of Transportation. The fee was created in 1997 Act 27 at a rate of \$5 per vehicle with a June 30, 2001, sunset, and was increased to \$6 per vehicle in 1999 Act 9.

Joint Finance/Legislature: Approve the Governor's recommendation, as modified to: (a) reestimate fee revenue to \$6,600,000 in 2001-02 (a decrease of \$400,000) and to \$9,000,000 in 2002-03 (a decrease of \$600,000); (b) recreate the \$6 per vehicle fee on July 1, 2001, instead of October 1, 2001, to provide additional revenue of approximately \$2,200,000 SEG in 2001-02 to the environmental fund; (c) repeal the fee on December 31, 2003, instead of September 30, 2003; and (d) increase the fee by \$3 per vehicle to \$9 effective on the first day of the second month after the publication of the biennial budget act (October 1, 2001) to provide additional revenue of approximately \$3,300,000 SEG in 2001-02 and \$4,500,000 SEG in 2002-03.

[Act 16 Sections: 2539k, 3408g, 3408r, 9410(1gk) and 9452(3gk)]

19. TRANSFER TRIBAL GAMING REVENUE TO ENVIRONMENTAL FUND [LFB Paper 183]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$3,000,000	-\$1,500,000	\$1,500,000

Governor: Require the transfer of \$500,000 in 2001-02 and \$2,500,000 in 2002-03 from tribal gaming revenues to the segregated environmental fund in the 2001-03 biennium only.

Joint Finance/Legislature: Approve the Governor's recommendation to transfer \$500,000 in 2001-02. Transfer \$1,000,000 instead of \$2,500,000 in 2002-03.

[Act 16 Sections: 892 and 1125]

20. ENVIRONMENTAL REPAIR BONDING AUTHORITY

BR	\$3,000,000
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Governor/Legislature: Provide \$3,000,000 in general obligation bonding authority to conduct remedial action at contaminated sites. The request would increase DNR's general obligation bonding authority (with GPR debt service payments) for remedial action from \$38 million to \$41 million. Bonding can be used for: (a) state-funded cleanup under the environmental repair statute (s. 292.31) or hazardous substances spills statute (s. 292.11) when construction is involved and no responsible party is known, willing or able to take the necessary action; and (b) the state's cost-share at federal Superfund or Leaking Underground Storage Tank Trust Fund sites.

[Act 16 Section: 966]

21. ENVIRONMENTAL REPAIR DEBT SERVICE

GPR	-\$5,100,000
SEG	<u>5,100,000</u>
Total	\$0

Joint Finance/Legislature: Specify that the environmental fund would be used to pay debt service for environmental repair general obligation bonds on an ongoing basis. Create a SEG annual debt service appropriation from the environmental fund and provide \$2,400,000 SEG in 2001-02 and \$2,700,000 SEG in 2002-03. Provide a corresponding decrease of \$2,400,000 GPR in 2001-02 and \$2,700,000 GPR in 2002-03 in the environmental repair debt service appropriation. The GPR sum sufficient appropriation would pay all debt service costs in excess of the SEG appropriation.

[Act 16 Sections: 621d, 621f and 962]

22. BROWNFIELDS -- TRANSFER SITE ASSESSMENT GRANT PROGRAM TO COMMERCE [LFB Paper 693]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	-\$110,100	-1.00	\$3,510,100	1.00	\$3,400,000	0.00

Governor: Delete \$51,600 in 2001-02 and \$58,500 in 2002-03 and 1.0 position annually from the environmental management account of the environmental fund and transfer administration of the brownfields site assessment grant program from DNR to Commerce and include it within the Commerce brownfields grant program. [See "Commerce" for the bill's

provisions related to the Commerce brownfields grant program.] The brownfields site assessment grant program was created in 1999 Act 9 to provide local governments with grants to perform the initial investigation of contaminated properties and certain other eligible activities. DNR was provided with \$1,450,000 SEG from the environmental fund in 1999-00 in a biennial appropriation to administer the program. There is no base funding for the program.

Joint Finance/Legislature: Modify the Governor's recommendation as follows: (a) maintain the current law site assessment grant program within DNR; (b) provide \$1,700,000 SEG annually for site assessment grants in the current DNR appropriation from the environmental fund; (c) retain the current DNR position with \$51,600 environmental fund SEG in 2001-02 and \$58,500 SEG in 2002-03; (d) specify that asbestos abatement activities are eligible for a site assessment grant only if the activities are part of demolition of any structures, buildings or other improvements located on an eligible site or facility; and (e) expand the definition of an eligible site or facility under the site assessment grant program to include one or more contiguous parcels of land, whether owned by one owner or multiple owners.

[Act 16 Sections: 458, 3323b, 3323e and 3696]

23. BROWNFIELDS -- SUSTAINABLE URBAN DEVELOPMENT ZONE PROGRAM

SEG	\$525,000
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Governor: Eliminate the sustainable urban development zone program created in 1999 Act 9 to provide one time-funds of \$2,380,000 in environmental fund SEG in 1999-01 for grants to investigate environmental contamination and cleanup brownfields properties in the cities of Milwaukee, Green Bay, La Crosse, Oshkosh and Beloit.

Joint Finance: Recreate a competitive sustainable urban development zone grant program. Provide \$525,000 environmental fund SEG in 2001-02 in a biennial appropriation. Specify that the state funds may be used to investigate environmental contamination and for environmental remediation of brownfields properties in municipalities. Direct DNR to accept applications from municipalities for the funds and to consult with DOA and Commerce in administering the program.

Assembly/Legislature: Specify that of the \$525,000 SEG provided under Joint Finance for the recreation of a sustainable urban development zone grant program, DNR would be required to provide \$150,000 to the City of Platteville and \$250,000 to the City of Fond du Lac. The remaining \$125,000 would be awarded to municipalities through the competitive process established under Joint Finance.

[Act 16 Sections: 3324b thru 3324db]

24. BROWNFIELDS -- STAFF

	Legislature (Chg. to Base)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$549,300	5.00	-\$549,300	- 5.00	\$0	0.00

Joint Finance/Legislature: Provide \$242,400 environmental fund SEG in 2001-02 and \$306,900 SEG in 2002-03 with 5.0 SEG two-year project waste management specialist positions to geo-locate brownfield properties and update DNR's web-based registry of closed sites.

Veto by Governor [B-37]: Delete provision.

[Act 16 Vetoes Section: 395 (as it relates to s. 20.370(2)(mq))]

25. BROWNFIELDS -- GREEN SPACE GRANT PROGRAM

SEG	\$1,000,000
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Joint Finance/Legislature: Provide \$1,000,000 environmental fund SEG in 2001-02 in a biennial appropriation and create a brownfields green space grant program. Direct DNR to make awards under the program to local units of governments for brownfields remediations projects that will have a long-term public purpose benefit, including the preservation of green space, the development of recreational areas or the use of a property by the local government.

[Act 16 Sections: 620c and 3324h]

26. BROWNFIELDS -- LOCAL GOVERNMENT NEGOTIATION AND COST RECOVERY PROCESS

Assembly/Legislature: Modify the process through which local governments that own contaminated property are currently authorized to negotiate with parties responsible for environmental pollution about how the contamination will be remedied and how much the various parties that are responsible for the contamination will contribute toward the investigation and remedial action costs. Expand the applicability of the negotiation and cost recovery process so that a local government may use it for a site or facility that it does not own if the local government commits itself to paying more than 50% of the investigation and remedial action costs less any financial assistance received for the site or facility.

[Act 16 Sections: 3260b thru 3263b]

27. BROWNFIELDS -- LOCAL GOVERNMENT LIABILITY EXEMPTION

Assembly/Legislature: Modify the local government liability provisions which currently exempt a local government that acquires property in specified ways, such as through tax

delinquency proceedings and condemnation, from environmental liability under the hazardous substances spills law if certain requirements are satisfied. Apply the local government liability exemption to land acquired by local governments with funds from the Warren Knowles-Gaylord Nelson stewardship 2000 program, in addition to acquisition with funds from the original Warren Knowles-Gaylord Nelson stewardship program.

[Act 16 Section: 3229]

28. BROWNFIELDS -- VOLUNTARY PARTY LIABILITY EXEMPTION FOR FORMER OWNERS

Assembly/Legislature: Modify the voluntary party liability provision that currently allows parties who conduct voluntary cleanups of contaminated property to limit their environmental liability if they meet certain conditions. Change the requirement that the voluntary party must maintain and monitor the property as required by DNR so that it only applies if the voluntary party owns or controls the property. Specify that the voluntary party liability exemption would continue to apply to a voluntary party who no longer owns or controls the property if the person who owns or controls the property fails to maintain and monitor the property as required by DNR. Currently, the liability exemption applies to the voluntary party's successor if the successor maintains the property.

[Act 16 Sections: 3231, 3232 and 3236]

29. BROWNFIELDS -- LIABILITY EXEMPTION FOR SEDIMENT

Assembly/Legislature: Specify that the current liability exemption for soil contamination that originates off of the property also applies to hazardous substances in sediments. Currently, a person is exempt from environmental liability under the hazardous substances spills law with respect to the existence of a hazardous substance in soil on property possessed or controlled by the person if the discharge originated from a source off of the property and other specified conditions are satisfied.

[Act 16 Section: 3230]

30. BROWNFIELDS -- VOLUNTARY PARTY LIABILITY EXEMPTION FOR PROPERTIES IMPACTED BY OFF-SITE CONTAMINATION

Assembly/Legislature: Provide that voluntary parties would be eligible to obtain a full certification of cleanup and exemption from future liability if there is soil contamination (in addition to groundwater contamination currently) that migrated to the property from off-site. Voluntary parties are able to limit their liability for certain cleanups at environmentally

contaminated property if they meet certain conditions and if the hazardous substance discharge occurred prior to the date that DNR approved the environmental investigation.

[Act 16 Section: 3234]

31. WELL COMPENSATION GRANT PROGRAM [LFB Paper 693]

SEG-REV	\$1,000,000
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Joint Finance/Legislature: Lapse \$1,000,000 from the unencumbered balance of the well compensation grant program appropriation to the SEG environmental fund on the effective date of the bill. The program provides grants to homeowners for the replacement of contaminated wells. Maintain the base funding of \$400,000 SEG annually for the program. Expenditures have averaged \$300,000 annually.

[Act 16 Section: 9237(1f)]

32. DRY CLEANER ENVIRONMENTAL RESPONSE PROGRAM [LFB Paper 694]

SEG	\$1,977,000
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Governor: Make the following changes in the dry cleaner environmental response program:

a. Add to the definition of a "dry cleaning facility" eligible for financial assistance, that it is a facility for cleaning apparel or household fabrics "using a dry cleaning product." Add to the definition of a "dry cleaning facility" for purposes of defining dry cleaning facilities that are subject to the annual dry cleaning facility fee of 1.8% of the previous year's gross receipts from dry cleaning, that it cleans apparel or household fabrics for the general public "using a dry cleaning product." Change the definition of a "dry cleaning solvent" subject to the program fees or eligible for financial assistance for cleanup of a "dry cleaning product" which means a "hazardous substance used to clean apparel or household fabrics, except for a hazardous substance used to launder apparel or household fabrics." Change the term "dry cleaning solvents fee" to "dry cleaning products fee." Maintain the current fee of \$5 per gallon of perchloroethylene sold and apply the 75 cent per gallon fee to any dry cleaning product sold other than perchloroethylene instead of a hydrocarbon based solvent currently. The change in the definition of substances subject to the 75 cent per gallon fee would first apply to fees due on January 25, 2002, for the previous three months. The DOA Budget Office estimates that the bill would result in no revenue change from current law.

b. Require that dry cleaning facilities constructed before October 14, 1997 (the effective date of the program) implement enhanced pollution prevention measures no later than the first day of the 13th month after the effective date of the bill to be eligible for financial assistance under the program. Currently, dry cleaning facilities constructed on or after October 14, 1997, are eligible for financial assistance under the program only if they implement enhanced pollution prevention measures, but dry cleaning facilities constructed before October 14, 1997,

are not subject to the same requirement. Under the bill, all dry cleaning facilities would be required to implement the following pollution prevention measures to be eligible for financial assistance (currently required only of dry cleaning facilities constructed on or after October 14, 1997): (1) the owner or operator must manage wastes involving dry cleaning products in compliance with certain state and federal laws; (2) the facility does not discharge dry cleaning products into a sewer, septic system or waters of the state; and (3) any perchloroethylene delivered to the dry cleaning facility is delivered by means of a closed, direct-coupled delivery system. Dry cleaning facilities constructed on or after October 14, 1997, (but not before October 14, 1997) would continue to be required to implement the following pollution prevention measures: (1) all machines and equipment that use dry cleaning product have appropriate containment structures that are able to contain any leak, spill or other release of dry cleaning solvent from the machines or equipment; and (2) floors are sealed or otherwise impervious to dry cleaning product.

c. Delete the separate financial assistance awards for interim remedial equipment, which are currently available to owners or operators for the costs of preliminary site screening and the purchase and installation of equipment to begin the cleanup of discharges of dry cleaning solvent from dry cleaning facilities before the completion of full site investigations and remedial action plans. Interim actions would be permitted and would include a remedial action that is taken to contain or stabilize a discharge of a dry cleaning product, in order to minimize any threats to public health, safety, or welfare or to the environment, while other remedial actions are being planned. An owner or operator would be eligible for financial assistance and would not be required to complete an investigation or prepare a remedial action plan before conducting an interim action activity if DNR determines that an interim action is necessary.

d. Delete the supplemental deductible paid for closed facilities so that the deductible at closed facilities would be the same as for open facilities. Currently, the owner or operator of an open facility pays a deductible of the following: (1) if eligible costs are \$200,000 or less, \$10,000; (2) if eligible costs are \$200,001 to \$400,000, \$10,000 plus 8% of the amount by which eligible costs exceed \$200,000; and (3) if eligible costs exceed \$400,000, \$26,000 plus 10% of the amount by which eligible costs exceed \$400,000 (up to a maximum award of \$500,000). The current supplemental deductible paid by for a closed facility, that would be eliminated, is: (1) an amount equal to 30 times the average license fee paid for the year in which the award is made; (2) an amount equal to 30 times the total solvent fees collected in the year in which the award is made divided by the number of dry cleaning facilities in operation during that year; and (3) an amount equal to the average solvent inventory fee. DNR would be directed to, before July 1, 2002, identify any awards paid to closed facilities based on the current law deductible, recalculate the award based on the deductible included in the bill and pay the recipient the difference between the amount of the original award and the recalculated award.

e. Change the date prior to which facilities that closed before September 1, 1998, must apply to the program from August 30, 2003, to August 30, 2005.

Joint Finance/Legislature: Approve the Governor's recommendation and, in addition: (a) increase the dry cleaner environmental response financial assistance appropriation by \$177,000 SEG in 2001-02 to pay for the known costs of reimbursing existing claimants who were subject to the closed facility deductible; (b) provide an additional \$1,800,000 SEG in 2001-02 for dry cleaner environmental response financial assistance to appropriate expected dry cleaner environmental response fund revenues for potential demand for financial assistance under the program during the biennium.

Further, allow eligibility under the dry cleaner environmental response program if the dry cleaning solvent discharge was caused by a person who provided services or products to the owner or operator or to a prior owner or operator of the dry cleaning facility, including a person who provided perchloroethylene to the owner or operator or prior owner or operator of a dry cleaning facility using a system other than a closed, direct-coupled delivery system before October 14, 1997.

[Act 16 Sections: 594, 618, 628, 2251 thru 2254, 3288 thru 3322, 3325, 9137(1), 9344(1) and 9437(1)]

33. ENVIRONMENTAL CLEANUP AND RESTORATION SETTLEMENT APPROPRIATION [LFB Paper 695]

Governor: Create a continuing appropriation within the environmental management account of the segregated environmental fund for expenditures of all moneys received under settlement agreements or orders to remedy environmental contamination at specific sites and to restore the environment. Specify that moneys received in settlement of action initiated under the federal CERCLA regulations (Comprehensive Environmental Response, Compensation and Liability Act) would be deposited in the environmental management account. The new appropriation would be used for expenditure of: (a) all moneys received, other than from the federal government, for the remediation of environmental contamination at specific sites, under settlement agreements or orders; and (b) moneys received in settlement of actions under certain federal regulations (CERCLA) for environmental remediation, restoration, and development, including the replacement of fish or wildlife, that has not been conducted when the moneys are received. The moneys received in the appropriation would be used to carry out the purposes for which they were received. Currently, funds received by DNR for environmental cleanups are deposited in the environmental management account and expenditures for state-funded cleanups are made from a continuing, sum certain appropriation. Under the current appropriation, expenditures cannot exceed budgeted amounts without legislative approval. Currently, some moneys received under settlement agreements for specific remediation or environmental restoration activities are not deposited in the State's accounts and, therefore, expenditures are not reported on the state's books (such as a 1997 settlement with Menards, Inc. or a proposed environmental restoration settlement with Fort James Corporation). The new appropriation could be used in situations where, for example, a court order or other settlement

agreement can be reached with an insurance company, responsible party or other parties where the funds are earmarked for specific remedial action projects.

Joint Finance/Legislature: Approve the Governor's recommendation and, in addition, specify that: (a) moneys deposited in the environmental fund would include all moneys received under settlement agreements or orders, in settlement of actions or proposed actions for violations of environmental statutes (chapters 280 through 299), that are designated to be used to restore or develop environmental resources, to provide restitution or to make expenditures required under the order or agreement and all moneys received in settlement of actions; and (b) such moneys received and not specifically appropriated elsewhere would be credited to the new appropriation to carry out the purposes for which received.

[Act 16 Sections: 593, 1127 and 1127c]

34. SUPERFUND REAL PROPERTY INTEREST ACQUISITION

Governor/Legislature: Authorize DNR to acquire, accept transfer from the U.S. Environmental Protection Agency and hold interests in real property required as part of a response action taken under the federal Superfund law. Authorize DNR to expend monies from the state-funded response appropriation from the SEG environmental management account of the environmental fund or from environmental repair general obligation bonding authority (with GPR debt service payments) where it is necessary to compensate a property owner for creating an easement, transferring fee title or giving up any other interest in real property that is required for the implementation of the remedy, including interests in real property that are necessary to ensure that restrictions on the use of the land or the groundwater are enforceable. DNR would be authorized to enforce the terms of any interest in property that it acquires under the provision. EPA has promulgated a national contingency plan that provides that a Superfund-financed remedial action cannot proceed unless the state where the site is located provides certain assurances. The assurances include that the state will acquire and hold any property interest that is necessary in order to conduct the fund-financed response action, and that the state will accept transfer of any interest acquired by EPA on or before completion of the response action.

[Act 16 Section: 3259]

35. DUMP CLOSURE GRANT PROGRAM [LFB Paper 696]

GPR	- \$2,016,300
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Joint Finance/Legislature: Specify that dump closure grant recipients who applied for the program in 1992-93 and 1993-94 are eligible for 10 annual payments, and each payment would equal 10% of the total grant to the political subdivision. Repeal the program and appropriation on June 30, 2003. Reduce the GPR appropriation from \$1,247,700 GPR annually by \$864,500 in 2001-02 to provide \$383,200 GPR (payments would total the \$383,200 in expenditure authority

and \$300 appropriation balance) and by \$1,151,800 in 2002-03 to provide \$95,900 GPR. No payments would be after, and the appropriation would be repealed on, June 30, 2003.

[Act 16 Sections: 613e, 3228h, 3228j and 9437(2f)]

36. LANDFILL PROOF OF FINANCIAL RESPONSIBILITY

Joint Finance/Legislature: Move to allow owners of solid waste landfills at which the majority of the solid waste disposed of is high-volume industrial waste an alternative option of methods of establishing proof of financial responsibility during the operation of the landfill and for the costs of closing the landfill and for taking long-term care of the landfill after it is closed instead of the methods included in chapter 289.41 (6) (e) and (f). Maintain the requirement that such landfill owners meet the proof of financial responsibility requirements in chapter 289.41 (6) (a) through (d) and (h) through (j). Such landfill owners could choose the option of complying with chapter 289.41 (6) (e) and (f) or of satisfying one of the following three conditions: (a) a current rating for its senior unsubordinated debt of AAA, AA, A, or BBB as issued by Standard and Poor's or Aaa, Aa, A or Baa as issued by Moody's; (b) a ratio of less than 1.5 comparing total liabilities to net worth; or (c) a ratio of greater than 0.10 comparing the sum of net income plus depreciation, depletion and amortization, minus \$10 million, to total liabilities.

[Act 16 Sections: 3227q thru 3227s]

37. SOLID AND HAZARDOUS WASTE FACILITY SITING NEGOTIATION AND ARBITRATION PROCESS

Joint Finance: Add to the list of items that are subject to arbitration under the solid and hazardous waste facility siting negotiation and arbitration process, compensation to any person for substantial economic impacts that are a direct result of the facility's receipt of waste generated outside of Wisconsin.

Senate/Legislature: Delete provision.

38. NONMETALLIC MINING RECLAMATION EXEMPTION AND FEES

Assembly: Make the following changes related to nonmetallic mining reclamation provisions and fees:

a. Require that for annual fees due on or before December 31, 2003, if DNR is the regulatory authority because the county did not adopt a nonmetallic mining reclamation ordinance by June 1, 2001, DNR may not charge an annual fee of more than: (1) \$100 for a nonmetallic mining site with one to five acres that have not been reclaimed, if the nonmetallic mining site is approved for a wildlife enhancement project; or (2) \$300 for any other nonmetallic mining site with one to five unreclaimed acres. This would statutorily establish the fee

currently included in NR 135.19 (4)(c), Table 2, as \$300 instead of \$450 if the mine size in unreclaimed acres is one to five acres. The fee would be \$100 instead of the current \$450 if the land is approved for a wildlife enhancement project. There would be an estimated 85 nonmetallic mines with one to five acres in approximately five counties that would be under DNR regulatory authority because they have not adopted a nonmetallic mining reclamation ordinance. The estimated revenue reduction from the \$150 annual fee reduction would be \$12,750 in each of 2001-02 (fees collected for 2001 and 2002) and 2002-03 (fees collected for 2003). The fees are deposited in the environmental management account of the environmental fund. It is unknown how many of the estimated 85 one to five acre mines would be approved for a wildlife enhancement project in the estimated five counties under DNR regulatory authority that would pay an annual fee of \$100 on or before December 31, 2003, instead of the current \$450 or the proposed \$300 for one to five acre mines that are not approved for a wildlife enhancement project.

b. Exempt removal of topsoil, other than soil taken from the bed of a navigable water, from the nonmetallic mining reclamation requirements and nonmetallic mining reclamation fees if the topsoil removed is from an area the size of which does not exceed the size determined by dividing the total acreage of the contiguous land under common ownership on which the area is located by 40 and multiplying the result by three, if no other material is removed from the area. This would equal 3 acres per 40 acre parcel or approximately 7.5% of the area of the contiguous land under common ownership. It is unknown how many nonmetallic mines have activities that only involve removal of topsoil of up to the amount exempted under the provision from nonmetallic mining reclamation requirements and fees.

c. Define "topsoil" as the surface layer of soil that is generally more fertile than the underlying soil layers, that is the natural medium for plant growth and that can provide the plant growth, soil stability and other attributes necessary to meet the standards specified in an approved reclamation plan.

Conference Committee/Legislature: Delete provision.

39. ENVIRONMENTAL IMPROVEMENT PROGRAM

Assembly: Create an environmental improvement program that includes the following requirements.

Program Definitions. The provision would create the following program definitions:

a. An "environmental management system" would mean an organized set of procedures implemented by the owner or operator of a facility to evaluate the environmental performance of the facility and to achieve measurable or noticeable improvements in that environmental performance through planning and changes in the facility's operations.

b. "Environmental performance" would mean the effects of a facility on air, water, land, natural resources and human health.

c. An "environmental performance evaluation" would mean a systematic, documented and objective review, conducted by or on behalf of the owner or operator of a facility, of the environmental performance of the facility, including an evaluation of compliance with one or more environmental requirements.

d. An "environmental requirement" would mean a requirement in: (1) Chapters 160 (groundwater) or 280 to 299 (relating to drinking water, water, sewage, air, solid and hazardous waste, remedial action, mining and general environmental provisions), a rule promulgated under one of those chapters, or a permit, license, other approval, or order issued by DNR under one of those chapters; or (2) an ordinance or other legally binding requirement of a local governmental unit enacted under authority granted by a state law relating to environmental protection.

e. A "facility" would mean all buildings, equipment, and structures located on a single parcel or on adjacent parcels that are owned or operated by the same person.

f. A "local governmental unit" would mean a city, village, town, county, town sanitary district, or metropolitan sewerage district.

g. A "regulated entity" would mean a public or private entity that is subject to environmental requirements.

Eligibility. A regulated entity would qualify for participation in the environmental improvement program for a facility owned or operated by the regulated entity if all of the following happen:

a. The regulated entity conducts an environmental performance evaluation of the facility or submits findings from the facility's environmental management system.

b. If the regulated entity conducts an environmental performance evaluation, the regulated entity notified DNR in writing, no fewer than 30 days before beginning the environmental performance evaluation, of (1) the date on which the evaluation would begin, (2) the site or facility or the operations or practices at a site or facility to be reviewed, and (3) the general scope of the evaluation.

c. If the regulated entity conducts an environmental performance evaluation, the final written report of findings of the evaluation (1) is labeled "environmental performance evaluation," (2) is dated, and (3) includes a plan for corrective action for any violations identified in the evaluation. A regulated entity could use a form developed by the entity, a consultant or DNR for the final written report of findings of the environmental performance evaluation.

d. If the regulated entity submits findings from the facility's environmental management system, the entity's efforts to prevent, detect and correct violations must be appropriate to the size of the regulated entity and to the nature of its business and must be consistent with any criteria used by the U.S. Environmental Protection Agency (EPA) to define due diligence in federal audit policies or regulations.

e. The regulated entity submits a report as required in the following section.

f. At the time of submitting the report described below, the Department of Justice has not, within two years, filed a suit to enforce an environmental requirement, and the DNR has not within two years, issued a citation to enforce an environmental requirement, because of a violation involving the facility.

Report. To participate in the environmental improvement program, a regulated entity that owns or operates a facility would be required to submit a report to DNR within 45 days after the date of the final written report of findings of an environmental performance evaluation of the facility or within 45 days after the date of findings from the facility's environmental management system. The regulated entity would be required to include all of the following in the report:

a. If the regulated entity conducted an environmental performance evaluation, a description of the evaluation, the name of the person who conducted the evaluation, when it was completed, what activities and operations were examined and what was revealed by the evaluation. If the regulated entity submits findings from an environmental management system, a description of the system, the activities and operations covered by the system, who made the findings and when the findings were made.

b. A description of any violations that were revealed by the environmental performance evaluation or the environmental management system, and the length of time that the violations may have continued.

c. A description of actions taken or proposed to be taken to correct any violations described in (b) above.

d. A commitment to correct any violations identified in (b) within 90 days of submitting the report or according to a compliance schedule approved by DNR.

e. If the regulated entity proposes to take more than 90 days to correct violations, a proposed compliance schedule that contains (1) the shortest reasonable periods for correcting the violations, (2) a statement that justifies the proposed compliance schedule, and (3) a description of measures that the regulated entity will take to minimize the effects of the violations during the period of the compliance schedule.

f. If the regulated entity proposes to take more than 90 days to correct violations, the proposed stipulated penalties to be imposed if the regulated entity violates the compliance schedule.

g. A description of the measures that the regulated entity has taken or will take to prevent future violations and a timetable for taking the measures that it has not yet taken.

Public Notice and Comment Period. DNR would be required to provide at least 30 days for public comment on a compliance schedule and stipulated penalties proposed in a report described in the previous section. DNR could not approve or issue a compliance schedule or approve stipulated penalties until after the end of the comment period. Before the start of the public comment period, DNR would be required to provide public notice of the proposed compliance schedule and stipulated penalties that: (a) identifies the regulated entity that submitted the report, the facility at which the violation occurred and the nature of the violation; (b) describes the proposed compliance schedule and the proposed stipulated penalties; (c) identifies a contact person at DNR and at the regulated entity for additional information; and (d) states that comments may be submitted to DNR during the comment period and states the last day of the comment period.

Compliance Schedules. DNR would be required to review any proposed compliance schedule submitted by a regulated entity and to approve it as submitted or propose a different compliance schedule. If the regulated entity does not agree to implement a compliance schedule proposed by DNR, the Department would be required to schedule a meeting with the regulated entity to attempt to reach an agreement on a compliance schedule. If DNR and the regulated entity do not reach agreement, DNR could issue a compliance schedule. A compliance schedule would be subject to review under Chapter 227 of the statutes, related to administrative procedures and review.

DNR would not be allowed to approve or issue a compliance schedule that extends longer than 12 months beyond the date of approval of the compliance schedule. The Department would be required to consider the following factors before approving a compliance schedule: (a) the environmental and public health consequences of the violations; (b) the time needed to implement a change in raw materials or method of production if that change is an available alternative to other methods of correcting the violations; and (c) the time needed to purchase any equipment or supplies needed to correct the violations.

Stipulated Penalties. DNR would be required to review any proposed stipulated penalties submitted by a regulated entity and to approve them as submitted or to propose different stipulated penalties. If the regulated entity does not agree to the stipulated penalties proposed by the Department, DNR would be required to schedule a meeting with the entity to attempt to reach an agreement on stipulated penalties. If the Department and entity do not reach an agreement, there would be no stipulated penalties for violations of the compliance schedule. Stipulated penalties approved by DNR would have to specify a period not longer than six months beyond the end of the compliance schedule, during which the stipulated penalties would apply.

Deferred Civil Enforcement. For at least 90 days after DNR receives a report under the program, the state could not begin a civil action to collect forfeitures for violations that are disclosed in the report by a regulated entity that qualifies for participation in the program. If a

regulated entity corrects violations that are disclosed in a report within 90 days after DNR receives the report, the state could not bring a civil action to collect forfeitures for the violations.

The state could not begin a civil action to collect forfeitures for violations covered by an approved compliance schedule during the period of the compliance schedule if the regulated entity is not violating the compliance schedule. If the regulated entity violates the compliance schedule, DNR could collect any stipulated penalties during the period in which the stipulated penalties apply. The state could begin a civil action to collect forfeitures for violations that are not corrected by the end of the period in which the stipulated penalties apply. The state could begin a civil action to collect forfeitures for the violations, if the regulated entity violates the compliance schedule and there are no stipulated penalties.

If the Department approves a compliance schedule and the regulated entity corrects the violations according to the compliance schedule, the state could not bring a civil action to collect forfeitures for the violations.

The state could begin a civil action at any time to collect forfeitures for violations if any of the following apply: (a) the violations present an imminent threat to public health or the environment or may cause serious harm to public health or the environment; (b) DNR discovers the violations before submission of a report; (c) the violations resulted in a substantial economic benefit that gives the regulated entity a clear advantage over its business competitors; (d) the violations are identified through monitoring or sampling required by permit, statute, rule, regulation, judicial or administrative order, or consent agreement.

Consideration of Actions by a Regulated Entity. If DNR receives a complying report from a regulated entity that qualifies for participation in the environmental improvement program, and the report discloses a potential criminal violation, DNR and the Department of Justice would be required to take into account the diligent actions of, and reasonable care taken by, the regulated entity to comply with environmental requirements in deciding whether to pursue a criminal enforcement action and what penalty should be sought.

In determining whether a regulated entity acted with due diligence and reasonable care, DNR and DOJ would be required to consider whether the regulated entity: (a) took corrective action that was timely when the violation was discovered; (b) exercised reasonable care in attempting to prevent the violation and to ensure compliance with environmental requirements; (c) had a documented history of good faith efforts to comply with environmental requirements before implementing its environmental management system or before beginning to conduct environmental performance evaluations; (d) has promptly made appropriate efforts to achieve compliance with environmental requirements since implementing its environmental management system or since beginning to conduct environmental performance evaluations and that action was taken with due diligence; (e) exercised reasonable care in identifying violations in a timely manner; or (f) willingly cooperated in any investigation that was conducted by this state or a local governmental unit to determine the extent and cause of the violation.

Access to Records. DNR would be required to make any record, report, or other information obtained in the administration of the environmental improvement program available to the public. However, the Department would be required to keep confidential any part of a record, report, or other information obtained in the administration of this section, other than emission data or discharge data, upon a showing satisfactory to DNR by any person that the part of a record, report, or other information would, if made public, divulge a method or process that is entitled to protection as a trade secret, of that person.

If the Department refuses to release information on the grounds that it is confidential and a person challenges that refusal, DNR would be required to inform the affected regulated entity of that challenge. Unless the regulated entity authorizes DNR to release the information, the regulated entity would be required to pay the reasonable costs incurred by the state to defend the refusal to release the information.

The confidentiality requirements would not prevent the disclosure of any information to a representative of DNR for the purpose of administering the program or to an officer, employee, or authorized representative of the federal government for the purpose of administering federal law. When the Department provides information that is confidential under the program to the federal government, DNR would also be required to provide a copy of the application for confidential status.

Penalties. Any person who knowingly makes a false statement in a report submitted under the program would be subject to a fine of not less than \$10 nor more than \$10,000 or imprisonment for not more than six months, or both. An act would be considered to be committed knowingly if it is done voluntarily and is not the result of negligence, mistake, accident, or circumstances that are beyond the control of the person.

Conference Committee/Legislature: Delete provision.

PERSONNEL COMMISSION

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$1,795,400	\$1,721,600	\$1,721,600	\$1,721,600	\$1,721,600	- \$73,800	- 4.1%
PR	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>0</u>	0.0
TOTAL	\$1,801,400	\$1,727,600	\$1,727,600	\$1,727,600	\$1,727,600	- \$73,800	- 4.1%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	10.00	10.00	10.00	10.00	10.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- \$34,600
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Governor/Legislature: Provide standard budget adjustments to the base budget for: (a) full funding of continuing salaries and fringe benefits (-\$27,600 annually); (b) reclassifications (\$6,200 annually); (c) fifth week of vacation as cash (\$3,500 annually); and (d) full funding of lease costs (\$600 annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- \$89,800
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Governor/Legislature: Reduce the Commission's GPR state operations appropriation by \$44,900 in each year. This amount was derived by making a 5% reduction to the Commission's base GPR budget.

3. SASI INITIATIVE

GPR	\$48,400
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Governor/Legislature: Provide \$24,200 annually for basic desktop information technology support as part of a small agency support infrastructure (SASI) program. This support is currently provided to small agencies by DOA. The proposed funding would support DOA user fee charges of \$2,200 per year for each user account at the Commission. The services supported at DOA include desktop applications and hardware; continuous help desk support; network infrastructure and security; centralized data storage, backup and disaster recovery; dialup service; and E-mail/messaging services.

4. SUPPLIES AND SERVICES COST INCREASES

GPR	\$2,200
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Governor/Legislature: Provide \$2,200 in 2002-03 for increased costs associated with the following supplies and services: (a) DOA Records Center storage charges (\$1,300); (b) DOA Central Fleet vehicle charges (\$600); (c) telecommunications costs (\$200); and (d) DER's Shared Human Resources System user charges (\$100).

PROGRAM SUPPLEMENTS

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$191,821,000	\$91,309,000	\$87,014,300	\$89,345,000	\$89,345,000	-\$102,476,000	- 53.4%
FED	20,000,000	0	0	0	0	- 20,000,000	- 100.0
PR	4,579,200	0	1,321,600	1,321,600	1,321,600	- 3,257,600	- 71.1
SEG	<u>22,591,000</u>	<u>0</u>	<u>12,302,500</u>	<u>12,502,500</u>	<u>12,302,500</u>	<u>- 10,288,500</u>	<u>- 45.5</u>
TOTAL	\$238,991,200	\$91,309,000	\$100,638,400	\$103,169,100	\$102,969,100	-\$136,022,100	- 56.9%

FTE Position Summary
There are no authorized positions for Program Supplements.

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$76,059,400
PR	- 2,635,200
SEG	<u>- 56,800</u>
Total	-\$78,751,400

Governor/Legislature: Provide adjustments to the base budget for removal of the following non-recurring elements from the base: (a) one-time fringe benefits cost adjustments occurring as a result of miscellaneous legislation (-\$202,500 GPR, -\$31,100 PR and -\$28,400 SEG annually); (b) one-time funding for a 27th bi-weekly payroll period that occurred in fiscal year 2000-01 (-\$30,000,000 GPR annually); and (c) one-time funding provided in separate appropriations for unbudgeted pay increases in the 1999-01 fiscal biennium that occurred as a result of pay rate or pay range reassignments approved by the Secretary of the Department of Employment Relations (-\$7,827,200 GPR and -\$1,286,500 PR annually). In addition, repeal the separate GPR and PR appropriations created in the 1999 budget for the funding of the pay rate or range reassignments discussed in (c) above.

[Act 16 Sections: 946 and 950]

2. FUNDING PRIOR YEAR HEALTH INSURANCE COSTS

GPR	\$24,800,600
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Governor/Legislature: Provide funding of \$12,400,300 annually to reflect the amounts estimated to be needed in 2001-02 and 2002-03 to supplement state agencies' GPR appropriations for the employer's share of prior year group health insurance premium increases. The increases occurred as a result of the Group Insurance Board's annual premium setting process for state health insurance contracts that determined premium rates for calendar year 2001. These increased costs were not included in agencies' adjusted base funding levels.

3. PROCUREMENT SERVICES SUPPLEMENTS [LFB Paper 141]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,332,500	-\$1,051,700	\$280,800

Governor: Provide \$1,332,500 in 2002-03 for supplements to GPR-funded state agencies for the new and unbudgeted costs proposed in the bill to be assessed by DOA for the costs of central procurement services. These billings will be assessed state agencies for DOA's provision of procurements services to the agencies except that no supplements will be allowed for any assessments which DOA makes for savings that any agencies realize as a result of DOA's provision of such procurement services to the agencies. In addition, modify current GPR, PR and SEG supplemental appropriations for financial services supplements to also allow funding to be provided out of these appropriations for the purpose of providing procurement services supplements [See "Administration -- State Agency Services" for information on the proposed change in DOA].

Joint Finance/Legislature: Modify the Governor's recommendation by deleting \$1,051,700 in 2002-03 to reflect a revised estimate of the supplemental funding need for GPR-funded executive branch state agencies with less than \$100 million in annual purchase order activity. Specify that funding from any of the appropriations for procurement services supplements in any fiscal year would be limited to those state agencies having total purchase order activity of less than \$100 million in the preceding fiscal year, as determined by DOA.

[Act 16 Sections: 949, 953 and 958]

4. FUNDING FOR DELAYED PAY ADJUSTMENTS

GPR	\$25,927,400
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Governor/Legislature: Create a new sum certain GPR appropriation, funded at \$12,963,700 annually, to supplement state agencies for the on-going annualized costs of salary and fringe benefit cost increases, other than health insurance, which were not built into agencies' base budgets because they had an effective date that began after July 2, 2000, but were effective during the time period prior to June 30, 2001, the end of the current fiscal biennium. In

addition, create complementary appropriations to allow supplementation from agencies' available program, federal or segregated fund revenues for comparable employee salary and fringe benefit costs that are funded from those revenue sources. Provide that all these new appropriations created for this express purpose would be repealed on June 30, 2003.

[Act 16 Sections: 947, 948, 951, 952, 954 thru 957, 959, 960 and 9459(4)]

5. PRIVATE LEASE SPACE SUPPLEMENTS [LFB Papers 715, 716, 717 and 719]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$12,073,500	- \$3,423,100	\$8,650,400

Governor: Provide \$5,774,700 in 2001-02 and \$6,298,800 in 2002-03 for the estimated amounts expected to be needed in those years to supplement state agencies' GPR appropriations for the increased costs of privately-leased space that they occupy, for any unbudgeted costs of assessments for the cost of facilities for the care of children of state employees and for required agency moves when directed by DOA. Total funding under the bill for private lease space supplements, including base funding (\$3,935,000), would be \$9,709,700 in 2001-02 and \$10,233,800 in 2002-03.

Joint Finance/Legislature: Make the following modifications to the Governor's recommendations: (a) change the three current appropriations (GPR, PR and SEG funded) for supplements to state agencies for leased space costs and for the costs of DOA-directed moves to be appropriations only for leased space costs and create three new appropriations (GPR, PR and SEG funded) of the same type for the purpose of supplements for the costs of DOA-directed moves and transfer \$8,421,000 GPR in 2001-02 and \$8,266,800 GPR in 2002-03 from the existing GPR combined appropriation to the new GPR appropriation for DOA-directed moves; (b) reduce funding for the remaining leased space costs appropriation by \$69,600 GPR in 2001-02 and by \$72,000 GPR in 2002-03 to reflect the re-estimated level of need for supplements; and (c) reduce total funding reserved for four agencies for directed move costs based on updated need projections, revised space costs or elimination of duplicate reserved funding by a total of \$1,547,000 GPR in 2001-02 and a total of \$1,734,500 GPR in 2002-03, as shown in the table below:

<u>Agency</u>	<u>Reduction in Amount Reserved for Agency</u>	
	<u>2001-02</u>	<u>2002-03</u>
Health and Family Services	- \$87,000	\$0
Justice	- 681,500	- 762,600
Natural Resources	- 312,600	- 319,700
Revenue	<u>- 465,900</u>	<u>- 652,200</u>
Total	- \$1,547,000	- \$1,734,500

[Act 16 Sections: 961ab, 961c, 961d, 961dk, 961e and 961f]

6. CAPITOL AND EXECUTIVE RESIDENCE OPERATIONAL COSTS GPR \$1,600,000

Governor/Legislature: Provide \$750,000 in 2001-02 and \$850,000 in 2002-03 for increased costs for operation, maintenance and protective services at the Capitol and Executive Residence. The increased funding is recommended as the result of increased power plant expenses due to air conditioning of the Capitol, installation of modern electrical services and the increased costs of police services and security for public events. Total funding under the bill for Capitol and Executive Residence operational costs, including base funding (\$5,492,700), would be \$6,242,700 in 2001-02 and \$6,342,700 in 2002-03.

7. STATE-OWNED SPACE RENT SUPPLEMENTS [LFB Paper 718]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$39,400	\$180,100	\$219,500

Governor: Reduce base level funding by \$407,600 in 2001-02 and increase base level funding by \$447,000 in 2002-03 for supplements to agencies for increased rent costs in state-owned buildings. The net changes are necessary to provide the estimated level of funding needed to supplement state agencies' GPR appropriations for the increased costs of rent in state-owned office buildings. Increases in state office building rents are expected to be approved by the State Building Commission for 2001-03 that are in excess of budgeted amounts in state agencies' GPR appropriations for this purpose. In addition, rent increases that occurred in 2000-01 need to be supplemented since those costs were not included in agencies' base budgets. Total funding under the bill for state-owned space rental supplements, including base funding (\$2,379,800), would be \$1,972,200 in 2001-02 and \$2,826,800 in 2002-03.

Joint Finance/Legislature: Increase funding by \$111,500 GPR in 2001-02 and by \$68,600 GPR in 2002-03 based on a reestimate of projected total state office building square footage and planned increases in rental costs for state-owned office building costs in 2001-03.

8. JOINT FINANCE COMMITTEE APPROPRIATIONS

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg)	Net Change
GPR	-\$90,226,000	\$0	\$2,330,700	\$0	-\$87,895,300
PR	- 1,944,000	1,321,600	0	0	- 622,400
FED	- 20,000,000	0	0	0	- 20,000,000
SEG	- 22,534,200	12,302,500	200,000	- 200,000	- 10,231,700
Total	-\$134,704,200	\$13,624,100	\$2,530,700	-\$200,000	-\$118,549,400

Governor: Reduce base level funding for the Joint Committee on Finance appropriations for supplement of state agency appropriations by -\$45,113,000 GPR, -\$972,000 PR, -\$10,000,000

FED, and -\$11,267,100 SEG annually. These reductions reflect the removal of one-time funding which was placed in the respective appropriations as a part of the 1999-01 budget and reserved for specific funding allocations. (Note: These reserves included funding for such purposes as: (a) inmate work centers and additional contracts beds for Department of Corrections; (b) MA targeted case management activities in the Department of Health and Family Services; (c) Universal Service Fund programs under the PSC; (d) IT systems development at the Department of Revenue; (e) increased enrollments in the UW System; (f) TEACH access grants; and (g) KIDS system operations and TANF contingency funds in the Department of Workforce Development. Some or all of these reserved funds have been or will be allocated to the respective state agencies during the 1999-01 fiscal biennium. Under the bill, no reserved funds would be indicated for any purpose. However, the Joint Committee on Finance GPR supplemental appropriation would have an undesignated base funding level of \$475,000 per year.

Joint Finance: *Specific funding reserves for 2001-03 release by JFC.* Place in the Committee's respective PR and SEG supplemental appropriations, reserved for release by the Committee at a later date for the purposes and agencies indicated, the following amounts of funding:

	<u>Fund Source</u>	<u>Reserved Amounts</u>	
		<u>2001-02</u>	<u>2002-03</u>
Administration			
Funds for Management Assistance Grant Program	PR	\$500,000	\$500,000
Employee Trust Funds			
Funds for Benefits Payment System Project	SEG	2,631,200	2,887,300
Regulation and Licensing			
Funds for IT Consultants and Projects	PR	170,800	150,800
Veterans Affairs			
Funds for In-House Servicing of Loan Portfolio	SEG	4,810,600	898,800
Funds for Document Imaging Project	SEG	<u>885,700</u>	<u>188,900</u>
Totals	PR	\$670,800	\$650,800
	SEG	8,327,500	3,975,000

Senate: *Specific funding reserves for 2001-03 release by JFC.* Modify Joint Finance provision to add to the Committee's respective GPR and PR supplemental appropriations, reserved for release by the Committee at a later date for the purposes and agencies indicated, the following amounts of funding:

	<u>Fund Source</u>	<u>Reserved Amounts</u>	
		<u>2001-02</u>	<u>2002-03</u>
Health and Family Services			
Funds for Administrative Costs—Prescription Drug Program	GPR	\$1,000,000	\$0
Administration			
Funding for Electronic Procurement System	PR	671,500	1,284,100

Assembly: *Specific funding reserves for 2001-03 release by JFC.* Modify Joint Finance provision to add to the Committee's GPR supplemental appropriations, reserved for release by the Committee at a later date for the purposes and agencies indicated, the following amounts of funding:

	<u>Fund Source</u>	<u>Reserved Amounts</u>	
		<u>2001-02</u>	<u>2002-03</u>
Corrections			
Funds for Fuel and Utility Costs	GPR	\$454,500	\$346,200
Health and Family Services			
Funds for Immunization Registries	GPR	\$299,000	231,000
Funds for Prescription Drug Start-up Costs	GPR	<u>2,000,000</u>	<u>0</u>
Totals		\$2,753,400	\$577,200

Conference Committee/Legislature: *Specific funding reserves for 2001-03 release by JFC.* Modify Joint Finance provision to add to the Committee's respective GPR and SEG supplemental appropriations, reserved for release by the Committee at a later date for the purposes and agencies indicated, the following amounts of funding:

	<u>Fund Source</u>	<u>Reserved Amounts</u>	
		<u>2001-02</u>	<u>2002-03</u>
Corrections			
Funds for Fuel and Utility Costs	GPR	\$454,500	\$346,200
Health and Family Services			
Funds for Immunization Registries	GPR	299,000	231,000
Funds for Prescription Drug Start-up Costs	GPR	1,000,000	0
Natural Resources			
Funds for Wisconsin Waters Initiative	SEG	<u>0</u>	<u>200,000</u>
Totals	GPR	\$1,753,500	\$577,200
	SEG	0	200,000

Veto by Governor [B-47]: Delete language allowing the transfer of \$100,000 SEG from the nonpoint account of the environmental fund in DNR and \$100,000 SEG from the water resources account of the conservation fund in DNR to a new appropriation in DNR for continued development of a system to provide computer accessible water resource management information. As a result of this veto there are no funds available for release by the Joint Committee on Finance and the \$200,000 SEG reserve is reestimated to zero.

[Act 16 Vetoed Section: 9137(2t)]

The table below summarizes by item the final total reserve funding included in the Joint Committee on Finance appropriations. Under Act 16, unreserved GPR funding of \$475,000 is also included in the Committee's GPR supplement appropriation.

**Summary of Act 16 Reserve Funding
Joint Committee on Finance Appropriations**

	Fund Source	Reserved Amounts	
		<u>2001-02</u>	<u>2002-03</u>
Administration			
Funds for Management Assistance Grant Program	PR	\$500,000	\$500,000
Corrections			
Funds for Fuel and Utility Costs	GPR	\$454,500	\$346,200
Employee Trust Funds			
Funds for Benefits Payment System Project	SEG	2,631,200	2,887,300
Health and Family Services			
Funds for Immunization Registries	GPR	299,000	231,000
Funds for Prescription Drug Start-up Costs	GPR	1,000,000	0
Regulation and Licensing			
Funds for IT Consultants and Projects	PR	170,800	150,800
Veterans Affairs			
Funds for In-House Servicing of Loan Portfolio	SEG	4,810,600	898,800
Funds for Document Imaging Project	SEG	<u>885,700</u>	<u>188,900</u>
Totals			
	GPR	\$1,753,500	\$577,200
	PR	670,800	650,800
	SEG	8,327,500	3,975,000

PUBLIC DEFENDER

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$129,477,200	\$124,068,300	\$128,436,200	\$128,436,200	\$125,168,300	-\$4,308,900	-3.3 %
PR	<u>2,552,200</u>	<u>2,573,800</u>	<u>2,573,800</u>	<u>2,573,800</u>	<u>2,573,800</u>	<u>21,600</u>	0.8
TOTAL	\$132,029,400	\$126,642,100	\$131,010,000	\$131,010,000	\$127,742,100	-\$4,287,300	-3.2%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	523.55	523.55	582.85	582.85	523.55	0.00
PR	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>0.00</u>
TOTAL	527.55	527.55	586.85	586.85	527.55	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide \$516,300 GPR in 2001-02 and \$548,600 GPR in 2002-03 and \$10,800 PR annually for the following: (a) turnover reduction (-\$767,800 GPR annually); (b) full funding of continuing salaries and fringe benefits (\$852,200 GPR and \$7,900 PR annually); (c) reclassifications (\$27,000 GPR in 2001-02 and \$41,000 GPR in 2002-03); (d) overtime (\$219,900 GPR and \$2,900 PR annually); (e) fifth week of vacation as cash (\$172,000 GPR in 2001-02 and \$190,300 GPR in 2002-03); and (f) full funding of lease costs and directed moves (\$13,000 GPR annually).

GPR	\$1,064,900
PR	<u>21,600</u>
Total	\$1,086,500

2. **BASE BUDGET REDUCTIONS [LFB Papers 245 and 246]**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$6,473,800	0.00	\$4,367,900	59.30	-\$3,267,900	-59.30	-\$5,373,800	0.00
GPR-Lapse	\$0		\$1,100,000		\$0		\$1,100,000	

Governor: Reduce the State Public Defender's (SPD's) largest GPR state operations appropriation, trial representation, by \$3,236,900 annually. This amount represents 5% of the agency's total GPR adjusted base for state operations. No later than 90 days after the effective date of the bill, permit the SPD to submit an alternative plan to the Secretary of Administration for allocating the required reduction among its sum certain GPR state operations appropriations. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of Administration does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance: Delete provision. Instead, make the following changes:

a. Provide \$1,992,500 in 2001-02, \$2,342,500 in 2002-03 and 43.3 positions annually (30.0 attorneys, 7.5 legal secretaries, 4.3 investigators and 1.5 client services specialists). Delete \$1,748,600 in 2001-02 and \$3,497,100 in 2002-03 from the private bar and investigator reimbursement appropriation.

b. Provide \$734,400 in 2001-02, \$863,300 in 2002-03 and 16.0 positions annually (10.0 assistant public defenders, 1.0 attorney supervisor, 3.0 legal secretaries, 1.5 investigators and 0.5 client services specialist) to create a conflicts office in the SPD. Delete \$311,800 in 2001-02 and \$1,247,000 in 2002-03 from the private bar and investigator reimbursement appropriation. Under current rules of ethics governing attorneys, public defenders generally may not represent multiple defendants who have conflicting interests. Under the provision, a portion of conflicts cases would be assigned to the conflicts office when a public defender has a conflict, instead of being assigned to a private attorney.

c. Reduce the private bar and investigator reimbursement appropriation by \$40,600 in 2001-02 and \$357,500 in 2002-03 and raise the felony thresholds for the following crimes to \$2,500: (1) criminal damage to property; (2) graffiti; (3) theft; (4) fraud on hotel or restaurant keeper or taxicab operator; (5) receiving stolen property; (6) fraudulent insurance and employee benefit claims; (7) financial transaction card crimes; (8) retail theft; (9) theft of library materials; (10) unlawful receipt of loan payments; and (11) issuing a worthless check. Provide that these changes first apply to offenses committed on the effective date of the bill.

d. Delete \$418,000 annually from supplies, services and administration.

e. Require the Secretary of Administration to lapse \$550,000 annually to the general fund, in total, from the SPD's GPR appropriations. Require the Public Defender Board to determine how the total lapse amount for each year is apportioned between SPD GPR appropriations. Direct the Board to submit to the Joint Committee on Finance, at the end of each quarter in fiscal years 2001-02 and 2002-03, a report of the amount of savings recognized by the Board during the previous 3 months. Direct the Board to request additional funding through the s. 13.10 process if a shortfall occurs in any appropriation.

Conference Committee/Legislature: Include Joint Finance provision and make a technical correction to delete the Public Defender Board from the nonstatutory provision concerning state agency appropriations reductions.

Veto by Governor [D-24]: Delete: (a) \$2,894,800 in 2001-02 and \$373,100 in 2002-03 and 59.3 positions annually from the trial representation appropriation; (b) the requirement that the Public Defender Board submit to the Joint Committee on Finance, at the end of each quarter in fiscal years 2001-02 and 2002-03, a report of the amount of savings recognized by the Board during the previous three months; and (c) the requirement that the Board request additional funding through the s. 13.10 process if a shortfall occurs in any appropriation. Including the required lapses, the partial veto restores the Governor's 5% reduction to the agency's total GPR adjusted base for state operations.

[Act 16 Sections: 3938u, 3938v, 3938w, 3939b thru 3939s, 3966r, 4018f, 4018h, 9239(1q) and 9359(11r)]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.550(1)(c)) and 9139(2q)]

3. MISDEMEANOR OFFENDER DIVERSION PROGRAM [LFB Paper 192]

Governor: Authorize the Secretary of Administration to allocate up to \$2,000,000 in federal Byrne anti-drug enforcement program grant money and matching penalty assessment funds in 2002-03 for distribution to the SPD, the Director of State Courts and the Wisconsin District Attorneys Association (WDAA) to fund activities to divert misdemeanor offenders from imprisonment. Require the SPD, in consultation with the Director of State Courts and the WDAA, to: (a) develop alternative charging and sentencing options for misdemeanor crimes in order to divert misdemeanor offenders from imprisonment; and (b) submit a proposal describing the recommended options to DOA by July 1, 2002. The proposal would be required to address, among other topics, alternative charging and sentencing options for nonviolent crimes against property. No expenditure of Byrne grant money or matching penalty assessment funds for a diversion program could be made without the approval of the proposal by DOA. The Byrne program is a federal program established under the Anti-Drug Abuse Act of 1988.

Joint Finance: Authorize the Secretary of Administration to allocate up to \$1,864,700 in federal Byrne anti-drug enforcement program grant money and matching penalty assessment funds in 2002-03 to fund activities to divert misdemeanor offenders from imprisonment.

Require that, prior to implementation of the program, the program proposal be approved by the Joint Committee on Finance under a 14-day passive review process.

Senate: Modify the provision concerning the development of the proposal for the misdemeanor offender diversion program to require that: (a) in the development of the proposal, the SPD consult with private community-based organizations that have experience identifying and serving the rehabilitation needs of offenders and reintegrating offenders into the community, in addition to consulting with the Director of State Courts and the WDAA; and (b) the proposal include alternative charging and sentencing options not only for nonviolent misdemeanor crimes against property, but also for felony crimes that are punishable by a maximum bifurcated sentence of five years imprisonment and for nonviolent crimes related to controlled substances. Further, provide that the Secretary of Administration may allocate up to \$1,484,700 in federal Byrne and penalty assessment match monies in 2002-03 for the program.

Assembly: Authorize the Secretary of Administration to allocate up to \$1,364,800 in federal Byrne and penalty assessment match monies in 2002-03 for the program.

Conference Committee/Legislature: Modify the Joint Finance provision to provide that the Secretary of Administration may allocate up to \$1,218,100 in federal Byrne and penalty assessment match monies in 2002-03 for the program.

[Act 16 Sections: 9101(13) and 9139(1)]

4. EARLY REPRESENTATION [LFB Paper 720]

Governor/Legislature: Authorize the SPD to provide representation to: (a) adults who are neither formally charged with a crime nor in custody; and (b) juveniles who are not in custody and not yet subject to a proceeding under the Children's Code (Chapter 48) or the Juvenile Justice Code (Chapter 938) for which counsel is required or for which counsel may be appointed. Under current law, the SPD is prohibited from providing legal services or assigning counsel for such persons.

[Act 16 Sections: 4030 and 4031]

5. TRANSCRIPTS, DISCOVERY AND INTERPRETERS APPROPRIATION

Governor/Legislature: Provide that court interpreter and discovery costs would no longer be paid for out of the program administration appropriation, but rather out of the transcript and record payments appropriation that would become the transcripts, discovery and interpreters appropriation. Transfer \$160,000 GPR annually (\$10,000 associated with court interpreter fees and \$150,000 associated with discovery costs) from the program administration appropriation to the transcripts, discovery and interpreters appropriation.

[Act 16 Sections: 915, 916 and 4003]

PUBLIC INSTRUCTION

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$8,982,743,600	\$9,540,540,800	\$9,453,662,600	\$9,398,784,700	\$9,479,368,600	\$496,625,000	5.5%
FED	771,700,800	837,836,000	837,836,000	837,836,000	837,836,000	66,135,200	8.6
PR	69,600,400	84,753,700	84,580,000	84,830,000	84,680,000	15,079,600	21.7
SEG	<u>46,800,000</u>	<u>58,900,000</u>	<u>58,900,000</u>	<u>59,123,700</u>	<u>59,123,700</u>	<u>12,323,700</u>	26.3
TOTAL	\$9,870,844,800	\$10,522,030,500	\$10,434,978,600	\$10,380,574,400	\$10,461,008,300	\$590,163,500	6.0%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	334.37	318.77	334.37	334.37	334.37	0.00
FED	243.06	242.66	242.66	242.66	242.66	- 0.40
PR	<u>79.92</u>	<u>79.37</u>	<u>79.37</u>	<u>79.37</u>	<u>79.37</u>	- 0.55
TOTAL	657.35	640.80	656.40	656.40	656.40	- 0.95

Budget Change Items

General School Aids

1. STATE SUPPORT FOR ELEMENTARY AND SECONDARY EDUCATION

Governor: Increase the total appropriated for general and categorical school aids from \$4,463,274,300 in 2000-01 to \$4,639,279,600 in 2001-02 and \$4,823,460,000 in 2002-03. Compared to the 2000-01 base year, school aids would increase by \$176,005,300 in 2001-02 and \$360,185,700 in 2002-03 (or \$184,180,400 in 2002-03 over the 2001-02 recommended level). These proposed funding levels would represent annual increases over the prior year of 3.9% in 2001-02 and 4.0% in 2002-03.

The administration estimates that the bill would provide two-thirds state funding of partial school revenues in the 2001-03 biennium. State funding is statutorily defined as the sum of state general and categorical school aids and the school levy property tax credit. With certain limited exceptions, partial school revenues are statutorily defined as the sum of state general and categorical school aids, the gross property tax levied for school districts and computer aid payments to school districts. The bill would increase state funding from the base amount of \$4,932,579,300 in 2000-01 to \$5,108,584,600 in 2001-02 and \$5,292,765,000 in 2002-03. These funding increases would represent annual increases over the prior year of 3.6% in each year of the 2001-03 biennium.

Joint Finance: Increase the total amount appropriated for general and categorical school aids to \$4,644,664,900 in 2001-02 and to an aid entitlement of \$4,844,109,300 in 2002-03. Compared to the Governor's recommendations, school aids would increase by \$5,385,300 in 2001-02 and \$20,649,300 in 2002-03. Compared to the 2000-01 base year, school aids would increase by \$181,390,600 in 2001-02 and \$380,835,300 in 2002-03 (or \$199,444,400 in 2002-03 over the 2001-02 recommended level). These proposed funding levels would represent annual increases over the prior year of 4.1% in 2001-02 and 4.3% in 2002-03. Of the aid entitlement for 2002-03 of \$4,844,109,300, \$115,000,000 of general school aids would be paid in July, 2003. This payment delay would reduce general fund expenditures in 2002-03 by \$115,000,000.

The Joint Committee on Finance provisions would provide an estimated two-thirds state funding of partial school revenues. The Committee provisions would increase state funding to \$5,113,969,900 in 2001-02 and \$5,313,414,300 in 2002-03. These funding levels would represent increases over the prior year of 3.7% in 2001-02 and 3.9% in 2002-03.

Conference Committee/Legislature: Increase the total amount appropriated for general and categorical school aids to \$4,617,909,500 in 2001-02 and to an aid entitlement of \$4,813,042,400 in 2002-03. Compared to the Joint Finance provisions, school aids would decrease by \$26,755,400 in 2001-02 and \$31,066,900 in 2002-03. Compared to the 2000-01 base year, school aids would increase by \$154,635,200 in 2001-02 and \$349,768,100 in 2002-03 (or \$195,132,900 in 2002-03 over the 2001-02 recommended level). These proposed funding levels would represent annual increases over the prior year of 3.5% in 2001-02 and 4.2% in 2002-03. As under the Joint Finance version of the budget, of the total aid entitlement for 2002-03 of \$4,813,042,400, \$115 million of general school aids would be paid in July, 2003.

The Legislature's provisions would provide an estimated two-thirds state funding of partial school revenues and would increase state funding to \$5,097,649,400 in 2001-02 and \$5,292,782,300 in 2002-03. These funding levels would represent increases over the prior year of 3.3% in 2001-02 and 3.8% in 2002-03.

Veto by Governor [A-5, A-6 and A-7]: Modify state support for K-12 education as follows: (a) delete the delayed payment of an additional \$115 million of equalization aid for the 2002-03 school year from the third Monday in June of 2003 until the fourth Monday in July of 2003; (b) delete the revenue limit flexibility provisions allowing a school district to increase its

revenue limit by 0.78% of the statewide average allowable revenue per pupil, weighted by property value per member; and (c) delete the provisions reducing the enrollment count for non-special education four-year-old kindergarten (K4) pupils by 0.2 member for revenue limit and general school aid membership purposes.

As vetoed, in 2001-02, the general school aids reduction is \$15,000,000, attributable to the veto of the revenue limit flexibility provision. In 2002-03, the reduction is \$16,700,000, which is the net effect of a \$30,000,000 reduction attributable to the veto of revenue limit flexibility, partially offset by a \$13,300,000 funding increase related to the veto of the proposed reduction in K4 membership. No additional funding attributable to eliminating the payment delay is shown in the Governor's veto in Act 16, since the Governor cannot write in a larger funding amount than is included in the bill as passed by the Legislature.

Under current law governing state two-thirds funding of partial K-12 school revenues, for each fiscal year, the Department of Administration (DOA), the Department of Public Instruction (DPI) and the Legislative Fiscal Bureau (LFB) must jointly certify an estimate of the amount of equalization aid needed to maintain two-thirds funding by May 15 of the preceding fiscal year. The Joint Committee on Finance must then meet to legally determine the amount of general school aid appropriated by June 30 of the preceding fiscal year. As a result of the Governor's item veto of the payment delay, the DOA, DPI and LFB certification in May, 2002, of the estimated amount of funding needed in 2002-03 to meet the state's two-thirds funding goal will be \$115 million higher than it would have been under the Legislature's provisions. Absent a change to the statutory two-thirds funding goal, it is assumed that the Joint Committee on Finance will make a determination of general school aid funding in June, 2002, that would be \$115 million higher in 2002-03 than it would have been under the Legislature's provisions to maintain state two-thirds funding of partial school revenues.

Under the Act 16 provisions, funding for general and categorical aids will increase to \$4,602,909,500 in 2001-02 and \$4,796,342,400 in 2002-03. Compared to the 2000-01 base year, school aids would increase by \$139,635,200 in 2001-02 and \$333,068,100 in 2002-03 (or \$193,432,900 in 2002-03 over the 2001-02 level). These funding levels represent annual increases over the prior year of 3.1% in 2001-02 and 4.2% in 2002-03.

The Act 16 provisions would provide an estimated two-thirds state funding of partial school revenues and would increase state funding to \$5,082,649,400 in 2001-02 and \$5,276,082,300 in 2002-03. These funding levels would represent increases over the prior year of 3.0% in 2001-02 and 3.8% in 2002-03.

A summary of the funding amounts and estimates of partial school revenues for the 2000-01 base year, under the recommendations of the Governor and Joint Finance and under Act 16 are presented in Table 1. (The general school aids amounts shown in the following tables for the Joint Finance and Act 16 provisions for 2002-03 reflect the \$115 million in equalization aid eligibility for 2002-03 related to the delayed payment provisions.)

TABLE 1

**State Support for K-12 Education
(\$ in Millions)**

	2000-01	Governor		Joint Finance		Act 16	
	Base Year	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03
State Funding:							
General School Aids	\$3,931.9	\$4,087.3	\$4,250.0	\$4,094.0	\$4,270.2*	\$4,051.6	\$4,220.9**
Categorical Aids	531.4	552.0	573.4	550.6	574.0	551.3	575.4
School Levy Credit	469.3	469.3	469.3	469.3	469.3	469.3	469.3
State Residential Schools	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>10.4</u>	<u>10.4</u>
Total	\$4,932.6	\$5,108.6	\$5,292.7	\$5,113.9	\$5,313.5	\$5,082.6	\$5,276.0
Partial School Revenues	\$7,403.7	\$7,662.9	\$7,939.1	\$7,670.0	\$7,970.0	\$7,624.0	\$7,914.1
State Share	66.62%	66.67%	66.67%	66.67%	66.67%	66.67%	66.67%

*Includes \$115 million in equalization aid eligibility for 2002-03 that would have been paid on a delayed basis in 2003-04.

**Assumes Joint Finance determination of general school aids funding in June, 2002, that would be \$115 million higher than the amount in the Act 16 appropriation schedule in 2002-03 to account for the veto of the payment delay provision.

Table 2 provides an outline of state support for K-12 education by individual fund source. Table 3 presents the Act 16 funding levels for each general and categorical school aid program as compared to the 2000-01 base funding level. The provisions relating to individual school aid programs are summarized in the items that follow.

TABLE 2

State Support for K-12 Education by Fund Source

	2000-01	Governor		Joint Finance		Act 16	
	Base Year	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03
GPR							
General School Aids	\$ 3,931,871,500	\$4,087,327,900	\$ 4,250,046,700	\$4,094,034,400	\$4,270,154,900 *	\$4,051,569,600	\$4,220,945,900**
Categorical Aids	493,757,300	509,375,300	530,366,500	508,116,100	528,769,600	508,625,500	530,011,700
School Levy Credit	469,305,000	469,305,000	469,305,000	469,305,000	469,305,000	469,305,000	469,305,000
State Residential Schools	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>10,434,900</u>	<u>10,434,900</u>
GPR Subtotal	\$4,894,933,800	\$5,066,008,200	\$5,249,718,200	\$5,071,455,500	\$5,268,229,500	\$5,039,935,000	\$5,230,697,500
PR							
Categorical Aids	6,824,100	6,841,100	6,841,100	6,891,100	6,841,100	6,891,100	6,841,100
SEG							
Categorical Aids	<u>30,821,400</u>	<u>35,735,300</u>	<u>36,205,700</u>	<u>35,623,300</u>	<u>38,343,700</u>	<u>35,823,300</u>	<u>38,543,700</u>
Total State Support – All Funds	\$4,932,579,300	\$5,108,584,600	\$5,292,765,000	\$5,113,969,900	\$5,313,414,300	\$5,082,649,400	\$5,276,082,300

*Includes \$115 million in equalization aid eligibility for 2002-03 that would have been paid on a delayed basis in 2003-04.

**Assumes Joint Finance determination of general school aids funding in June, 2002, that would be \$115 million higher than the amount in the Act 16 appropriation schedule in 2002-03 to account for the veto of the payment delay provision.

TABLE 3

General and Categorical School Aid by Funding Source
Act 16 Compared to 2000-01 Base Year

Agency	Type and Purpose of Aid	2000-01 Base Year	Act 16		2001-03 Change Over Base Year Doubled	
			2001-02	2002-03	Amount	Percent
DPI	General School Aid -- GPR Funded					
	Equalization Aid	\$3,931,871,500	\$4,051,569,600	\$4,220,945,900 *	\$408,772,500	5.2%
DPI	Categorical Aid -- GPR Funded					
	Special Education	\$315,681,400	\$315,681,400	\$315,681,400	\$0	0.0%
	SAGE	54,015,600	71,190,600	90,290,600	53,450,000	49.5
	SAGE - Supplement	4,739,000	4,739,000	4,739,000	0	0.0
	SAGE - Debt Service	3,000,000	300,000	300,000	-5,400,000	-90.0
	Pupil Transportation	17,742,500	17,742,500	17,742,500	0	0.0
	Tuition Payments/Open Enrollment Transfer	8,373,600	8,803,700	9,741,000	1,797,500	10.7
	Bilingual-Bicultural Education	8,291,400	8,291,400	8,291,400	0	0.0
	P-5 Grants	7,353,700	7,353,700	7,353,700	0	0.0
	Alternative Education Grants	5,000,000	5,000,000	5,000,000	0	0.0
	Grants for AODA Prevention and Intervention	4,520,000	4,520,000	4,520,000	0	0.0
	Driver Education	4,493,700	4,345,600	4,304,700	-337,100	-3.8
	School Lunch	4,371,100	4,371,100	4,371,100	0	0.0
	County Children with Disabilities Education Boards	4,000,000	4,116,000	4,214,800	330,800	4.1
	Head Start Supplement	3,712,500	3,712,500	3,712,500	0	0.0
	Children at Risk	3,500,000	3,500,000	3,500,000	0	0.0
	School Breakfast	892,100	1,055,400	1,055,400	326,600	18.3
	School Day Milk	710,600	710,600	710,600	0	0.0
	Aid for Transportation - Open Enrollment	500,000	500,000	500,000	0	0.0
	Peer Review and Mentoring	500,000	500,000	500,000	0	0.0
	Aid for Cooperative Educational Service Agencies	300,000	300,000	300,000	0	0.0
	Supplemental Aid	125,000	125,000	125,000	0	0.0
	Aid for Transportation - Youth Options Program	20,000	20,000	20,000	0	0.0
TEACH	Educational Technology Block Grants	35,000,000	35,000,000	35,000,000	0	0.0
	Educational Technology/Training Assistance	4,000,000	4,000,000	4,000,000	0	0.0
	Debt Service on Technology Infrastructure Bonding	2,715,100	2,747,000	4,038,000	1,354,800	24.9
UW	Environmental Education Grants	200,000	0	0	-400,000	-100.0
	Total Categorical Aid -- GPR Funded	\$493,757,300	\$508,625,500	\$530,011,700	\$51,122,600	5.2%
DPI	Categorical Aid -- PR Funded					
	Head Start Supplement	\$3,712,500	\$3,712,500	\$3,712,500	\$0	0.0%
	AODA	1,498,600	1,498,600	1,498,600	0	0.0
	Aid to MPS	1,410,000	1,410,000	1,410,000	0	0.0
	Alternative School American Indian	203,000	220,000	220,000	34,000	8.4
	Special Counselor Grants	0	50,000	0	50,000	N.A.
	Total Categorical Aid -- PR Funded	\$6,824,100	\$6,891,100	\$6,841,100	\$84,000	0.6%
DPI	Categorical Aid -- SEG Funded					
	School Library Aids	\$21,700,000	\$27,000,000	\$28,500,000	\$12,100,000	27.9%
TEACH	Educational Telecommunications Access Support	8,891,400	8,393,300	9,613,700	224,200	1.3
UW	Environmental Education, Forestry	200,000	400,000	400,000	400,000	100.0
	Environmental Education, Enviro. Assessments	30,000	30,000	30,000	0	0.0
	Total Categorical Aid -- SEG Funded	\$30,821,400	\$35,823,300	\$38,543,700	\$12,724,200	20.6%
	Total Categorical Aid -- All Funds	\$531,402,800	\$551,339,900	\$575,396,500	\$63,930,800	6.0%
	Total Aid -- All Funds	\$4,463,274,300	\$4,602,909,500	\$4,796,342,400	\$472,703,300	5.3%

*Assumes Joint Finance determination of general school aids funding in June, 2002, that would be \$115 million higher than the amount in the Act 16 appropriation schedule in 2002-03 to account for the veto of the payment delay provision.

2. GENERAL SCHOOL AIDS FUNDING LEVEL [LFB Paper 730]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg to Leg)	Net Change
GPR	\$473,631,600	\$26,814,700	-\$59,973,800	-\$31,700,000	\$408,772,500

Governor: Provide \$155,456,400 in 2001-02 and \$318,175,200 in 2002-03 for general school aids. Total funding would increase from an adjusted base of \$3,931,871,500 in 2000-01 to \$4,087,327,900 in 2001-02 and \$4,250,046,700 in 2002-03. This represents annual increases over the prior year of 4.0% in each year of the 2001-03 biennium. General school aids includes equalization aid, integration (Chapter 220) aid and special adjustment aid. In the 2000-01 base year, school districts are eligible for \$3,843.6 million in equalization aid, \$86.6 million in integration aid and \$1.7 million in special adjustment aid.

Joint Finance: Provide \$12,000,000 in 2001-02 and \$15,000,000 in 2002-03 based on reestimated costs of funding two-thirds of partial school revenues. In addition, adjust general school aids funding as needed to reflect other changes made by the Joint Finance Committee to revenue limits, categorical aid appropriations and payments for the Milwaukee charter school program. The net effect of all Joint Finance modifications would be to provide \$6,706,500 in 2001-02 and \$20,108,200 in 2002-03 for general school aids compared to the Governor's recommendations. Total funding for general school aids would increase to \$4,094,034,400 in 2001-02 and \$4,270,154,900 in 2002-03. This represents annual increases over the prior year of 4.1% in each year of the 2001-03 biennium. Further information for each of these adjustments is provided in the relevant summary items.

Conference Committee/Legislature: Delete a net amount of \$27,464,800 in 2001-02 and \$32,509,000 in 2002-03 from general school aids compared to Joint Finance provisions to reflect the legislative changes made by the Legislature to revenue limits, categorical aid appropriations and Milwaukee parental choice program funding. Total funding for general school aids would be \$4,066,569,600 in 2001-02 and \$4,237,645,900 in 2002-03. This represents an increase over the prior year of 3.4% in 2001-02 and 4.2% in 2002-03. Further information regarding each of the funding adjustments is provided in the relevant summary items.

Veto by Governor [A-6 and A-7]: Delete a net amount of \$15,000,000 in 2001-02 and \$16,700,000 in 2002-03 from general school aids compared to the Legislature's provisions to reflect partial vetoes made to provisions to allow a school district to increase its revenue limit by 0.78% of the statewide average allowable revenue per pupil, weighted by property value per member and to reduce the enrollment count for non-special education four-year-old kindergarten pupils by 0.2 member for revenue limit and general school aid membership purposes. Total funding for general school aids, would be \$4,051,569,600 in 2001-02 and \$4,220,945,900 in 2002-03, assuming that the Joint Committee on Finance makes a determination of general school aid funding in June, 2002, that would be \$115 million higher in 2002-03 to account for the veto of the payment delay provision. This would represent an increase over the

prior year of 3.0% in 2001-02 and 4.2% in 2002-03. Further information regarding each of the funding adjustments is provided in the relevant summary items.

3. SECONDARY COST CEILING [LFB Paper 731]

Governor: Set the secondary cost ceiling per member under the equalization aid formula equal to \$6,900 in 2001-02 and \$7,300 in 2002-03. Beginning in 2003-04 and in each year thereafter, the secondary cost ceiling would be adjusted for inflation on an annual basis.

Under current law, the equalization aid formula provides support for three levels of shared costs. Secondary shared costs are those costs between \$1,000 per member and the secondary cost ceiling per member, which is \$6,533 in 2000-01. The secondary cost ceiling is currently adjusted annually for inflation.

Joint Finance/Legislature: Delete provision. Instead, beginning with equalization aid paid in 2001-02, define the secondary cost ceiling to equal 90% of the prior year statewide shared cost per member. In 2001-02, the secondary cost ceiling would be \$6,848 under this provision. Also, delete the requirement that the secondary cost ceiling be adjusted annually for inflation.

[Act 16 Sections: 2204m and 2765z]

4. SPECIAL ADJUSTMENT AID

Governor/Legislature: Clarify that, in calculating special adjustment aid, any prior year general school aid adjustments made by DPI that are paid in the current school year be included as prior year, rather than current year, aid payments for the comparison of aid payments in the prior and current years. Specify that this provision would first apply to aid adjustments made on the effective date of the bill. Under special adjustment aid, which is a first draw on the general school aids appropriation, a school district's general school aid payment in a particular year can be no less than 85% of its prior year payment.

[Act 16 Sections: 2769 thru 2771 and 9340(6)]

5. CLARIFY TREATMENT OF COMPUTER AID FOR EQUALIZATION AID PURPOSES

Governor/Legislature: Clarify that computer aid received by school districts be included as shared costs under the equalization aid formula, beginning with aid paid in the 2001-02 school year.

[Act 16 Sections: 2761 and 9340(7)]

6. EQUALIZATION AID PAYMENT DELAY

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	-\$115,000,000	\$115,000,000	\$0

Joint Finance: Delay the payment of an additional \$115 million of equalization aid for the 2002-03 school year from the third Monday in June of 2003 until the fourth Monday in July of 2003. Under current law, the payment of \$75 million in equalization aid is delayed to the fourth Monday in July.

Create a transfer and payment mechanism that could reduce these payment delays if additional revenues accrue to the state. Specify that if the actual amount of general fund taxes collected in a fiscal year exceeds the published estimate, the proposed annual transfer to a tax relief fund of one-half of the excess would be modified so that up to the first \$115 million of monies that otherwise would have been deposited to a tax relief fund would instead be used to pay the \$115 million of school aids in June rather than July.

Assembly: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [A-5]: Delete provision. (The \$115 million show in the box above, assumes that Joint Finance determination of general school aids funding in June, 2002, will be \$115 million higher than the amount in the Act 16 appropriation schedule in 2002-03 to account for the veto for the payment delay provision.)

[Act 16 Vetoes Sections: 2767f, 2777g and 2777r]

7. INTEREST ON DELAYED EQUALIZATION AID PAYMENTS

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$700,000	-\$700,000	\$0

Joint Finance: Provide \$700,000 in 2002-03 in a sum sufficient appropriation to pay interest to school districts related to the additional delayed payment of \$115 million in equalization aid for the 2002-03 school year from the third Monday in June of 2003 to the fourth Monday in July of 2003. Specify that the interest payment for each school district be calculated using the annualized state investment fund earnings rate for April of each year to provide each school district with the amount of interest it would have earned using that earnings rate on its portion of the \$115 million payment delay for the period of the delay. Provide that this payment of interest would be made by DPI on the third Monday in June of 2003. Specify that

this payment of interest would be provided outside of revenue limits and would not count towards two-thirds funding of partial school revenues.

Assembly: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [A-5]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.255(2)(am)), 546m, 2767m, 2779 (as it relates to s. 20.255(2)(am)) and 2779m (as it relates to s. 20.255(2)(am))]

8. DEBT LEVY LIMIT FOR CALCULATION OF PARTIAL SCHOOL REVENUES

Assembly: Limit the amount of referenda-approved school district debt levy included in the definition of partial school revenues, beginning in 2001-02, to the lesser of the actual referenda-approved debt levy or \$460 million. Delete \$20,000,000 GPR in 2001-02 and \$40,000,000 GPR in 2002-03 from general school aids to adjust two-thirds funding.

Under current law, property tax levies for debt service payments of school districts are included in the partial school revenues used in calculating state two-thirds funding. This provision would establish a limit on the total amount of property tax levies to pay debt service on referenda-approved debt that would be included in the two-thirds funding calculation. If, in the aggregate, school district debt levies exceed this limit, then most school districts would see a proportionate reduction in state support for all school district costs. Debt service costs for all school districts would continue to be aided as shared costs under the equalization formula as under current law. It is estimated that the referenda-approved debt levy will increase from approximately \$460 million in 2000-01 to \$490 million in 2001-02 and \$520 million in 2002-03, for increases compared to the 2000-01 base year of \$30 million in 2001-02 and \$60 million in 2002-03. Thus, the amount needed to maintain the state's two-thirds commitment would be reduced by \$20 million in 2001-02 and \$40 million in 2002-03.

Conference Committee/Legislature: Delete provision.

9. STATE RESIDENTIAL SCHOOLS IN TWO-THIRDS CALCULATION

GPR	-\$6,956,600
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Assembly/Legislature: Specify that the general program operations appropriation for the School for the Deaf and the Center for the Blind and Visually Impaired, funded at \$10,434,900 annually under Joint Finance, be included in the definition of state school aids for the purpose of determining the state's two-thirds funding goal. As a result of this change, delete \$3,478,300 annually in general school aids to adjust two-thirds funding. The fiscal effect of this provision is shown in the box above, and is reflected in the summary entry related to general school aids.

[Act 16 Section: 2779m]

10. EXCLUSION OF DEBT SERVICE FROM SHARED COST FOR NEGATIVE TERTIARY AID DISTRICTS

Assembly: Specify that, beginning with aid paid in the 2002-03 school year, debt service on debt authorized by a referendum on or after the effective date of the budget bill would be excluded from shared cost for the calculation of a school district's equalization aid if the result of excluding such debt service would be an increase in the equalization aid payment to the district.

Under current law, shared cost is generally defined as the sum of the net cost of a school district's general fund and debt service fund. Under the equalization aid formula, districts with shared costs per pupil above the secondary cost ceiling (\$6,533 in 2000-01) and equalized value above the statewide average (\$303,298 in 2000-01) would generate negative aid as a result of any increase in shared cost. This provision would specify that debt service costs resulting from a referendum would not be counted in shared cost for negative tertiary districts, of which there were 124 in 2000-01. As a result, equalization aid could be shifted from lower-value to higher-value districts for costs attributable to such referenda, if they would have been offered and passed under current law.

Conference Committee/Legislature: Delete provision.

11. LEGISLATIVE COUNCIL STUDY OF SCHOOL FINANCING

Assembly/Legislature: Request the Joint Legislative Council to conduct a study of school financing. Require that, if the Council conducts the study, it report its findings, conclusions and recommendations to the Legislature by June 30, 2003.

Veto by Governor [A-10]: Delete provision.

[Act 16 Vetoed Section: 9140(10k)]

Revenue Limits

1. REVENUE LIMIT PER PUPIL ANNUAL INCREASE [LFB Paper 735]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$14,100,000	\$14,100,000	\$0

Governor: Delete the inflation adjustment to the per pupil revenue amount that is provided as an annual increase to a school district's per pupil base revenue, beginning in the 2001-02 school year. Provide that the annual per pupil adjustment would remain at the 2000-01 level, which is \$220.29. Specify that the \$220.29 adjustment would also apply to school districts that reorganize.

Under current law, the per pupil adjustment is indexed for inflation, by multiplying the prior year dollar amount by the percentage change in the consumer price index between the preceding March and the second preceding March. Using the indexing adjustment, DOA estimates that this per pupil adjustment would increase to \$226.02 for revenue limits calculated for the 2001-02 school year and \$233.12 for the 2002-03 school year under current law. Based on these figures, DOA staff estimate that this bill provision would reduce the cost of funding two-thirds of partial school revenues by approximately \$3,300,000 in 2001-02 and \$10,800,000 in 2002-03 compared to estimates of current law. The fiscal effect of this provision is shown in the box above, and is reflected in the summary entry relating to general school aids.

Joint Finance/Legislature: Delete provision. Provide \$3,300,000 in 2001-02 and \$10,800,000 in 2002-03 in general school aids to adjust two-thirds funding. The fiscal effect of this provision is shown in the box above, and is reflected in the summary entry related to general school aids.

2. SUMMER SCHOOL REVENUE LIMIT ENROLLMENT COUNTS [LFB Paper 736]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$8,400,000	\$8,400,000	\$0

Governor: Specify that 25%, rather than the current law 40%, of summer school enrollment be added to the membership counts from the third Friday in September for determining a school district's revenue limit, beginning with the 2001 summer enrollment count used for the revenue limit calculation for the 2001-02 school year and in every school year thereafter.

Revenue limits are calculated using a three-year rolling average of pupil enrollment. Under the bill, a school district's enrollment count for revenue limit purposes in 2001-02 would include 20% of 1999 summer enrollment, 40% of 2000 summer enrollment and 25% (rather than 40% under current law) of 2001 summer enrollment. In 2002-03, enrollment counts would include 40% of 2000 summer enrollment and 25% (rather than 40% under current law) of 2001 and 2002 summer enrollment. Beginning in 2003-04 and in each year thereafter, enrollment counts would include 25% (rather than 40% under current law) of the three years' summer enrollments.

DOA staff estimate that this bill provision would reduce the cost of funding two-thirds of partial school revenues by approximately \$2,300,000 in 2001-02 and \$6,100,000 in 2002-03 compared to estimates of current law. The fiscal effect of this provision is shown in the box above, and is reflected in the summary entry relating to general school aids.

Joint Finance/Legislature: Delete provision. Provide \$2,300,000 in 2001-02 and \$6,100,000 in 2002-03 in general school aids to adjust two-thirds funding. The fiscal effect of this provision is shown in the box above, and is reflected in the summary entry related to general school aids.

3. LOW-REVENUE CEILING

GPR	\$440,000
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Governor/Legislature: Increase the low-revenue ceiling to \$6,700 in 2001-02 and \$6,900 in 2002-03. Under current law, any school district with base revenues per pupil for the prior school year of less than \$6,500 may increase its revenues up to the low-revenue ceiling of \$6,500 per pupil.

DOA staff estimate that this bill provision would increase the cost of funding two-thirds of partial school revenues by approximately \$240,000 in 2001-02 and \$200,000 in 2002-03 compared to estimates of current law. The fiscal effect of this provision is shown in the box above, and is reflected in the summary entry relating to general school aids.

[Act 16 Section: 2789]

4. CARRYOVER OF UNUSED REVENUE LIMIT AUTHORITY

Governor/Legislature: Modify the current law provision related to the carryover of unused authority under revenue limits in cases where a school district receives a positive prior year aid adjustment in the current school year and the district's revenues in the preceding school year were less than the district's revenue limit in that year. Specify that if the prior year aid adjustment is less than the difference between a district's revenue limit and actual revenues in the prior year, the district's revenue limit in the current year is increased by an amount equal to the sum of the aid adjustment and 75% of an amount equal to the district's prior year revenue limit less the district's prior year actual revenues less the amount of the aid adjustment. Specify that if the prior year aid adjustment is equal to or greater than the difference between a district's revenue limit and actual revenues in the prior year, the district's revenue limit in the current year is increased by an amount equal to the difference between the district's revenue limit and actual revenues in the prior year. Specify that this provision would first apply to state aid adjustments made after the effective date of the bill.

Under current law, if a school district's revenues in any school year are less than the maximum allowed in that year, the revenue limit otherwise applicable to the district in the subsequent school year is increased by an amount equal to 75% of the difference between the district's actual revenues and the maximum amount allowed.

DOA staff estimate that this bill provision would have a minimal effect on the cost of funding two-thirds of partial school revenues.

[Act 16 Sections: 2797, 2798 and 9340(8)]

5. REVENUE LIMIT PENALTY EXCEPTION FOR DEBT LEVY

Governor/Legislature: Specify that the penalty provisions for exceeding revenue limits would not apply to property taxes levied for the purpose of paying the principal and interest on valid bonds or notes issued by a school board.

Under current law, if a school district exceeds its maximum allowable revenue without referendum approval, the State Superintendent must reduce the district's equalization aid payment, or other state aid payments, by the excess revenue amount. If a district's state aid is less than the penalty amount, the State Superintendent must order a school board to reduce its property tax levy in an amount equal to any remaining amount by which the district exceeded the revenue limit.

[Act 16 Section: 2799]

6. TREATMENT OF COMMUNITY SERVICE LEVIES UNDER REVENUE LIMITS

GPR	- \$22,667,800
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Joint Finance/Legislature: Exclude community service levies from the limited levy under revenue limits. Specify that the community service levy would be excluded from a district's prior year base revenues and from a district's current year revenue limit beginning with revenue limits calculated for the 2001-02 school year. Exclude these levies from the definition of partial school revenues. Delete \$11,333,900 annually in general school aids to adjust two-thirds funding. The fiscal effect of this provision is shown in the box above, and is reflected in the summary entry related to general school aids.

Currently, school districts can establish a separate fund for community service activities. The fund is used to account for activities which are not elementary and secondary educational programs but have the primary function of serving the community, such as adult education, community recreation programs such as evening swimming pool operation and softball leagues, elderly food service programs, non-special education preschool or day care services and other programs. School districts are allowed to adopt a separate tax levy for this fund. If a district does so, that levy is currently part of the limited levy under revenue limits. In 2000-01, it is estimated that 119 school districts will levy over \$17.0 million for community service activities.

[Act 16 Sections: 2779, 2789m, 2791m, 2798f and 9340(11x)]

7. REVENUE LIMIT AGREEMENT FOR CERTAIN DISTRICTS

Joint Finance/Legislature: Provide that if a school district held a referendum before February 5, 2001, to exceed its revenue limit and the resolution adopted by the school board and referred to in the question submitted to the voters specified a mill rate to be used to calculate the revenue limit increase, the amount by which a school district's revenue limit is increased as a result of the referendum for each year specified in the referendum is the dollar amount agreed to by DPI and the school board of the district.

Under current law, a school district may exceed its revenue limit by receiving voter approval at a referendum. Under the statutes, a school board must adopt a resolution supporting inclusion in the district's budget of "an amount equal to the proposed excess revenue" and the question placed before the voters must ask whether to exceed the revenue limit "by a specified amount." This provision would apply to a referendum passed by voters in the Melrose-Mindoro School District in June of 2000 to exceed the District's revenue limit by an amount that would result from a levy of a specified mill rate on the value of property in the District.

[Act 16 Section: 4034z]

8. REVENUE LIMIT FLEXIBILITY [LFB Paper 737]

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$45,000,000	-\$45,000,000	\$0

Senate: Allow a school district to increase its revenue limit, beginning in 2001-02, if the school board adopts a resolution approving the increase by a two-thirds vote of the membership, as follows:

Specify that the amount of the allowable increase would equal 1% of the statewide average allowable revenue per pupil in the previous school year multiplied by the district's three-year rolling average pupil enrollment. Include the additional revenue provided in the definition of partial school revenues for the purposes of two-thirds funding. Provide \$16 million in 2001-02 and \$33 million in 2002-03 for general school aids to maintain two-thirds funding.

Specify that the adjustment would be provided on a nonrecurring basis, meaning the additional revenues would be excluded from the base for determining a district's revenue limit for the following year. Under current law, expenditures made from the additional revenue would be included in shared costs for general school aids purposes. A school board could adopt a resolution to increase its revenue limit under these provisions annually.

Conference Committee/Legislature: Modify the Senate provision to specify that the allowable increase for each school district would be calculated as follows:

a. The statewide average allowable revenue per pupil in the previous school year would be multiplied by 0.78%.

b. For each district, that amount would be multiplied by a weighting factor, which would be calculated by dividing the statewide average equalized property value per member by the property value per member for the district. As for the calculation of equalization aids, the property valuations would be from the prior year and would be adjusted for K-8 and UHS districts. If a district's per pupil property value is less than \$120,000, for the purposes of this calculation, it would be set equal to \$120,000.

c. The resulting amount would be multiplied by the district's current three-year rolling average pupil enrollment to determine the total allowable increase for the district.

Provide \$15 million in 2001-02 and \$30 million in 2002-03 for general school aids to maintain two-thirds funding. The fiscal effect of this provision is shown in the box above, and is reflected in the summary entry related to general school aids.

Veto by Governor [A-6]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.255(2)(ac)), 2798s and 9340(14c)]

9. REVENUE LIMITS -- FOUR-YEAR-OLD KINDERGARTEN MEMBERSHIP

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	-\$14,000,000	\$14,000,000	\$0

Senate: Provide that, for revenue limit and general school aid membership purposes, a pupil enrolled in a four-year-old kindergarten (K4) program generally be counted on a full-time equivalency (FTE) basis beginning in the 2002-03 school year. Specifically, provide that a K4 pupil enrolled in a program requiring full-day attendance for five days a week for an entire school year be counted as 1.0 member and that a K4 pupil attending a program requiring full-day attendance for less than five days a week for an entire school year be counted based on the result obtained by multiplying the number of hours in each day in which the pupil is enrolled by the total number of days for which the pupil is enrolled, and dividing the result by the product of the number of hours of attendance per day required of first grade pupils in the school district multiplied by 180. Further, specify that a pupil enrolled in a K4 program that provides 437 hours of direct pupil instruction be counted as 0.6 pupil if the program annually provides at least 87.5 additional hours of outreach activities. Provide \$2.2 million in 2002-03 for general school aids in order to maintain two-thirds funding of partial school revenues.

Assembly: Provide that, for revenue limit and general school aid membership purposes, pupils enrolled in a K4 program who are not considered children with disabilities would be excluded from the definition of membership. Specify that these pupils would be removed from all years of the three-year rolling average under revenue limits and that state aid and property taxes utilized for non-special education K4 programs would be excluded from base revenues in the 2002-03 revenue limit calculation. Provide that the definition of shared cost would be modified to exclude costs attributable to non-special education K4 programs, beginning with general school aids eligibility in 2002-03.

Establish a revenue limit adjustment under which school districts could increase their local property tax levy to fund a K4 kindergarten program for pupils who are not considered children with disabilities. Exclude any revenues generated under this revenue limit adjustment from the definition of partial school revenues, so that those revenues would be excluded from the two-thirds funding calculation.

Specify that these provisions would be effective in the 2002-03 school year. Delete a net amount of \$38 million in general school aids in 2002-03 related to this provision.

Conference Committee/Legislature: Provide that for revenue limit and general school aid membership purposes, pupils enrolled in a four-year-old kindergarten program who are not considered children with disabilities would be counted as 0.3 pupil, rather than 0.5 pupil as under current law. Specify that if a pupil is enrolled in a K4 program that provides at least 87.5 additional hours of outreach activities, the pupil would be counted as 0.4 pupil, rather than 0.6 pupil as under current law. Children with disabilities in a K4 program would continue to be counted as under current law.

Specify that the 0.2 reduction in the count of pupils not considered children with disabilities would be removed from all years of the three-year rolling average under revenue limits and that general school aid and property taxes attributable to that 0.2 pupil count would be excluded from base revenues in the 2002-03 revenue limit calculation.

Establish a revenue limit adjustment under which school districts could increase their local property tax levy in an amount equal to the 0.2 pupil reduction for pupils who are not considered children with disabilities multiplied by the district's allowable revenue per pupil. Exclude any revenues generated under this revenue limit adjustment from the definition of partial school revenues, so that those revenues would be excluded from the two-thirds funding calculation. Provide that the definition of shared cost would be modified to exclude costs attributable to the 0.2 pupil reduction adjustment, if school districts use their local property tax levy to fund the 0.2 pupil amount, beginning with general school aids eligibility in 2002-03.

Specify that these provisions would be effective in the 2002-03 school year. Delete a net amount of \$13.3 million in general school aids and \$700,000 in Milwaukee parental choice program funding in 2002-03 related to this provision. The fiscal effect of this provision is shown in the box above, and is reflected in the summary entry related to general school aids.

Veto by Governor [A-7]: Delete provision.

[Act 16 Vetoed Sections: 2749m, 2761d, 2761g, 2764m, 2779 (as it relates to the revenue limit increase for property taxes levied for certain K4 revenues), 2788m, 2798L, 9140(10f) and 9340(8h)]

10. REVENUE LIMIT ADJUSTMENT FOR LARGE AREA, LOW ENROLLMENT DISTRICTS

Senate/Legislature: Provide a recurring revenue limit adjustment for certain school districts. Specify that a district would be eligible for the adjustment if the district had an enrollment of fewer than 450 pupils in the prior school year and the district is at least 275 square miles in area. Provide that if a district lost up to 10% of its membership between September, 1996, and September, 2000, it would receive an adjustment of \$100,000. Provide that if a district lost between 10% and 20% of its membership between September, 1996, and September, 2000, it would receive an adjustment of \$175,000. Provide that if a district lost more than 20% of its membership between September, 1996, and September, 2000, it would receive an adjustment of \$250,000. Provide \$350,000 annually in general school aids to maintain two-thirds funding. It is anticipated that three districts (Laona, South Shore and Winter) would be eligible for this adjustment. The fiscal effect of this provision is shown in the box above, and is reflected in the summary entry related to general school aids.

GPR	\$700,000
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[Act 16 Section: 2798j]

11. REVENUE LIMIT ADJUSTMENT FOR INTEGRATION TRANSFER PROGRAM

Senate/Legislature: Provide a recurring revenue limit adjustment in the 2001-02, 2002-03 and 2003-04 school years to school districts that implemented an integration transfer program between July 1, 1993, and the effective date of the bill. Specify that the adjustment in each year would be equal to one-third of the integration transfer aid program payment in 1994-95. Exclude the adjustment from the definition of partial school revenues for the purpose of determining the state's two-thirds funding goal.

The Wausau School District would be eligible for a revenue limit adjustment under this provision. The District began an intradistrict transfer program in the 1993-94 school year and received an initial payment of \$579,800 under the program in 1994-95. Thus, the revenue limit adjustment for 2001-02, 2002-03 and 2003-04 would be \$193,300.

[Act 16 Sections: 2779 and 2798g]

Categorical Aids

1. SPECIAL EDUCATION AIDS [LFB Paper 740]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$25,000,000	-\$25,000,000	\$0

Governor: Provide \$10,000,000 in 2001-02 and \$15,000,000 in 2002-03 for special education aids. Base funding of \$315,681,400 is currently appropriated for these aids. In addition, make the following changes related to special education aids.

Supplemental aid for high-cost pupils. Specify that local educational agencies (LEAs) would be eligible for supplemental special education aid beginning in the 2002-03 school year. This supplemental aid would be equal to 50% of prior year aidable special education costs in excess of \$50,000 for an individual pupil, after deduction of those costs otherwise aided from the categorical special education aids appropriation. Provide that the LEA submit a claim to DPI for supplemental special education aid no later than September 1 of the school year following the school year in which the costs were incurred. Specify that supplemental aid would be a first draw to be fully-funded from the special education aids appropriation, similar to costs for special education for children in hospitals and convalescent homes for orthopedically disabled students under current law. The remainder of the funding would continue to be distributed based on eligible special education costs incurred by an LEA in the prior year.

Census-based aid distribution. Require DPI to distribute a portion of funding from the special education aids appropriation on a "census basis." Require the following amounts of funding to be distributed according to this method: (a) \$10 million in the 2001-02 school year; (b) 5% of the special education appropriation in the 2002-03 school year (\$16,534,100 under the bill); and (c) 10% of the special education appropriation in the 2003-04 school year and in each school year thereafter. Specify that those amounts be distributed according to the following formula: (a) 85% (\$8,500,000 in 2001-02 and \$14,054,000 in 2002-03 under the bill) by the proportion the eligible school district's membership or Milwaukee charter school's pupils is of the statewide total membership of eligible school districts and pupils attending charter schools, and (b) 15% (\$1,500,000 in 2001-02 and \$2,480,100 in 2002-03 under the bill) by the proportion the eligible school district's membership or charter school's pupils that are eligible for a free or reduced-price lunch is of the statewide total membership of eligible school districts and charter schools' pupils who are eligible for a free or reduced-price lunch. A school district or charter school would be eligible for this "census based" aid if it would receive special education aid under current law. The remainder of the funding would continue to be distributed based on eligible special education costs incurred by an LEA in the prior year.

Eligible uses of funding. Expand the allowable uses of state special education aid to include those purposes for which federal special education may be used, including the development and implementation of a coordinated services system and the design, implementation and evaluation of a school-based improvement plan.

Joint Finance: Delete \$10,000,000 in 2001-02 and \$15,000,000 in 2002-03 for special education aids. Provide \$3,333,300 in 2001-02 and \$5,000,000 in 2002-03 in general school aids to adjust two-thirds funding. The fiscal effect of the additional general school aids funding is reflected in the summary item for general school aids.

Supplemental aid for high-cost pupils. Delete provision. Instead, specify that if an LEA incurs special education costs for a pupil that equal or exceed three times the statewide average per pupil cost in the previous school year, as determined by DPI by rule, DPI would provide supplemental aid for those costs beginning in the 2002-03 school year. Provide that the supplemental aid would be equal to 90% of the following: the aidable costs for the special education pupil in the previous school year, less the amount of categorical aid paid for those costs, plus the additional costs (defined as nursing services and assistive technology) for that pupil in the prior year, less an amount equal to three times the statewide average per pupil cost in the previous school year. Specify that supplemental aid would be a first draw to be fully-funded from the special education aids appropriation. Require the LEA to submit a claim for supplemental aid to DPI no later than September 1 of the school year following the school year in which the costs were incurred. DPI estimates that approximately \$26 million in 2002-03 would be distributed under this high-cost special education provision.

Census-based aid distribution: Delete provision.

Eligible uses of funding: Delete provision.

Senate: Provide \$15,000,000 in 2002-03 for special education aid. Delete \$5,000,000 in 2002-03 in general school aids to adjust two-thirds funding.

Supplemental aid for high-cost pupils. Provide \$26,000,000 in 2002-03 in a newly-created appropriation for supplemental special education aid for high-cost pupils, using the same criteria for distribution of aid as adopted by Joint Finance. Delete \$8,666,700 in 2002-03 in general school aids to adjust two-thirds funding.

Conference Committee/Legislature: Maintain current law with respect to special education aids. (Base level funding would be maintained, and no supplemental aid would be provided for high-cost pupils.)

2. LEGISLATIVE COUNCIL STUDY OF SPECIAL EDUCATION ISSUES

Assembly: Request the Joint Legislative Council to conduct a study of issues in special education, including: (a) criteria to determine a pupil's need for special education services; (b)

the extent of the problem of providing special education services to violent pupils and recommendations on how to address the problem; (c) the availability of alternative regular education programs that might be more appropriate for pupils currently enrolled in special education programs; (d) the impact of statewide standardized tests on referrals to special education; (e) current training of special education teachers; and (f) whether it is possible to recover a larger percentage of federal medical assistance funds for the provision of special education services. Require that, if the Council conducts the study, it report its findings, conclusions and recommendations to the Legislature by June 30, 2003.

Conference Committee/Legislature: Modify provision to include special education funding in the list of issues to be studied.

Veto by Governor [A-11]: Delete provision.

[Act 16 Vetoed Section: 9140(10fm)]

3. UNIVERSITY OF WISCONSIN SPECIAL EDUCATION STUDY

Assembly/Legislature: Require the Board of Regents to direct the School of Education at UW-Madison and the Department of Neurology of the UW-Madison School of Medicine to study methods of identifying special education students with dyslexia and irlen syndrome and methods of remediation. Require DPI to distribute a summary of the study to each school district.

Veto by Governor [A-12]: Delete provision.

[Act 16 Vetoed Sections: 1351zb and 2638m]

4. SAGE PROGRAM [LFB Paper 741]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$22,014,000	\$31,436,000	\$53,450,000

Governor: Provide \$6,588,000 in 2001-02 and \$15,426,000 in 2002-03 above the base level of \$58,754,600 for the student achievement guarantee in education (SAGE) program. An additional \$125,000 in 2002-03 would be provided for the annual SAGE evaluation, but would be transferred to the proposed Board of Education Evaluation and Accountability. For more information on this transfer, see "Public Instruction -- Assessments and Licensing."

Modify the SAGE program in the following manner:

Eliminate program sunset. Delete the sunset provision that prohibits DPI from entering into SAGE contracts after June 30, 2001, as well as the provisions prohibiting the encumbrance of

funds from the SAGE supplement appropriation after June 30, 2003, and from the primary SAGE appropriation after June 30, 2005.

Renewal contracts. Allow DPI to enter into renewal contracts for one or more terms of five school years for any current SAGE school. As a condition of receiving payments under a renewal of a SAGE contract, a school board would be required to maintain the reduction of class size achieved during the last school year of the original SAGE contract for the grades specified for the last school year of the contract.

2000-01 Contracts -- Under 50% Low-Income Pupils. For SAGE contracts that begin in 2000-01 on behalf of schools whose low-income pupil enrollment was less than 50% in 2000-01, the current requirement that class size be reduced for second and then third grade, and the aid associated with those low-income pupils, would be eliminated. Instead, specify that the reduced class size achieved during 2000-01 for at least kindergarten and grade one would be maintained for 2001-02 through 2004-05.

2000-01 Contracts -- At Least 50% Low-Income Pupils. For contracts that begin in 2000-01 on behalf of schools whose low-income pupil enrollment was at least 50% in 2000-01, the required reduction in class size would remain unchanged from current law.

Under current law, school districts must do all of the following in each SAGE school: (a) reduce each class size in the applicable grades to 15 pupils; (b) keep the school open every day for extended hours and collaborate with community organizations to make educational and recreational opportunities as well as community and social services available in the school to all district residents; (c) provide a rigorous academic curriculum designed to improve academic achievement; and (d) create staff development and accountability programs that provide training for new staff members, encourage employee collaboration and require professional development plans and performance evaluations. Aid equals \$2,000 per low-income pupil in eligible grades.

Joint Finance/Legislature: Provide \$10,587,000 in 2001-02 and \$20,849,000 in 2002-03 to fully fund class size reduction in all current SAGE schools in kindergarten through grade three. Delete the provisions that would have limited SAGE payments for second and then third grade for schools with under 50% low-income pupils. Reduce general school aids by \$3,529,000 in 2001-02 and \$6,949,700 in 2002-03 to adjust two-thirds funding of partial school revenues. The fiscal effect of the reduction to general school aids funding is shown in the summary item for general school aids.

[Act 16 Sections: 549, 550, 2729, 2730, 2734 and 2735]

5. SAGE DEBT SERVICE AID

GPR	- \$5,400,000
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Governor/Legislature: Reduce funding by \$2,700,000 annually from the adjusted base level of \$3,000,000. After this reduction, \$300,000 of annual funding would be available under

this program to reimburse school districts, except MPS, for 20% of debt service costs associated with SAGE building projects approved by referendum and by DPI prior to June 30, 2001.

6. SAGE EVALUATION MODIFICATIONS [LFB Paper 741]

Governor: Reduce the current allocation from the SAGE appropriation from \$250,000 to \$125,000 for an annual evaluation of the SAGE program. Require DPI to select an evaluator by using a competitive process to ensure an impartial evaluation.

Joint Finance/Legislature: Delete provision.

7. TUITION PAYMENTS [LFB Paper 742]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$1,797,500	- \$1,494,100	\$1,494,100	\$1,797,500

Governor: Provide \$430,100 in 2001-02 and \$1,367,400 in 2002-03 for state tuition payments. Base funding of \$8,373,600 is currently appropriated for these payments. Of this funding, \$430,100 in 2001-02 and \$1,064,000 in 2002-03 would be for anticipated increases in current law tuition payments made by the state for the cost of educating children who live in properties for which there is no parental property tax base support. The additional \$303,400 in 2002-03 would fund the cost of expanding the required payments under the appropriation, beginning in 2002-03, to include tuition payments for pupils with a disability who live in a foster home, treatment foster home or group home, if at least 4% of the pupils enrolled in the school district reside in foster homes, treatment foster homes or group homes that are not exempt from property taxes. Specify that the annual payments for these pupils would be the special annual tuition rate only, which is the sum of instructional and specified services costs unique to that program divided by the average daily membership of all pupils enrolled in the program, including those for whom tuition is paid.

Joint Finance: Delete \$430,100 in 2001-02 and \$1,064,000 in 2002-03 for anticipated increases in current law tuition payments made by the state. Provide \$143,400 in 2001-02 and \$354,700 in 2002-03 in general school aids to adjust two-thirds funding. The fiscal effect of the additional general school aids funding is reflected in the summary item for general school aids.

Assembly/Legislature: Provide \$430,100 in 2001-02 and \$1,064,000 in 2002-03 for anticipated increases in current law tuition payments made by the state. Delete \$143,400 in 2001-02 and \$354,700 in 2002-03 from general school aids to adjust two-thirds funding. The fiscal effect of the reduction in general school aids funding is reflected in the summary item for general school aids.

[Act 16 Sections: 2780 thru 2782 and 9340(2)]

8. BILINGUAL-BICULTURAL EDUCATIONAL AIDS [LFB Paper 743]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,500,000	-\$1,500,000	\$0

Governor: Provide \$500,000 in 2001-02 and \$1,000,000 in 2002-03 for bilingual-bicultural educational aids. Base funding is \$8,291,400.

Joint Finance/Legislature: Delete \$500,000 in 2001-02 and \$1,000,000 in 2002-03 for bilingual-bicultural aids. Provide \$166,700 in 2001-02 and \$333,300 in 2002-03 in general school aids to adjust two-thirds funding. The fiscal effect of the additional general school aids funding is reflected in the summary item for general school aids.

9. SCHOOL DISTRICT CHARTER SCHOOL DEVELOPMENT LOANS [LFB Paper 744]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,000,000	-\$1,000,000	\$0

Governor: Provide \$1,000,000 GPR in 2002-03 in a newly created continuing appropriation and require the State Superintendent to allocate \$1,000,000 FED in 2002-03 for charter school development loans to school districts. Create a continuing appropriation for charter school development loan repayments that would receive repayments and loan them out again. Authorize the loans to be used for capital expenditures, staff or curriculum development, or other costs of starting a charter school. Specify that the term of a loan under this provision would be five years and require the State Superintendent to specify the annual repayment amount.

Joint Finance/Legislature: Delete provision. To maintain two-thirds funding, general aids would increase by \$333,300 in 2002-03 compared to the bill. The fiscal effect of the additional general school aids funding is reflected in the summary item for general school aids.

10. GRANTS TO COOPERATIVE EDUCATIONAL SERVICE AGENCIES [LFB Paper 745]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$850,000	-\$850,000	\$0

Governor: Provide \$850,000 in 2002-03 for grants to cooperative educational service agencies (CESAs) to develop non-instructional educational services for school districts. Allow an individual CESA or a consortium of two or more CESAs to apply for these grants. Require

that a CESA or consortium of CESAs provide matching funds equal to at least 50 percent of the grant amount. Specify that a grant may not exceed \$300,000. Require DPI to promulgate rules to implement and administer the grants.

Joint Finance/Legislature: Delete provision. Provide \$283,300 in 2002-03 in general school aids to adjust two-thirds funding. The fiscal effect of the additional general school aids funding is reflected in the summary item for general school aids.

11. DRIVER'S EDUCATION AID

GPR	- \$337,100
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Governor: Reduce funding by \$148,100 in 2001-02 and \$189,000 in 2002-03 from a base level of \$4,493,700 for school districts that operate driver education courses. The program pays school districts \$100 for each pupil who completes both the classroom and behind-the-wheel portions of the drivers education program. The funding reductions reflect projections that total claims will decline in the 2001-03 biennium.

Assembly: Delete \$500,000 annually for driver education payments. Provide \$166,700 annually in general school aids to adjust two-thirds funding.

Legislature: Include Governor's provision.

**12. AID TO COUNTY CHILDREN WITH DISABILITIES
EDUCATION BOARDS**

GPR	\$330,800
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Senate/Legislature: Provide \$116,000 in 2001-02 and \$214,800 in 2002-03 for aid to county children with disabilities boards (CCDEBs). Delete \$38,700 in 2001-02 and \$71,600 in 2002-03 in general school aids to adjust two-thirds funding. Base funding of \$4,000,000 is currently appropriated for aid to CCDEBs. The fiscal effect of the reduction in general school aids funding is reflected in the summary item for general school aids.

13. SCHOOL BREAKFAST

GPR	\$326,600
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Senate/Legislature: Provide \$163,300 annually above base level funding of \$892,100 for the school breakfast program. Delete \$54,400 annually of general school aids funding to adjust two-thirds funding of partial school revenues. The fiscal effect of the reduction to general school aids funding is reflected in the summary item for general school aids.

14. GRANTS FOR CONSOLIDATION AND COORDINATION STUDIES [LFB Paper 745]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$50,000	- \$50,000	\$0

Governor: Provide \$50,000 in 2002-03 for grants to school districts to study consolidation or coordination. Specify that the grants be awarded to two or more school districts that are considering consolidating or coordinating the provision of educational services for the purpose of studying the feasibility of the consolidation or coordination. Require DPI to promulgate rules to implement and administer the grants.

Joint Finance/Legislature: Delete provision. Provide \$16,700 in 2002-03 in general school aids to adjust two-thirds funding. The fiscal effect of the additional general school aids funding is reflected in the summary item for general school aids.

15. SCHOOL LIBRARY AID REESTIMATE

SEG	\$12,100,000
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Governor/Legislature: Provide \$5,300,000 in 2001-02 and \$6,800,000 in 2002-03 as a reestimate of the amount of income from the common school fund that will be available to distribute to school libraries.

16. SCHOOL LIBRARY AID NOTIFICATION

Governor/Legislature: Clarify that the notice of the amount of school library aid to be received in the current school year given by the State Superintendent to school districts is made by January 10 annually and that the notice is an estimate. Clarify that DOA is no longer required to issue its warrants within 15 days after receiving such notice from the State Superintendent. Specify that the actual amount paid to each district would be based upon the amount of common school fund income available on April 15 annually. Require that the aid must be distributed by the state treasurer to each school district in one payment on or before May 1 annually. Current law requires the payment be made on or before June 30 annually.

[Act 16 Sections: 1408 and 1409]

17. ENERGY ASSISTANCE GRANTS TO SCHOOL DISTRICTS

Assembly: Provide \$5,000,000 SEG in 2001-02 from the utility public benefits fund in a DOA appropriation for energy assistance grants to school districts. Require DOA to award grants to eligible school districts to help defray high energy costs. Specify that, to be eligible for a grant, a school board must adopt a resolution requesting a grant and submit the resolution, together with any other information DOA requires, to the Department. Specify that the amount

of the grant be determined by dividing the \$5,000,000 by the total 2000-01 membership of all eligible school districts and multiplying that result by the school district's 2000-01 membership.

Require DOA to award the grants by December 1, 2001, or by the first day of the 3rd month beginning after the effective date of the bill, whichever is later. Provide that a school districts may use the funds for any purpose other than the salary or benefits of any school district employee. Prohibit any funds from being encumbered from the appropriation after June 30, 2002.

Conference Committee/Legislature: Delete provision.

18. SPECIAL COUNSELOR GRANT PROGRAM

PR	\$50,000
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Joint Finance/Legislature: Provide \$50,000 PR in 2001-02 from tribal gaming revenues for a special counselor grant program. Create an annual appropriation under DPI for this purpose. Require DPI to award grants to school districts, CESAs, consortia consisting of two or more school districts or CESAs, or an educational organization that serves pupils in any grade from kindergarten to 12, if the school district, CESA, or educational organization serves American Indian pupils or borders on an American Indian reservation, for the purpose of employing counselors to help American Indian pupils adjust to the school districts in which they are enrolled. Reduce funding for general school aids by \$16,700 GPR in 2001-02 in order to adjust two-thirds funding of partial school revenues. The fiscal effect of the reduced general school aids funding is reflected in the summary item for general school aids.

[Act 16 Sections: 559m, 887r and 2625m]

19. ALTERNATIVE SCHOOL FOR AMERICAN INDIAN LANGUAGE AND CULTURE

PR	\$34,000
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Governor/Legislature: Provide \$17,000 annually above a base level of \$203,000 to reflect an increase in projected pupils eligible for reimbursement under this program. Each alternative school operating an American Indian language and culture education program receives state aid in an amount equal to \$200 for each pupil who has completed the fall semester in the program. If funding is insufficient, payments are to be prorated. Funding for this program comes from Indian gaming compact receipts.

[Act 16 Section: 560]

20. WISCONSIN MORNING MILK PROGRAM

Senate: Provide \$570,000 annually for the Wisconsin morning milk program, which has base funding of \$710,600 in 2000-01. This program provides Wisconsin produced milk each day

to pupils enrolled in kindergarten to grade five who are eligible for free or reduced-price lunches. Delete \$190,000 annually from general school aids to adjust two-thirds funding.

Assembly/Legislature: Rename the morning milk program the school day milk program. Require that in order to be eligible to receive a beverage under the program, the child must not receive the beverage during the school's breakfast or lunch period. This provision would first apply to aid paid to school districts in 2002-03.

[Act 16 Sections: 548m, 2640g, 2640h and 9340(7x)]

21. WISCONSIN BOOK FESTIVAL FROM ALTERNATIVE EDUCATION GRANTS

Assembly/Legislature: Allocate \$50,000 in 2001-02 to the Wisconsin Humanities Council to organize and plan the Wisconsin Book Festival, which would highlight state authors, encourage young authors, and promote literacy. Require DPI to fund the grant to the Wisconsin Humanities Council from the alternative education grant program, which is an annual \$5,000,000 GPR categorical aid.

[Act 16 Section: 9140(5w)]

22. SUPPLEMENTAL AID

Senate/Legislature: Modify eligibility for the supplemental aid categorical appropriation to increase the threshold for tax-exempt property in a school district to 80% and specify that property enrolled in the forest crop land program count toward the threshold. Specify that this change would first apply to tax assessments as of the January 1 immediately preceding Act 16's effective date. Under current law, base funding of \$125,000 GPR is appropriated annually for supplemental aid payments of \$350 per pupil to school districts that: (a) had an enrollment of fewer than 500 pupils in the previous school year; (b) are at least 200 square miles in area; and (c) have at least 65% of the real property in the school district exempt from property taxation, owned or held in trust by a federally recognized American Indian tribe or owned by the federal government. It is anticipated that the Laona School District would qualify for aid under this provision.

[Act 16 Sections: 2657m and 9340(12d)]

Choice, Charter and Open Enrollment

1. MILWAUKEE PARENTAL CHOICE PROGRAM REESTIMATE

GPR	\$27,469,200
GPR-Lapse	\$27,469,200

Governor/Legislature: Provide \$8,908,600 in 2001-02 and \$18,560,600 in 2002-03 over the base year funding of \$49,771,100 for the Milwaukee parental choice program. Under the bill, \$58,679,700 in 2001-02 and \$68,331,700 in 2002-03 would be appropriated for the choice program. Under the provisions of the bill, DOA staff estimate that 10,580 students in 2001-02 and 11,850 students in 2002-03 will participate in the program, with per pupil payments under the program equal to \$5,546 in 2001-02 and \$5,766 in 2002-03.

For each pupil attending a Milwaukee choice school, the state pays the parent or guardian an amount that is equal to the lesser of: (a) the private school's operating and debt service cost per pupil related to educational programming, as determined by DPI; or (b) the amount paid per pupil in the previous school year plus the amount of the per pupil revenue limit increase provided to public school districts under revenue limits in the current year.

2. MILWAUKEE PARENTAL CHOICE PROGRAM STUDENT ELIGIBILITY [LFB Paper 750]

Governor: Provide that a pupil who is a member of a family that has a total family income that does not exceed 185 percent of the federal poverty level, rather than the current law 175 percent, would be eligible to participate in the Milwaukee parental choice program.

Provide that a pupil who attends a choice school is eligible to attend a choice school in succeeding school years even if the pupil's family no longer meets the family income criteria.

Specify that these changes would first apply to pupils who apply to participate in the program in the 2002-03 school year.

Joint Finance: Delete provision.

Assembly: Restore provision.

Conference Committee/Legislature: Delete provision.

3. MILWAUKEE PARENTAL CHOICE PROGRAM SCHOOL ELIGIBILITY

Governor: Specify that a private school located outside of the City of Milwaukee that is situated on property of which a portion is located in the City would be eligible to participate in the Milwaukee parental choice program. Specify that this change would first apply to private

schools that intend to participate in the program in the 2002-03 school year. Under current law, the private school must be located in the City to participate. (A technical correction would be necessary to achieve the intent of the bill.)

Joint Finance: Delete provision.

Assembly: Specify that schools located in Milwaukee County, rather than only the City of Milwaukee, that meet eligibility criteria could accept students in the choice program.

Conference Committee/Legislature: Delete provision.

4. MILWAUKEE PARENTAL CHOICE PROGRAM -- AID REDUCTION AND LEVY OFFSET [LFB Paper 753]

GPR	- \$84,700,000
GPR-Lapse	- \$69,900,000
Net GPR Chg.	- \$14,800,000

Senate: Eliminate the reduction from the general school aids appropriation in an amount equal to the estimated payments made from the Milwaukee parental choice program appropriation. As a result, the choice lapse of an estimated \$58.7 million in 2001-02 and \$68.3 million in 2002-03 would be deleted. Also, as a result of eliminating the choice reduction, there would be no choice levy offset, and general school aids would decrease by two-thirds of the choice reduction amount. Thus, general school aids funding would be reduced by \$39.1 million in 2001-02 and \$45.6 million in 2002-03.

The net effect of this provision on the general fund would be an increase in expenditures of \$19.6 million in 2001-02 and \$22.7 million in 2002-03.

Conference Committee/Legislature: Modify current law to: (a) delete the general school aid reduction for the choice program for non-MPS districts; (b) specify that the equalization aid received by MPS would be reduced by an amount equal to 45% of the estimated cost of the choice program; and (c) specify that the amount levied by MPS to offset the choice reduction would not be counted in partial school revenues. As a result, the lapse related to the choice program would be \$26.4 million in 2001-02 and \$30.7 million in 2002-03 (rather than \$58.7 million in 2001-02 and \$68.3 million in 2002-03 under Joint Finance). Also, as a result of reducing the aid reduction and not including the offsetting levy in partial school revenues, general school aids funding would be reduced by \$39.1 million in 2001-02 and \$45.6 million in 2002-03.

The net effect of this provision on the general fund would be a reduction in expenditures of \$6.8 million in 2001-02 and \$8.0 million in 2002-03.

[Act 16 Sections: 2767h thru 2767Lm and 2779]

5. MILWAUKEE PARENTAL CHOICE PROGRAM HOLD HARMLESS PAYMENTS

Assembly: Provide \$3,200,000 GPR in 2001-02 and \$3,800,000 GPR in 2002-03 in a sum-sufficient appropriation for hold harmless payments to certain school districts related to the distribution of general school aids related to the Milwaukee parental choice program. Specify that a school district would receive a payment if the amount by which a school district's general school aid is reduced for the choice program is greater than the amount of additional aid the school district receives as a result of the increased statewide property tax levy that results from the aid reduction. Provide that MPS would not be eligible for these payments. Specify that the payment appropriation would be excluded from the definitions of state school aids and partial school revenues for purposes of calculating two-thirds funding, but would be included as aid under revenue limits. Require DPI to inform school districts that receive an aid payment that it is a hold harmless payment related to the choice program and to inform districts of the aid reduction, aid gain and hold harmless payment, if any, relating to the choice program.

Under current law, the choice program is funded from a separate GPR sum sufficient appropriation established for that purpose, which is statutorily excluded from the definitions of state school aids and partial school revenues for purposes of calculating two-thirds funding. The cost of the payments from the choice appropriation is offset by a reduction in aid payments from the general school aids appropriation. This reduction is made by reducing the general school aids for which MPS is eligible by one-half of the reduction, while the general school aids for which the other 425 school districts are eligible to be paid is reduced proportionately by an amount totaling the other half. A school district's revenue limit calculation is not affected by the choice reduction. Thus, a school district can increase its property tax levy to offset any aid reduction made related to the choice program. Because this property tax levy is included in partial school revenues under the two-thirds funding calculation, total funding for general school aids is increased by two-thirds of the amount of the choice lapse, which partially offsets the statewide reduction amount.

In 2000-01, general school aids statewide were subject to a reduction of \$49.0 million for the choice program. MPS's general school aids were reduced by \$24.5 million, while the other 425 districts' aids were reduced proportionately by a total of \$24.5 million. Although the reduction totaled \$49.0 million, the net aid decrease statewide was \$16.3 million, because funding for general school aids in 2000-01 was increased by \$32.7 million more than would otherwise have been the case because of the projected \$49.0 million initial increase in the statewide levy. As a result of the current choice funding arrangement, MPS received \$22.1 million less in aid, 187 districts received \$8.5 million more in aid, and 237 districts (excluding MPS) received \$2.7 million less in aid. Had this provision been in effect in 2000-01, these 237 districts would have received payments totaling \$2.7 million.

Conference Committee/Legislature: Delete provision.

6. MILWAUKEE PARENTAL CHOICE PROGRAM PAYMENT AMOUNT

Senate: Specify that the per pupil payment under the program in 2001-02 would equal \$2,776. Specify that, beginning in 2001-02, the per pupil choice payment would continue to be increased by the per pupil adjustment provided to school districts under revenue limits. Delete \$29.3 million GPR in 2001-02 and \$32.7 million GPR in 2002-03 in the choice program appropriation as a result of this change. Under Joint Finance provisions, the per pupil payment would be \$5,552 in 2001-02 and \$5,784 in 2002-03.

Conference Committee/Legislature: Delete provision.

7. MILWAUKEE PARENTAL CHOICE PROGRAM LIMIT ON PARTICIPATION

Senate: Limit participation in the choice program to 10,580 pupils beginning in school year 2002-03, which is the estimated number of pupils that would attend choice schools in 2001-02 under current law. Consistent with the other Senate provisions related to the choice aid reduction, levy offset and per pupil amount, delete \$3.8 million GPR in 2002-03 in the choice program appropriation as a result of this change. Under current law, no more than 15% of the MPS membership, or approximately 15,100 pupils in 2000-01, can attend private schools under the program.

Assembly: Delete the current law provision limiting overall participation in the Milwaukee parental choice program to no more than 15% of the MPS membership.

Conference Committee/Legislature: Delete provisions.

8. MILWAUKEE PARENTAL CHOICE PROGRAM AND SUMMER SCHOOL PAYMENT

GPR	- \$500,000
GPR-Lapse	- 225,000
Net GPR Chg.	- \$275,000

Senate: Specify that the per pupil payment amount under the choice program would be multiplied by 40% for payments to parents for pupils attending summer school classes at a choice school beginning in 2002-03. Consistent with the other Senate provisions related to the choice aid reduction, levy offset and per pupil amount, delete \$0.2 million in 2002-03 in the choice program appropriation as a result of this change. Under current law, DPI pays the parent or guardian of a pupil enrolled in a choice school for summer classroom or laboratory periods for necessary academic purposes. The payment is determined by dividing the FTE summer choice membership by the number of pupils attending summer programs, and multiplying that result by the per pupil payment amount under the choice program. In 2000-01, 133 FTE pupils attended summer school at a choice school.

Conference Committee/Legislature: Adopt Senate provision related to the choice summer school payment. Consistent with the other Conference Committee provisions related

to the choice aid reduction and levy offset, delete \$500,000 in 2002-03 from the choice program appropriation as a result of this change and reduce the estimated MPS aid reduction by \$225,000 in 2002-03. The net effect of this item on the general fund would be a reduction in expenditures of \$275,000 in 2002-03.

[Act 16 Sections: 2752r and 9440(2m)]

9. MILWAUKEE PARENTAL CHOICE PROGRAM ADMINISTRATIVE DATES AND NOTIFICATIONS

Governor: Modify the current law date by which a private school is required to notify the State Superintendent of its intent to participate in the Milwaukee parental choice program to be February 1, rather than May 1, of the previous school year.

Provide that, if DPI receives a notice of intent to participate from a private school, DPI must notify the private school of whether it is eligible to participate in the choice program by March 1. If DPI determines that the private school is ineligible to participate, require the DPI notification to include an explanation of that determination. Allow a private school to appeal the decision to DPI within 14 days after the decision. Require DPI to approve, reverse or modify its decision within seven days of receiving an appeal.

Require the State Superintendent to publish, by May 15, a list of the private schools that DPI has determined to be eligible to participate in the choice program in the succeeding school year. Current law requires the State Superintendent to ensure that parents and guardians of pupils who reside in the City of Milwaukee be informed annually of private schools participating in the choice program, without specifics as to timing or what information is to be provided.

Require a private school that intends to participate in the choice program in the current school year to submit to DPI by August 1 of that year a report stating the number of pupils that will attend the private school under the choice program in the current year.

Require a private school participating in the choice program to file its summer membership report to DPI by September 1, rather than October 15 as under current law.

Specify that these changes would first apply to pupils and private schools that intend to participate in the program in the 2002-03 school year.

Joint Finance: Delete provisions as non-fiscal policy.

Assembly: Modify the current law date by which a private school is required to notify the State Superintendent of its intent to participate in the Milwaukee parental choice program to be February 1, rather than May 1, of the previous school year.

Provide that, if DPI receives a notice of intent to participate from a private school, DPI must notify the private school of whether it is eligible to participate in the choice program by March 1. If DPI determines that the private school is ineligible to participate, require the DPI notification to include an explanation of that determination. Allow a private school to appeal the decision to DPI within 14 days after the decision. Require DPI to approve, reverse or modify its decision within seven days of receiving an appeal. Allow a private school to appeal DPI's decision to the Milwaukee County Circuit Court. Require the Court to give preference to the action and conduct a full trial on the merits.

Specify that these changes would first apply to pupils and private schools that intend to participate in the program in the 2002-03 school year.

Conference Committee/Legislature: Include only the provision to change the notification date for private schools to participate in the choice program to February 1, rather than May 1, which would first apply to private schools that intend to participate in the program in the 2002-03 school year.

[Act 16 Sections: 2748i and 9340(1k)]

10. LEGISLATIVE AUDIT BUREAU STUDY OF THE MILWAUKEE PARENTAL CHOICE PROGRAM

Assembly: Require the Legislative Audit Bureau to administer a twelve-year longitudinal study of the Milwaukee parental choice program. Require the Bureau to seek private sources of funding for the study. Provide 1.0 PR position at the Bureau to monitor the study. Require the study to use standardized examinations and review graduation rates and other indicators of academic achievement. Require the results of the study to be submitted to the Legislature periodically over the twelve-year period, with the first report to be released no later than October 15, 2003.

Conference Committee/Legislature: Delete provision.

11. MILWAUKEE PARENTAL CHOICE PROGRAM AND CHARTER SCHOOLS -- NONDISCRIMINATION, STANDARDS AND ASSESSMENTS

Senate: Move to specify that schools participating in the Milwaukee parental choice program (MPCP) and charter schools must comply with the same pupil nondiscrimination statutory requirements as public schools. Require MPCP schools and charter schools to develop written policies and procedures to implement the nondiscrimination policies and submit them to the State Superintendent. Require that the policies and procedures provide for receiving and investigating complaints regarding possible violations of policies, for making determinations as to whether the policies have been violated and for ensuring compliance with the policies. Require that any person who receives a determination against his or her complaint may appeal

the determination to the State Superintendent. Specify that information on compliance of charter schools and MPCP schools with the nondiscrimination statutory requirements be included in DPI's biennial report. Specify that the State Superintendent periodically review charter school and MPCP school programs, activities and services to determine whether these schools are complying with the nondiscrimination statutory requirements, and assist these schools with compliance by providing information and technical assistance upon request. Specify that charter school and MPCP school officials, employees and teachers who intentionally engage in discriminatory conduct in violation of the statutory requirements be required to forfeit not more than \$1,000.

Delete current language, made duplicative by this provision, which prohibits charter schools from discriminating in admission or denying participation in any program or activity on the basis of a person's sex, race, religion, national origin, ancestry, pregnancy, marital or parental status, sexual orientation or physical, mental, emotional or learning disability.

Clarify current language to reflect that the Governor issued pupil academic standards as Executive Order no. 326, dated January 13, 1998.

Require that MPCP schools adopt, by January 1, 2002, or by January 1 of the first school year in which the school participates in MPCP, whichever is later, pupil academic standards in mathematics, science, reading and writing, geography and history. Specify that the schools may adopt the pupil academic standards issued by the Governor as Executive Order no. 326, dated January 13, 1998.

Require that MPCP schools administer to 3rd grade MPCP pupils the 3rd grade reading comprehension test developed by DPI.

Require that MPCP schools that operate high school grades adopt a high school graduation test that is designed to measure whether pupils meet the pupil academic standards adopted by the school. Require the test to be administered at least twice annually to all MPCP pupils attending the 11th and 12th grades and only those grades at the school, beginning at the time public schools must do this. If the MPCP school has adopted the pupil academic standards issued as executive order no. 326, dated January 13, 1998, then allow the school to adopt the high school graduation test developed by DPI. If the MPCP school develops and adopts its own high school graduation test, require that it notify DPI annually by October 1 that it intends to administer the test in the following school year.

Require that each MPCP school must develop a policy specifying the criteria for granting a high school diploma to MPCP pupils, beginning at the time public schools must do this. The criteria must include the pupil's score on a high school graduation exam adopted by the school, the pupil's academic performance and the recommendations of teachers. Require that MPCP schools may not grant a high school diploma to any MPCP pupil unless the pupil has satisfied

the criteria specified by the policy developed by the school, beginning at the time public schools must do this.

Require that each MPCP school operating the appropriate grades develop or adopt and annually administer an examination designed to measure pupil attainment of knowledge and concepts in the 4th, 8th and 10th grades. If the MPCP school develops or adopts its own 4th or 8th grade examination, then require the school to notify DPI. If the MPCP school has developed or adopted its own 4th or 8th grade exams, require the school to administer the exams to the MPCP pupils attending those grades. If the MPCP school has not developed or adopted its own 4th or 8th grade exams, require the school administer the exams approved by the State Superintendent to the MPCP pupils attending those grades. Beginning on July 1, 2002, require MPCP schools to provide a pupil with at least two opportunities to take the exams adopted by the school.

Require that each MPCP school adopt a written policy specifying criteria for promoting MPCP pupils from the 4th grade to the 5th grade and from the 8th grade to the 9th grade. Require that the criteria include the pupil's score on the 4th or 8th grade exam adopted by the school, unless the pupil has been excused from taking the exam by a parent or guardian; the pupil's academic performance; the recommendations of teachers, which must be based solely on the pupil's academic performance; and any other academic criteria specified by the school. Require that beginning on September 1, 2002, an MPCP school could not promote a 4th grade MPCP pupil to the 5th grade, and could not promote an 8th grade MPCP pupil to the 9th grade, unless the pupil satisfies the criteria for promotion specified by the school.

Require MPCP schools to comply with the same statutory requirements as public and charter schools with regard to including pupils with disabilities in statewide and local educational agency-wide assessments, with appropriate modifications where necessary, or in alternative assessments for those pupils who cannot participate in the statewide or local educational agency-wide assessments.

Specify that MPCP schools, in addition to public and charter schools as specified under current law, may determine not to administer an exam to a limited-English proficient pupil, as defined in statute, may permit the pupil to be examined in his or her native language, or may modify the format and administration of an exam to such pupils.

Require MPCP schools to excuse a pupil from taking a 4th, 8th, 10th or high school graduation exam upon the request of the pupil's parent or guardian.

Specify that MPCP schools, in addition to public and charter schools as specified under current law, are not required to administer the 4th and 8th grade exams approved by the State Superintendent if the school administers its own 4th and 8th grade exams and provides the State Superintendent with statistical correlations of those exams approved by the State Superintendent, and the U.S. Department of Education approves.

Require charter schools to permit public inspection and copying of any record, as defined in statute, of the school to the same extent as is required of and subject to the same terms and enforcement provisions that apply to, an authority under the statutes governing public records and property. Require charter schools to provide public access to meetings of the governing body of the charter school to the same extent as is required of and subject to the same terms and enforcement provisions that apply to governmental bodies under the statutes governing open meetings of governmental bodies.

Require MPCP schools to permit public inspection and copying of any record, as defined in statute, of the school to the same extent as is required of and subject to the same terms and enforcement provisions that apply to, an authority under the statutes governing public records and property. Require MPCP schools to provide public access to meetings of the governing body of the MPCP school to the same extent as is required of and subject to the same terms and enforcement provisions that apply to, governmental bodies under the statutes governing open meetings of governmental bodies.

Conference Committee/Legislature: Delete provision.

12. MILWAUKEE CHARTER SCHOOL PROGRAM RE-ESTIMATE

GPR	\$8,403,900
GPR-Lapse	\$8,403,900

Governor/Legislature: Provide \$1,762,600 in 2001-02 and \$6,641,300 in 2002-03 over the base year funding of \$11,666,000 for the Milwaukee charter school program. Under the bill, \$13,428,600 in 2001-02 and \$18,723,400 in 2002-03 would be appropriated for the program, including \$416,100 in 2002-03 for summer school aid shown in the next item. Under the provisions of the bill, DOA staff estimate that 2,000 students in 2001-02 and 2,700 students in 2002-03 will participate in the program, with per pupil payments under the program equal to \$6,714 in 2001-02 and \$6,935 in 2002-03.

For each pupil attending a Milwaukee charter school, the state pays the chartering entity, which can be the UW-Milwaukee, City of Milwaukee or the Milwaukee Area Technical College, the amount paid per pupil in the previous school year plus the amount of the per pupil revenue limit increase provided to school districts under revenue limits in the current year. The estimated cost of the payments from the Milwaukee charter school program appropriation is offset by a lapse from the general school aid appropriation to the general fund in an amount equal to the estimated payments under the program. DPI is required to reduce the general school aids for which the 426 school districts are eligible to be paid proportionately by the lapse amount.

13. MILWAUKEE CHARTER SCHOOL PROGRAM -- PAYMENT AMOUNT

Senate: Specify that the per pupil payment under the charter program in 2001-02 would equal to MPS' 2000-01 equalization aid eligibility per member, which is \$5,529. Beginning in 2002-03, specify that the per pupil charter payment would continue to be increased by the per pupil adjustment provided to school districts under revenue limits, so that the payment would be \$5,761 per pupil in 2002-03. As a result of reducing the per pupil charter payment, the estimated cost of the charter appropriation would be reduced by \$2.4 million in 2001-02 and \$3.1 million in 2002-03. Under the Joint Finance provisions, the per pupil payment would be \$6,720 in 2001-02 and \$6,952 in 2002-03. It is estimated that, under current law, 2,000 pupils in 2001-02 and 2,700 pupils in 2002-03 would attend these charter schools.

Conference Committee/Legislature: Delete provision.

14. MILWAUKEE CHARTER SCHOOL PROGRAM -- AID REDUCTION AND LEVY OFFSET

Senate: Eliminate the reduction from the general school aids appropriation in an amount equal to the estimated payments made from the Milwaukee charter school program appropriation. As a result, the charter lapse of \$13.4 million in 2001-02 and \$18.3 million in 2002-03 would be deleted. Also, as a result of eliminating the charter reduction, there would be no charter levy offset, and general school aids would decrease by two-thirds of the charter reduction amount. Thus, general school aids funding would be reduced by \$9.0 million in 2001-02 and \$12.2 million in 2002-03.

The net effect of this item on the general fund would be an increase in expenditures of \$4.4 million in 2001-02 and \$6.1 million in 2002-03.

Conference Committee/Legislature: Delete provision.

15. EXPAND MILWAUKEE CHARTER SCHOOL PROGRAM

Governor: Authorize the City of Milwaukee, the chancellor of any baccalaureate or graduate degree granting institution within the UW System, any technical college district board, and the Board of Control of any CESA to operate or contract to operate a school as a charter school within any school district. Specify that in order to attend the charter school, pupils would have to reside within the district in which the charter school is located, except that if the charter school is established or operated by a CESA, a pupil who resides in any school district served by the CESA may attend the charter school. State aid would be paid in the same manner that aid is currently paid to Milwaukee charter schools. The charter schools established under this provision would not be instrumentalities of any school district, and no school board could employ any personnel for the charter school.

Under current law, the City of Milwaukee, the UW-Milwaukee, and the Milwaukee Area Technical College may operate or contract with another party to operate a school as a charter school. Only children residing within the Milwaukee Public School may attend these charter schools if in the previous year the pupil was: (a) enrolled in MPS; (b) enrolled in a school participating in the Milwaukee parental choice program; (c) enrolled in grades K to 3 in a private school in Milwaukee; (d) not enrolled in school; or (e) enrolled in a Milwaukee charter school.

Joint Finance: Delete provisions as non-fiscal policy.

Assembly: Expand the current Milwaukee charter school program to allow the following entities to establish or contract to establish charter schools:

a. *County Boards.* Specify that a county board could establish or contract to establish a charter school located only within that county, and that a pupil residing in the county may attend the charter school;

b. *Technical College Districts.* Specify that a technical college would have to enter into participation agreements with school districts, and that students living within any of the school districts participating in the agreement could attend the charter school sponsored by the technical college;

c. *Cooperative Educational Service Agencies (CESAs).* Specify that pupils residing within any school district served by a CESA could attend the charter school sponsored by the CESA; and

d. *UW-Parkside.* Provide that pupils residing within the school district in which the charter school established by UW-Parkside is located could attend the charter school. Specify that the Chancellor of UW-Parkside would be required to gain approval of the Board of Regents of the UW System in order to establish or contract to establish a charter school.

Specify that these charter schools would not be instrumentalities of any school district and no school district would be allowed to employ personnel for these charter schools. Provide that in addition to pupils who reside in the MPS district, a pupil who participated in the interdistrict Chapter 220 program in the prior year could attend the charter schools located in MPS.

Under current law, the City of Milwaukee, UW-Milwaukee and the Milwaukee Area Technical College are authorized to establish or contract to establish charter schools within MPS. DPI is required to pay the operators of these charter schools a per pupil amount, which is estimated to be \$6,714 in 2001-02 and \$6,935 in 2002-03, for a total of \$13.4 million in 2001-02 and \$18.7 million in 2002-03. The Milwaukee charter school program is funded from a separate, GPR sum sufficient appropriation established for that purpose. The cost of the payments from the appropriation is offset by a lapse from the general school aids appropriation to the general

fund. DPI is required to reduce the general school aids for which the 426 school districts are eligible to be paid proportionately by the lapse amount.

Conference Committee/Legislature: Delete Assembly provision and, instead, expand the current Milwaukee charter school program to allow on a pilot basis UW-Parkside to establish or contract to establish one charter school in a unified school district that is located in the county in which UW-Parkside is located or in an adjacent county. The charter school could not operate high school grades or enroll more than 400 pupils.

Create a continuing program revenue appropriation under the UW System to receive payments from DPI for the operation of a charter school by UW-Parkside. Create a continuing program revenue appropriation under the UW System to receive payments from the operator of a charter school under contract with UW-Parkside, for the costs associated with the charter school.

Specify that if the Chancellor of UW-Parkside establishes or contracts for the establishment of a charter school, then per pupil payments equal to \$6,935 in 2002-03 would be paid to the charter school operator as under the current Milwaukee charter school program. Provide that DPI would pay in March to the unified school district in which the charter school is located from the current GPR sum sufficient charter school appropriation an amount equal to the amount of school aid per pupil for which the district is eligible in the current school year multiplied by the number of pupils attending the charter school who were previously enrolled in the district. [It is anticipated that the school would be located in the Racine Unified School District. In 2000-01, equalization aid per pupil for the Racine School District was \$4,715.]

Provide that if the Chancellor of UW-Parkside establishes or contracts for the establishment of a charter school, biennially the Chancellor would submit a report to the Legislature that includes information on the academic performance of the charter school's pupils and on the success of the charter school's governance structure.

Provide that if the Chancellor of UW-Parkside contracts for the establishment of a charter school, then the Board of Regents could employ instructional staff for the charter school. Specify that the instructional staff would be part of the unclassified service and that instructional staff would have the meaning given in rules promulgated by DPI.

Provide that the Board of Regents of the UW System could create or abolish positions from revenues associated with the charter school, and report to DOA and the Joint Committee on Finance concerning the number of these positions created or abolished during the preceding calendar year.

Provide that the salaries for instructional staff employed by the Board of Regents of the UW System who provide services for a charter school established by contract under this provision would be set by the UW System, subject to statutory restrictions and except where the salaries are a subject of collective bargaining.

Provide that if the Chancellor of UW-Parkside contracts for the establishment of a charter school, the contract would provide that the charter school would be operated by a governing board and that the Chancellor or his or her designee would be a member of the governing board. In addition, if the contract requires that the instructional staff of the charter school be employees of the Board of Regents of UW System, then the contract would also include provisions that do all of the following:

a. Delegate to the governing board of the charter school the Board of Regents' authority to establish and adjust all compensation and fringe benefits of instructional staff, subject to the terms of any collective bargaining agreement that covers the instructional staff. In the absence of a collective bargaining agreement, the governing board could establish and adjust all compensation and fringe benefits of the instructional staff only with the approval of the Chancellor of UW-Parkside;

b. Authorize the governing board of the charter school to perform specified duties for the Board of Regents with respect to the instructional staff. This authorization could include duties related to supervising the instructional staff, taking disciplinary actions with respect to the instructional staff, recommending new hires or layoffs, collective bargaining, claims, complaints, or benefits and records administration.

Provide that instructional staff employed by the Board of Regents who provide services for a charter school established by contract with UW-Parkside would be added to the definition of a state employee and could choose to form a collective bargaining unit.

Provide that the governing board of the charter school established by contract with UW-Parkside would be responsible for the employer functions relating to negotiations with the instructional staff of the charter school as a collective bargaining unit. Specify that the DER would not represent the state with respect to collective bargaining negotiations with the instructional staff of the charter school and that it would be an unfair labor practice for the employee of the instructional staff for the charter school, individually or in concert with others, to refuse to bargain collectively with the certified exclusive collective bargaining representative of the instructional staff of the charter school.

Provide that DER would not be responsible for obtaining tentative agreements with the certified labor organization representing the instructional staff of the charter school. Specify that instructional staff of the charter school would not be included among the collective bargaining units for which a tentative agreement must be submitted by DER to the Joint Committee on Employment Relations and to the Legislature for approval.

Provide that any tentative agreement reached between the governing board of the charter school established by contract with UW-Parkside, acting for the state, and any labor organization representing the instructional staff of the charter school, would, after official ratification by the labor organization and approval by the Chancellor of UW-Parkside, be executed by the parties. Specify that all civil service and other applicable statutes concerning wages, fringe benefits, hours and conditions of employment apply to all instructional staff of

the charter school whether or not they are included in a collective bargaining unit for which a representative is certified.

Specify that if a collective bargaining agreement expires prior to the effective date of a subsequent agreement, and a representative continues to be recognized or certified to represent the instructional staff of the charter school, the wage rates of the instructional staff would be frozen until a subsequent agreement becomes effective, and no other compensation plan or salary and benefit changes would apply.

Provide that annual leave of absence with pay for instructional staff employed by the Board of Regents for the charter school established by contract would be determined by the governing board of the charter school, as approved by the Chancellor of UW-Parkside and subject to the terms of any collective bargaining agreement covering the instructional staff.

Specify in nonstatutory provisions that UW-Parkside would be authorized to establish or to contract to establish a charter school in a populous school district that is located in close proximity to the campus. Specify that the Legislature finds that these limitations would better enable UW-Parkside to assess the ability of the charter school to improve the academic performance of pupils. Specify that the Legislature finds that improving pupil academic performance is a state responsibility of statewide dimension and that authorizing UW-Parkside to establish or to contract to establish a charter school would have a direct and immediate effect on that statewide concern.

Delete old references to membership and shared cost per member under the Milwaukee charter school program.

[Act 16 Sections: 240m, 553m, 577o, 579m, 993i, 2615ag thru 2615t, 2725mb thru 2725t, 2762d, 3047p, 3060p, 3078d, 3079c and 9159(3t)]

16. TRANSPORTATION OF MILWAUKEE CHARTER PUPILS

Assembly: Require MPS to provide transportation to and from school for a pupil attending a charter school sponsored by an entity other than MPS but located within MPS, if the pupil would otherwise be eligible to be transported were the pupil attending a public or private school located within MPS.

Conference Committee/Legislature: Delete provision.

17. CHARTER SCHOOL APPLICATIONS AND REVOCATIONS

Assembly: Require that within 60 days after a public hearing to consider a petition for a charter school, a school board would have to either grant or deny the petition. Specify that the school board's decision must be in writing and include the reasons for the decision, and that a copy of the decision must be provided to the petitioner. Further require that if a school board or

other entity revokes a charter, its decision would have to be in writing and include the reasons for the decision. Specify that a charter school operator could appeal a revocation to the Circuit Court for the county in which the school district is located, and if an appeal would be filed within 60 days after the date on which the decision is issued, the Court would conduct a full trial on the merits. Specify that the Court would award reasonable attorney fees, damages, and other actual costs to the prevailing party. These provisions would first apply to petitions submitted and revocations made after the effective date of the bill.

Conference Committee/Legislature: Delete provision.

18. CHARTER SCHOOL REPORT

Assembly/Legislature: Require the State Superintendent annually to report to the Legislature on the status of existing charter schools, the number of petitions for new charter schools, and school board and departmental action on petitions for new charter schools.

[Act 16 Section: 2635m]

19. AID FOR SUMMER SCHOOL FOR CHARTER SCHOOLS [LFB Paper 751]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$416,100	-\$416,100	\$0

Governor: Require state aid to be paid to charter schools sponsored by the City of Milwaukee, a baccalaureate or graduate degree granting institution of the UW System, a WTCS district board or the Board of Control of a CESA be calculated to include payment for the summer average daily membership equivalent for the summer of the previous school year, beginning with payments made for summer classes held in 2001. Provide \$416,100 in 2002-03 for this purpose. Specify that these charter schools would receive payment for their membership, which would be defined as the sum of the number of pupils attending the charter school in the current school year and the summer average daily membership equivalent, as calculated under current law, for the summer of the previous school year.

Joint Finance/Legislature: Delete provision.

20. OPEN ENROLLMENT AND TUITION PAYMENT AMOUNT [LFB Paper 752]

Governor: Specify that the per pupil transfer amount for state aid adjustment purposes under the full-time open enrollment program and for tuition payments for parents equal two-thirds of the statewide average per pupil school district cost in the previous year, rather than the statewide average per pupil school district cost for regular instruction, co-curricular

activities, instructional support services and pupil support services in the previous school year. Specify that this provision first applies to state aid adjustments in the 2001-02 school year as it relates to the open enrollment program and that it first applies to tuition payments made by parents in the 2002-03 school year. Under current law, the estimated 2000-01 per pupil transfer amount is \$4,858. DOA staff estimate that this amount would have been approximately \$5,700 in 2000-01 had this provision been in effect in that year.

Joint Finance/Legislature: Delete provision.

21. OPEN ENROLLMENT FOR CONTINUING PUPILS

Governor/Legislature: Specify that if, under the full-time open enrollment program, a nonresident school board determines that space is not otherwise available for open enrollment pupils in the grade or program to which an individual has applied, the school board may still accept an applicant who is already attending school in the nonresident school district or a sibling of the applicant. Specify that a nonresident school district may include continuing pupils and their siblings in its count of occupied spaces for the purpose of determining the availability of space in the district. Specify that these provisions take effect on January 1, 2002.

Under current law, a nonresident school board must first give preference to pupils and their siblings if the pupils are already attending school in the district and if space is available in the grade or program. These space determinations do not include continuing pupils. If the number of applicants exceeds the number of available spaces, pupil acceptance must otherwise be determined randomly.

[Act 16 Sections: 2738 thru 2742 and 9440(1)]

22. OPEN ENROLLMENT TRANSPORTATION AIDS

Governor/Legislature: Modify the appropriations for open enrollment transportation aids to allow for transportation aid for both the full-time and part-time open enrollment programs to be paid from the same appropriation.

Under current law, aid for full-time open enrollment transportation is paid from one appropriation with base funding of \$500,000 GPR, while transportation aid for both the part-time open enrollment program and the youth options program is paid from a separate appropriation with base funding of \$20,000 GPR. Under the bill, transportation aid for both the full-time and part-time open enrollment programs would be paid from the \$500,000 appropriation, while transportation aid for the youth options program would be paid from the \$20,000 appropriation. Funding in these appropriations would not be modified under the bill.

[Act 16 Sections: 551, 552 and 2744]

Assessments and Licensing

1. HIGH SCHOOL GRADUATION TEST DEVELOPMENT AND ADMINISTRATION [LFB Paper 760]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$9,251,500	- \$9,251,500	\$0

Governor: Provide \$4,599,800 in 2001-02 and \$4,651,700 in 2002-03 above a base level of \$2,500,000 for development and administration of a high school graduation test. Of the total, \$24,000 in 2002-03 is attributable to allowing schools participating in the Milwaukee parental choice program to administer the test to students attending school under the program.

Joint Finance: Delete provision.

Senate: Modify Joint Finance to delete \$2,000,000 in 2001-02 and \$2,500,000 in 2002-03 and 6.0 positions. Delay by two years the current law requirement that beginning in 2002-03, a school board or charter school operating high school grades must administer a high school graduation test. Also delay by two years the current law requirement that by September 1, 2002, a school district or charter school that operates a high school must adopt a written policy specifying criteria for granting a high school diploma, which must include a pupil's score on a graduation test. Delay by two years the current law requirement that beginning September 1, 2003, a high school diploma cannot be granted to any pupil unless the pupil has satisfied the school board's or charter school's criteria.

Assembly: Provide \$3,580,500 in 2001-02 and \$3,613,000 in 2002-03 for the high school graduation test (HSGT). Require that pupils be afforded at least three opportunities to take the HSGT, rather than four as required under current law. Provide \$100,000 in 2001-02 to be used by DPI to complete an equating study to ensure that the HSGT meets federal testing requirements that the 10th grade knowledge and concepts exam currently fulfills.

Conference Committee/Legislature: Include the Senate provision, modified to retain base level funding and positions included in the Joint Finance version of the budget.

Veto by Governor [A-8]: Delete the two-year delay of the current law requirements that (a) beginning in 2002-03, a school board or charter school operating high school grades must administer a high school graduation test at least twice each school year; (b) by September 1, 2002, a school district or charter school that operates a high school must adopt a written policy specifying criteria for granting a high school diploma, which must include a pupil's score on a graduation test; and (c) beginning September 1, 2003, a high school diploma cannot be granted to any pupil unless the pupil has satisfied the school board's or charter school's criteria. The

base level funding of \$2,500,000 GPR annually and the 6.0 positions dedicated to the ongoing development of the graduation test remain under Act 16; however, no additional funding is provided for the development and administration of the test.

[Act 16 Vetoes Sections: 2703m, 2707m and 2718m]

2. HIGH SCHOOL GRADUATION TEST PARENTAL OPT-OUT

Assembly: Delete the current law requirement that a pupil be excused from taking the HSGT at the request of a parent or guardian.

Conference Committee/Legislature: Delete provision.

3. WISCONSIN KNOWLEDGE AND CONCEPTS EXAMINATIONS [LFB Paper 761]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,348,900	-\$27,000	\$1,321,900

Governor: Provide \$211,800 in 2001-02 and \$220,100 in 2002-03 above a base level of \$1,737,400 for increases in the cost of administering the existing statewide knowledge and concepts assessments in the 4th, 8th, and 10th grades and an additional \$917,000 in 2002-03 to begin the development of customized enhancements to the tests, which would be aligned with the state’s model academic standards. Of the total, \$27,000 in 2002-03 is attributable to allowing schools participating in the Milwaukee parental choice program to administer the tests to students attending school under the program.

Joint Finance: Delete \$27,000 in 2002-03 to reflect that the provisions in the bill allowing schools participating in the Milwaukee parental choice program to administer the test to students attending school under the program were deleted as non-fiscal policy.

Assembly: Delete \$460,000 annually and eliminate the 10th grade knowledge and concepts exam.

Conference Committee/Legislature: Include Joint Finance provision.

4. WISCONSIN READING COMPREHENSION TEST [LFB Paper 761]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$168,100	-\$13,500	\$154,600

Governor: Provide \$62,600 in 2001-02 and \$105,500 in 2002-03 above a base level of \$566,400 for the increased costs of administering the Wisconsin Reading Comprehension Test for third grade pupils. Of the total, \$13,500 in 2002-03 is attributable to allowing schools participating in the Milwaukee parental choice program to administer the test to students attending school under the program.

Joint Finance/Legislature: Delete \$13,500 in 2002-03 to reflect that the provisions in the bill allowing schools participating in the Milwaukee parental choice program to administer the test to students attending school under the program were deleted as policy.

5. PROHIBIT CALCULATORS ON 4TH GRADE EXAM

Assembly/Legislature: Beginning in 2002-03, require school boards and charter schools to ensure that no pupil uses a calculator while taking the 4th grade knowledge and concepts exam.

Veto by Governor [A-9]: Delete provision.

[Act 16 Vetoed Sections: 2709m and 9340(16c)]

6. ACCESS TO STATEWIDE EXAMINATIONS

Governor: Require the State Superintendent to allow a person to view a statewide examination (the high school graduation test and 4th, 8th and 10th grade examinations), rather than make an examination available as under current law, if the person submits a written request to do so within 90 days after the date of administration of the examination. As under current law, this provision would not apply while an exam is being developed or validated. Require the State Superintendent to promulgate rules establishing procedures to administer this provision and that the rules, to the extent feasible, protect the security and confidentiality of the exams.

Joint Finance: Delete provision as non-fiscal policy.

Assembly/Legislature: Restore Governor's recommendations.

[Act 16 Sections: 2712m and 2714m]

7. TRANSFER PUPIL ASSESSMENT FROM DPI TO DOA [LFB Paper 145]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$11,811,500	- 15.60	\$11,811,500	15.60	\$0	0.00

Governor: Create a Board on Education Evaluation and Accountability (Board), attached to DOA and consisting of five members appointed for four-year terms. The members of the Board would be appointed by the Governor; Senate confirmation would not be required. Require that at least one member be experienced in education evaluation and assessment. Require that two of the initial members of the Board serve for terms expiring on May 1, 2003, and three of the initial members serve for terms expiring on May 1, 2005. Require the Board to appoint an executive director, assigned to statutory executive salary group 3, to serve at its pleasure. Specify that the executive director be part of the unclassified civil service.

Create an appropriation under DOA to fund the program operations of the Board. Transfer \$11,811,500 and 15.60 positions from DPI to DOA for this purpose in 2002-03. Of this funding, \$826,600 would be transferred from DPI's largest general program operations appropriation, \$10,859,900 from DPI's assessment appropriation and \$125,000 from the primary SAGE appropriation.

Require the Board to administer the pupil assessment program, currently administered by DPI. Require the Board, rather than DPI, to adopt or approve a 3rd grade reading test, 4th, 8th, and 10th grade knowledge and concepts exams and a high school graduation exam. Require a school board or charter school operator that chooses to develop and adopt its own 4th or 8th grade exams to notify the Board, rather than DPI, or for its own high school graduation exam, to notify the Board, rather than DPI, annually by October 1 that it intends to administer the examination in the following school year.

Require the Board to compile a school performance report. Require the Board to publish and distribute a summary of the school performance reports to the Legislature annually. Under current law, the State Superintendent develops and distributes the report annually.

Authorize the Board to conduct a longitudinal study of the Milwaukee parental choice program if the Board receives sufficient funds from private sources to do so. If the Board conducts such a study, require that it report the results to the Legislature and the Governor.

Require the Board to take over the duties of the State Superintendent related to identifying schools that are low in performance, making recommendations regarding how the programs and operations of the schools can be improved and periodically assessing school district implementation of the plans. Require the Board, rather than the State Superintendent, to publish and distribute a list of the schools identified as low in performance to the Governor and Legislature annually.

Require the Board, rather than the State Superintendent as under current law, to study the utility of administering technology-based performance assessments to pupils.

Modify a current law requirement that a school board or operator of a charter school that chooses to administer its own 4th and 8th grade examinations provide the State Superintendent with statistical correlations of those exams with the exams adopted or approved by the State Superintendent, to instead refer to the Board.

Transfer the responsibility to arrange for an annual evaluation of the SAGE program to the Board, and require the Board to allocate \$125,000 for that purpose from its appropriation, rather than from the SAGE appropriation.

Establish a nonstatutory provision governing the transfer of functions from DPI to the Board. Specify that this provision would apply to the following items, if they would be primarily related to the school performance report, pupil assessments, SAGE program evaluation and the 3rd grade reading test, as determined by the Secretary of DOA: (a) the assets and liabilities of DPI would become the assets and liabilities of the Board; (b) all incumbent employees holding positions in DPI would be transferred to the Board; (c) such employees would have all the statutory rights and the same status in the Board that they enjoyed in DPI immediately before the transfer and no employee transferred who has attained permanent status in class would be required to serve a probationary period; (d) all tangible personal property, including records, of DPI would be transferred to the Board; (e) all contracts entered into by DPI in effect on the effective date of this provision would remain in effect and would be transferred to the Board, which would carry out any obligations under such a contract until the contract is modified or rescinded by the Board to the extent allowed under the contract; (f) all rules promulgated by DPI that are in effect on the effective date of this provision would be transferred to the Board and would remain in effect until amended or repealed by the Board and all orders issued by DPI that are in effect on the effective date of this provision would be transferred to the Board and would remain in effect until their specified expiration date or until modified or rescinded by the Board; and (g) any matter pending with DPI on the effective date of this provision would be transferred to the Board and all materials submitted to or actions taken by DPI with respect to the pending matter would be considered as having been submitted to or taken by the Board.

The Board's powers and duties and the transfer of functions to the Board would take effect on July 1, 2002.

Joint Finance/Legislature: Delete provision.

8. MODIFY ASSESSMENT APPROPRIATIONS

Governor/Legislature: Consolidate funding currently provided in two pupil assessment appropriations into one appropriation. Delete an obsolete reference to the review and modifications of academic standards. Under the bill, the consolidated appropriation would be used for the 3rd grade reading test as well as the 4th grade, 8th grade, 10th grade, and high school graduation exams.

[Act 16 Sections: 543 and 544]

9. 4TH AND 8TH GRADE PUPIL ASSESSMENT MODIFICATIONS

Governor/Legislature: Delete the requirement that public and charter school pupils be given two opportunities to take the 4th and 8th grade knowledge and concepts exams. Under the bill, school boards and charter school operators would still be required to administer the exams.

[Act 16 Sections: 2700, 2702, 2704 and 2706]

School District Operations

1. SCHOOL DISTRICT REFERENDA SCHEDULING [LFB Paper 765]

Governor: Provide that certain school district referenda requirements would be modified as follows:

Referendum to Exceed Revenue Limit. Require that a school board wishing to exceed its revenue limit call a referendum at the next succeeding spring election or general election, if such election would be held not earlier than 42 days after the adoption of the resolution of the school board, or at a special election held on the Tuesday after the first Monday in November in an odd-numbered year if that date would occur not earlier than 42 days after the adoption of the resolution of the school board.

Under current law, in submitting a resolution to exceed the school district revenue limit to voters, a school board may call a special referendum, or a referendum at the next succeeding spring primary or election or September primary or general election, if such election is to be held not sooner than 42 days after the filing of the resolution of the school board.

State Trust Fund and Long-Term Loans. Provide that if any school district is not empowered by law to incur indebtedness for a particular purpose without first submitting the question to its electors, the application for a state trust fund loan for that purpose would be required to be approved and authorized by a majority vote of the electors. Specify that this referendum could only be held at the next regularly scheduled spring election or general election that occurs not sooner than 42 days after the filing of the resolution or at a special election held on the Tuesday after the first Monday in November in an odd-numbered year if that date occurs not sooner than 42 days after the filing of the resolution. Require that the referendum be called, noticed and held in the manner provided for other referenda. Require that the notice of the referendum state the amount of the proposed loan and the purpose for which it would be used. Under current law, school districts may submit the question of an application for a state trust fund loan to the electors under a special election.

Modify the current law requirement that every application for a long-term loan by a unified school district, the required repayment of which exceeds 10 years, be approved by a majority vote of the electors of the school district at a special election, to instead require approval at a referendum as provided above.

Joint Contracts. Modify a current law requirement for voter approval of certain joint contracts entered into by municipalities, to require that if the municipality is a school district, the referendum would have to be held at the next spring election or general election to be held not earlier than 42 days after submittal of the issue or at a special election held on the Tuesday after the first Monday in November in an odd-numbered year if that date occurs not earlier than 42 days after submittal of the issue. Under current law, a municipality, including a school district, may enter into a joint contract with a nonprofit corporation organized for civic purposes and located in the municipality to construct or otherwise acquire, equip, furnish, operate and maintain a facility to be used for municipal and civic activities if a majority of the voters voting in a referendum at a special election or at a spring primary or election or September primary or general election approve the question of entering into a joint contract.

School District Borrowing. Require that a resolution for the purposes of school district borrowing be submitted to the voters at the next spring election or general election to be held not earlier than 45 days after the adoption of the resolution or at a special election held on the Tuesday after the first Monday in November in an odd-numbered year if that date occurs not earlier than 45 days after the adoption of the resolution. Under current law, in submitting a resolution to the voters for the purposes of borrowing, the school board is required to direct the school district clerk to call a special election for the purpose of submitting the resolution to the electors for approval or rejection or to submit the resolution at the next regularly scheduled primary or election to be held not earlier than 45 days after the adoption of the resolution.

Milwaukee Public Schools. Require that a proposal to exceed a statutory 0.6 mill levy rate for purposes of a school construction fund be submitted to the voters at the next regularly scheduled spring election or general election that occurs not sooner than 42 days after receipt of the communication or at a special election held on the Tuesday after the first Monday in November in an odd-numbered year if that date occurs not sooner than 42 days after receipt of the communication. Under current law, if the MPS School Board deems it necessary to exceed the levy rate, it may by a two-thirds of the members-elect include a communication to the Common Council of the City of Milwaukee as part of the budget transmitted to the Council. Upon receipt of the communication, the Council is required to cause the question of exceeding the levy rate to be submitted to the voters of the City at the September election or at a special election.

Require that a proposal to issue bonds for MPS school construction or remodeling be submitted to the voters at the next regularly scheduled spring election or general election that occurs not sooner than 42 days after receipt of the communication or at a special election held on the Tuesday after the first Monday in November in an odd-numbered year if that date occurs not sooner than 42 days after receipt of the communication. Under current law, if the MPS

School Board deems it necessary to construct buildings or additions to buildings, to remodel buildings or to purchase school sites or to provide funds for any such purpose as a participant in an intergovernmental contract, it may by a two-thirds vote of the members-elect send a communication to the Council requesting that the Council submit a question to the voters to issue school bonds. Upon the receipt of the communication, the Council is required to cause the question of issuing such school bonds in the stated amount and for the stated school purposes to be submitted to the voters at the next election held in the city.

Effective Date. Provide that these modifications would first apply with respect to referenda called on or after the effective date of the bill.

Senate: Delete provision.

Assembly: Provide that, unless otherwise required by law or authorized under the procedure described below, a referendum held by any local governmental unit (including school districts) could only be held concurrently with the spring primary, spring election, or general election, or on the first Tuesday after the first Monday of November of an odd-numbered year. Further provide that, unless otherwise required by law or authorized under the procedure described below, no referendum submitted by the same local governmental unit relating to substantially similar subject matter or relating to authorization for the borrowing of money may be held more than once in any 12-month period.

Modify the Joint Finance provision that would require school district referenda be held only at spring elections, general elections or special elections held on the first Tuesday after the first Monday in November in an odd-numbered year to provide that the referenda must be held in accordance with the above paragraph. In addition, require that MPS elections to exceed the statutory 0.6 mill rate for the purposes of a school construction fund or to issue bonds for school construction or remodeling be held at the next election held not sooner than 45 days, rather than 42 days under Joint Finance, after receipt of the communication.

Provide that if a local governmental unit wishes to hold a special referendum on a date that is not one of the above dates, the local governmental unit could petition a newly-created Referendum Appeal Board for a determination that an emergency exists with respect to a particular question. Require the Referendum Appeal Board to make a determination within 10 days after receipt of a petition. If the Referendum Appeal Board finds, with the concurrence of at least four members, that an emergency exists which requires a special referendum to be held on a different date, authorize the Board to permit a referendum relating to the question specified in the petition to be held on a date determined by the local governmental unit.

Create a Referendum Appeal Board, to be attached to the Elections Board, consisting of the Governor, the Senate Majority Leader, the Senate Minority Leader, the Speaker of the Assembly and the Assembly Minority Leader or the designees of these persons. Provide that members of the Board would serve for indefinite terms.

These provisions would first apply with respect to referenda called on the effective date of the bill.

Conference Committee/Legislature: Delete provision.

2. SCHOOL START DATE

Governor: Allow school boards to hold the public hearing relating to the school start date no earlier than May 1 of the previous school year, beginning in 2002-03 school year. Prohibit school districts from holding classes on August 30, 2001, or August 31, 2002, which are the Fridays before Labor Day weekend each year. Specify that current statutes establishing certain prohibited subjects of collective bargaining could not be construed to eliminate a school district's duty to bargain collectively with its employees with respect to the impact of any school calendar decision on wages, hours, and conditions of employment. Modify current statutes relating to school hours that state a school district's duty to bargain over any calendaring proposal which is primarily related to wages, hours and conditions of employment, to instead refer to the impact of the school calendar on wages, hours and conditions of employment.

Create a nine-member committee appointed by the Governor to study the educational and economic effects of a required September 1 school start date and require the committee to report its findings and recommendations to the Governor and Legislature by December 1, 2002. Specify that committee members would include: (a) a licensed teacher; (b) a parent of a public school pupil; (c) a school board member chosen from nominees by the Wisconsin School Boards Association; (d) a school district administrator chosen from nominees by the Wisconsin Association of School District Administrators; (e) an employer chosen from nominees by Wisconsin Manufacturers and Commerce; (f) a person chosen from nominees by the Wisconsin Restaurant Association; (g) a person chosen from nominees by the Wisconsin Tourism Association; (h) a member of the general public; and (i) the Secretary of Commerce, or his or her designee. Specify that the Governor would name the chairperson of the committee. Provide that the committee would terminate on the date it submits its findings and recommendations.

Under current law, no public school may commence the school term until September 1, unless the school holds a public hearing on the issue and adopts a resolution to commence the school term on an earlier date. The hearing may not be held prior to July 1. School boards are not prohibited from holding athletic contests or practices or scheduling in-service or work days prior to September 1, or from holding school year-round.

Joint Finance: Delete provision as non-fiscal policy.

Assembly/Legislature: Eliminate the current provision that a school board may commence the school term before the required earliest start date of September 1 in any school year if it holds a public hearing on the issue and adopts a resolution to that effect in that school year. This provision would take effect on July 1, 2002, so that in general school districts could no longer start earlier than September 1, beginning in 2002-03. Provide that a school board could

request DPI to allow it to commence the school term before September 1, and provide DPI with its reasons for the request. Specify that DPI could only grant a request if it determines there are extraordinary reasons for granting it. Require DPI to promulgate rules to implement and administer this provision. Specify that current DPI waiver authority would not apply to the school start date.

[Act 16 Sections: 2673p, 2725m and 9440(3f)]

3. ANNUAL MEETINGS

Assembly/Legislature: Specify that union high school and common school districts may not hold their annual meetings before May 15 or after October 31. Under current law, meetings may not be held before May 15 or after September 30.

[Act 16 Section: 2760k]

4. CONSIDERATION OF STATE HEALTH INSURANCE

Assembly: Require school boards, prior to the selection of any group health care benefits provider for school district professional employees, to solicit sealed bids for the provision of such benefits and consider the state insurance plan.

Conference Committee/Legislature: Delete provision.

5. REQUIRE FLAGS IN CLASSROOMS

Assembly: Beginning in 2005-06, require all public and private schools to display a U.S. flag in every classroom. Delete the current law requirement, beginning in 2005-06, that a U.S. flag be displayed in the schoolroom or from a flagstaff on each school ground during the school hours of each school day. Specify that the requirement to display the U.S. flag would not apply to a private school if the governing body of the private school determined that the requirement would conflict with the school's religious doctrines.

Conference Committee/Legislature: Delete provision.

6. REQUIRE DAILY PLEDGE OF ALLEGIANCE OR NATIONAL ANTHEM

Assembly/Legislature: Require all public and private schools to offer the Pledge of Allegiance or the National Anthem in grades one to twelve each school day. Specify that no pupil could be compelled against the pupil's objections or those of the pupil's parent or guardian, to recite the pledge or to sing the anthem. Specify that the requirement to offer the Pledge of Allegiance or National Anthem would not apply to a private school if the governing

body of the private school determined that the requirement would conflict with the school's religious doctrines. Under current law, every public and private school is required to offer the Pledge of Allegiance in grades one to eight at the beginning of school at least one day per week. No pupil may be compelled, against the pupil's objections or those of the pupil's parents or guardian, to recite the Pledge.

[Act 16 Sections: 2674d and 2674j]

7. SCHOOL UNIFORMS

Assembly/Legislature: Allow a school board to adopt a policy that requires all pupils enrolled in school in the school district, or all pupils enrolled in one or more schools in the school district, to wear a uniform while in school or while under the supervision of a school authority. Specify that if a school board adopts a school uniform policy, the board must: (a) establish a method whereby the parent or guardian of a pupil could exempt his or her child from complying with the policy; (b) ensure that no pupil is penalized academically or otherwise discriminated against because the pupil has been exempted from the policy by a parent or guardian; (c) notify each parent or guardian of an enrolled pupil of the policy at least three months before the school board implements the policy; and (d) assist economically disadvantaged pupils to obtain the uniforms. Specify that these requirements would neither apply to uniforms required by a school board to be worn during extracurricular activities nor to any school board that had in effect on the effective date of the bill a school uniform policy and continues to have such a policy in effect continuously since that date. Specify that this provision would not affect the authority of a school board to require pupils to wear uniforms for extracurricular activities.

Require DPI to submit a report by July 1, 2005, to the appropriate standing committees of the Legislature that addresses the following issues: (a) methods of encouraging the involvement of parents or guardians of pupils enrolled in a school district in a school board's decision to require school uniforms; (b) the ability of pupils to obtain the uniforms; and (c) the effect of the imposition of the requirement on crime in the school, including weapons possession, assault, battery and vandalism, and on pupil suspensions and expulsions.

[Act 16 Section: 2673m]

8. MARRIAGE INSTRUCTION IN SCHOOLS

Assembly/Legislature: Require that, if a school board offers instruction in subjects relating to human growth and development, including male and female responsibility, then it must also offer instruction in marriage and parental responsibility. This provision would take effect 13 months after publication of the bill.

[Act 16 Sections: 2670m, 2670p, 2670q and 9440(1f)]

9. VETERANS IN SCHOOL TO DISCUSS THEIR EXPERIENCES

Assembly/Legislature: Require the State Superintendent to encourage school boards to invite armed forces veterans to school to discuss their experiences as veterans.

[Act 16 Section: 2635L]

10. SPECIAL OBSERVANCE DAYS

Assembly/Legislature: Require the following school special observance days to be specifically listed in statute, in addition to the dates that are currently listed: (a) Abraham Lincoln's birthday; (b) George Washington's birthday; (c) Christopher Columbus' birthday; and (d) Veterans Day. In addition, designate April 19 as a special observance day to be known as "Patriots Day." Patriots Day commemorates the battles of Lexington and Concord.

[Act 16 Sections: 2671m, 2671n, 2671p, 2671q and 2671r]

11. CHILDREN'S VISION INITIATIVE

Joint Finance: Require school boards and charter schools to request that pupils entering kindergarten provide evidence that the pupil has had his or her eyes examined by a licensed optometrist or physician, by December 31 after the child's enrollment in kindergarten, beginning with the 2002-03 school year. The examination would include: (a) a brief history of general health and eye health of the child and of the child's family; (b) general external observation of the child's eyes and surrounding structures; (c) examination of the inside of the child's eyes through dilated pupils; (d) gross measurement of the child's peripheral vision; (e) evaluation of the coordination and function of the child's eyes; and (f) examination of the visual acuity of each of the child's eyes. There would be no penalty if a student fails to provide evidence of an exam.

The Medical Examining Board and Optometry Examining Board would be required to encourage, to the extent feasible, optometrists and physicians, to provide exams at no cost to students who are in financial need and do not have health insurance coverage for eye exams.

The Medical Examining Board and Optometry Examining Board would be required to jointly develop a form, by January 1, 2002, that would be used as evidence of an eye examination. The form would provide a place for the examining physician or optometrist to indicate which of the required elements of the examination were performed, and whether follow-up care is recommended. The Department of Regulation and Licensing would be required to distribute the forms to school districts and charter schools, by May 31, 2002, and annually thereafter.

Senate: Modify the Joint Finance provision that would require school boards to request that pupils provide evidence of eye examinations by December 31 after the pupil enters

kindergarten to also refer to evaluations. Add ophthalmologists to the health care providers who could perform these examinations or evaluations, in addition to optometrists and physicians under Joint Finance.

Conference Committee/Legislature: Include the Senate provision, modified to refer to physicians licensed under Chapter 448 of the statutes, rather than ophthalmologists. Also, delete the specific list of items to be included in an examination under Joint Finance.

[Act 16 Sections: 2679m, 3504p and 9143(3c)]

12. DISTRIBUTION OF SCHOOL PERFORMANCE REPORTS

Joint Finance: Eliminate the current law requirement that each school board distribute to the parent or guardian of each pupil enrolled in the school district and charter schools located in the district a school and school district performance report. Require each school board to produce a copy, upon request, of the most recent school and school district performance report to the parent or guardian of a pupil enrolled in the school district or enrolled in a charter school located in the school district, and, if the school district maintains an Internet site, to make the report available to the public at that site.

Assembly/Legislature: Delete provision. Instead, require that school performance reports compare their district's performance to others in their athletic conference.

[Act 16 Sections: 2641m and 2763m]

13. CIVIL IMMUNITY FOR CERTAIN SCHOOL DISTRICT EMPLOYEES AND VOLUNTEERS

Senate/Legislature: Provide that school district employees, volunteers and school bus operators who would administer glucagon to pupils experiencing hypoglycemic emergencies would have civil immunity for their actions, unless the action constitutes a high degree of negligence, provided the incident is reported to emergency medical providers.

[Act 16 Sections: 2695e and 2695m]

14. REFUSAL TO EMPLOY UNPARDONED FELONS

Assembly: Specify that it would not be employment discrimination because of conviction record for an educational agency to refuse to employ or to bar or terminate from employment an individual who has been convicted of a felony and who has not been pardoned for that felony. Specify that for the purposes of this provision, the definition of an educational agency would include a school board, CESA, CCDEB, state correctional institution, juvenile secured correctional facility, secured child caring institution, the Wisconsin School for the Blind and

Visually Impaired, the Wisconsin School for the Deaf, the Mendota Mental Health Institute, the Winnebago Mental Health Institute, a state center for the developmentally disabled, a private school, a charter school, an agency under contract with the school board to provide a program for children at risk, or a nonsectarian private school or agency under contract with the Board of Directors of MPS to provide educational programs for children enrolled in the school district.

Conference Committee/Legislature: Delete provision.

Administrative and Other Funding

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$1,734,000
FED	2,607,200
PR	493,000
Total	\$4,834,200

Governor/Legislature: Adjust the base budget by \$867,000 GPR, \$1,303,600 FED and \$246,500 PR annually for: (a) turnover reduction -\$399,000 GPR and -\$258,200 FED annually); (b) full funding of continuing salaries and fringe (\$899,700 GPR, \$1,497,600 FED and \$229,400 PR annually); (c) BadgerNet increases (\$2,200 GPR and \$2,100 FED annually); (d) overtime (\$287,500 GPR, \$52,500 FED and \$14,300 PR annually); (e) night and weekend differential (\$58,000 GPR, \$400 FED and \$200 PR annually); and (f) fifth week of vacation as cash (\$18,600 GPR, \$9,200 FED and \$2,600 PR annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	-\$2,526,800	\$2,526,800	-\$1,446,000	-\$1,446,000

Governor: Reduce the agency's state operations appropriations by \$1,404,200 in 2001-02 and \$1,122,600 in 2002-03. The total reduction amount was derived by making a reduction of 5% to each of the agency's state operations appropriations. Include session law language permitting the agency to submit an alternative plan to the Secretary of Administration for allocating the required reduction among its sum certain GPR appropriations for state operations purposes. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of Administration does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance: Modify the Governor's recommendation to transfer the portion of DPI's base budget reductions from the general program operations appropriation for the state residential schools to DPI's largest general program operations appropriation. Provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency.

Senate/Legislature: Provide \$1,404,200 in 2001-02 and \$1,122,600 in 2002-03 to DPI's largest state operations appropriation. This would eliminate the 5% base budget reduction for the agency.

Veto by Governor [A-18]: Reduce DPI's largest state operations appropriation by \$723,000 annually by lining through the appropriation and writing in a lower amount. These reductions equal a 4% base budget reduction in each year, excluding the residential schools.

[Act 16 Vetoed Section: 395 (as it relates to s. 20.255(1)(a))]

3. MINORITY PRECOLLEGE SCHOLARSHIP PROGRAM

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$900,000	-\$747,500	\$152,500

Senate: Provide \$900,000 annually above base level funding of \$1,525,000 for the minority precollege scholarship program.

The minority precollege scholarship program provides funds for minority students in grades six through twelve to attend precollege courses at campuses in the UW System, Wisconsin Technical College System and independent colleges and universities. Scholarships may be used to pay the cost of the course, books, supplies, and room and board and are intended to encourage minority students to pursue postsecondary education. The \$900,000 annual increase would provide funding for approximately 3,000 additional scholarships annually and bring the total number of scholarships available to approximately 8,100 each year.

Conference Committee/Legislature: Provide \$450,000 annually above base level funding of \$1,525,000 for the minority precollege scholarship program. The \$450,000 annual increase would provide funding for approximately 1,500 additional scholarships annually and bring the total number of scholarships available to approximately 6,600 each year.

Veto by Governor [A-13]: Delete \$450,000 in 2001-02 and \$297,500 in 2002-03 by striking through the appropriation and writing in a lower amount.

[Act 16 Vetoed Section: 395 (as it relates to s. 20.255(3)(fz))]

4. WISCONSIN INFORMATIONAL NETWORK FOR SCHOOL SUCCESS

PR	\$579,000
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Governor: Provide \$579,000 in 2001-02 for upgrading the Wisconsin informational network for school success (WINSS). Funding for this item would come from the dissolution of the Wisconsin Advanced Telecommunications Foundation's endowment fund.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 16 Sections: 961m and 9101(10)]

5. WISCONSIN GEOGRAPHICAL EDUCATION PROGRAM
[LFB Paper 146]

GPR	-\$100,000
PR	500,000
Total	\$400,000

Governor: Delete \$50,000 GPR annually and current law related to grants under the Wisconsin geography alliance program. Provide \$500,000 PR in 2001-02 for a grant to the National Geographical Society Education Foundation (Foundation). Require DPI to enter into an agreement with the Foundation relating to this grant. Specify that the agreement include all of the following: (a) the Foundation would establish and manage a trust fund for a Wisconsin geographical education program consisting of the \$500,000 of grant funding and \$500,000 in matching funds provided by the Foundation; (b) the Foundation would award grants and support programs for improving geographic education in Wisconsin, with an emphasis on improving student use of geographic information systems technology; (c) the Foundation would be required to annually submit to DPI an independent financial audit of the trust fund and a report listing the names of the grant recipients and the amounts and purposes of awards and other expenditures made from the fund; (d) if the trust fund were dissolved, the Foundation would be required to return the initial grant from the state and any unexpended income from it; and (e) that the agreement would not be effective unless the Secretary of DOA determines that monies have been transferred between the state appropriations involved and that the Foundation has provided \$500,000 in matching funds. The funding for the state grant to the Foundation would come from the dissolution of the Wisconsin Advanced Telecommunications Foundation's (WATF) endowment fund. The transfer of monies would occur on the effective date of the budget bill, or when the Secretary of DOA determines that the WATF has granted the proceeds of its endowment fund to DOA and that the Foundation has provided the required matching funds, whichever is later.

Assembly: Delete \$500,000 PR in 2001-02 for the Wisconsin geographical education program. Under the Joint Finance version of the budget, these additional unallocated WATF proceeds would be used for TEACH block grants and would offset GPR expenditures for this purpose.

Conference Committee/Legislature: Restore Governor's provision.

[Act 16 Sections: 562, 961m, 2622, 2625 and 9101(10)]

6. VOCATIONAL EDUCATION

GPR	\$195,000
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Senate: Provide \$195,000 in 2002-03 for career and technical student organizations.

Assembly/Legislature: Provide \$195,000 in 2002-03 for career and technical student organizations. Modify the current law program for vocational student organizations to instead refer to career and technical student organizations and related career and technical education programs. Modify the current statutory requirement that the State Superintendent provide certain consultant positions in DPI as follows: (a) refer to technology education, rather than technical education for two consultants; (b) refer to sciences for two consultants relating to family and consumer education; (c) add a requirement for an additional 0.5 consultant for marketing education; and (d) create a requirement for one full-time consultant in health science education. Require the State Superintendent to provide a career and technical education and career and technical student organizations team consisting of the statutorily required consultants, rather than having a subteam within the integrated and applied curricula team as under current law.

[Act 16 Sections: 2623g, 2623i, 2623k, 2623m, 2623p and 2623r]

7. NATIONAL TEACHER CERTIFICATION REESTIMATE [LFB Paper 770]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$385,000	-\$216,000	\$169,000

Governor: Provide \$130,000 in 2001-02 and \$255,000 in 2002-03 above the current base level of \$85,000 to fully fund awards for teachers earning certification from the National Board for Professional Teaching Standards. Modify the current grant program for national certification in the following manner: (a) delete the requirement that a person be a resident of this state; and (b) clarify the language governing the dispersal of subsequent annual \$2,500 grants. A person would still have to satisfy the other current requirements in order to receive an initial grant and subsequent grants.

Under current law, DPI is required to award a grant to any person who does all of the following: (a) is certified by the National Board for Professional Teaching Standards; (b) is licensed as a teacher by the State Superintendent or employed as a teacher in a private school; (c) is a resident of this state; and (d) is employed as a teacher in this state. The grant must equal the costs of obtaining certification, not to exceed \$2,000, in the school year in which the person is certified, or if not a resident at the time of certification, in the first school year in which the person meets the requirements. In addition, the grant recipient receives \$2,500 in each of the nine school years following the school year in which he or she received the initial grant if the person does all of the following: (a) maintains national certification; (b) maintains state license

or employment in a private school; (c) remains a resident of this state; and (d) remains employed as a teacher in this state.

Joint Finance/Legislature: Reduce funding by \$96,000 in 2001-02 and \$120,000 in 2002-03 to reflect a reestimate of costs under the program.

[Act 16 Sections: 2649 thru 2655]

8. FUEL AND UTILITY REESTIMATE

GPR	\$121,200
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Governor/Legislature: Provide \$96,100 in 2001-02 and \$25,100 in 2002-03 to reflect estimated costs for fuel and utilities.

9. DEBT SERVICE REESTIMATE [LFB Paper 266]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$93,400	\$102,800	\$9,400

Governor: Reestimate debt service costs by \$3,100 in 2001-02 and -\$96,500 in 2002-03 from the base level of \$1,130,000.

Joint Finance/Legislature: Provide \$51,500 in 2001-02 and \$51,300 in 2002-03 to reestimate debt service costs.

10. FEDERAL REVENUE REESTIMATES

FED	\$63,563,000
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Governor/Legislature: Reestimate federal revenues by \$32,498,300 in 2001-02 and \$31,064,700 in 2002-03. Of the total, reestimates would include: (a) federal aids -- local aid (\$32,057,000 in 2001-02 and \$31,257,000 in 2002-03 above base level of \$326,110,700); (b) indirect cost reimbursements (-\$53,500 annually from base level of \$1,097,400); (c) federal aids -- program operations (\$298,000 in 2001-02 and -\$335,600 in 2002-03 from base level of \$19,234,400); (d) federal funds -- local assistance (\$95,200 annually above base level of \$1,115,000); and (e) federal aids to individuals and organizations, including child nutrition programs, Byrd scholarships for outstanding high school seniors and national early intervention scholarship and partnership program for low-income students (\$101,600 annually above base level of \$38,292,900).

11. PROGRAM REVENUE REESTIMATES

PR	\$12,778,200
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Governor/Legislature: Reestimate program revenues by \$6,336,300 in 2001-02 and \$6,441,900 in 2002-03. Of the total, reestimates would include:

School Lunch Handling Charges. Reestimate revenues received from handling fees charged to school districts and other participating agencies by \$4,978,800 in 2001-02 and \$4,975,600 in 2002-03.

Personnel Certification. Reestimate revenues received for personnel certification by \$339,800 in 2001-02 and \$469,800 in 2002-03.

School for the Deaf and Center for the Blind and Visually Impaired. Reestimate miscellaneous revenues from the state residential schools by \$10,100 annually.

Funds from Other Agencies. Reestimate revenues received from other agencies for program operations and local aids by \$416,300 in 2001-02 and \$395,100 in 2002-03.

Other. (a) professional service center charges (\$25,000 annually); (b) gifts and grants (\$115,000 annually); (c) state agency library processing center (\$7,000 annually); and (d) data processing (\$444,300 annually).

12. WISCONSIN CENTER FOR THE BLIND AND VISUALLY IMPAIRED [LFB Paper 146]

PR	\$526,000
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Governor/Legislature: Provide \$526,000 in 2001-02 to upgrade and replace assistive technology devices and related software programs at the Janesville facility of Wisconsin Center for the Blind and Visually Impaired and regional satellite facilities of the center, and for completing network upgrade at the Janesville facility. Funding for this item would come from the dissolution of the Wisconsin Advanced Telecommunications Foundation's endowment fund.

[Act 16 Sections: 961m and 9101(10)]

13. WISCONSIN EDUCATIONAL SERVICES PROGRAM FOR THE DEAF AND HARD OF HEARING

Assembly/Legislature: Establish the Wisconsin educational services program for the deaf and hard of hearing. Modify current statutory references to the Wisconsin School for the Deaf to instead refer to the program or the facilities of or school operated by the program. Delete the current statutory section relating to the Wisconsin School for Deaf and instead establish the program, as follows:

Provide that the purpose of the program would be to serve as a statewide educational resource relating to hearing impairments to benefit all Wisconsin children who are hearing impaired. Require the State Superintendent to maintain and govern the program's facilities and appoint an individual who has training and experience in educating pupils who are hearing impaired to serve as the director of the program. Require the program to provide services that benefit children throughout the state who are hearing impaired.

School for Residents Ages Three to 20. Require the program to operate a school at which any resident of this state ages three to 20 years old who is hearing impaired, or who is hearing impaired and becomes 21 years old during a school term, would be received and taught free of charge if the individualized education program for the resident and the educational placement specify the school operated by the program as the appropriate placement.

Services for Residents 21 years old or older. Provide that the State Superintendent would be permitted to admit to the school operated by the program a resident of the state who is hearing impaired and is 21 years of age or older prior to the beginning of a school term, upon the payment of fees fixed by the State Superintendent and upon the recommendation of the Secretary of Health and Family Services, the Director of the Technical College System or the director of the program.

Services for Nonresidents. Permit a nonresident of this state, who is hearing impaired, who is either three to 20 years old or becomes 21 years old during a school term, whose individualized education program and educational placement specify the school operated by the program as the appropriate placement and who is capable of receiving instruction, to be received at the school upon payment in advance of the fees fixed by the State Superintendent. Provide that no nonresident could be received to the exclusion of a resident pupil.

Services for Birth to Three. Permit the program to provide instruction or services, or both, for hearing impaired children under the age of three and their parents. Provide that the instruction or services would be subject to the approval of DPI and would be required to comply with requirements established by DPI.

Library Services. Provide that educational media and materials acquired by the program would constitute a circulating collection for persons who are hearing impaired. Require that the collection be kept at the program's facility under the supervision of its director. Permit all school-age children of the state who are hearing impaired to use the media and materials upon compliance with criteria established by the director of the program and approved by the State Superintendent.

Summer Programs. Require the program to provide summer programs each year for children who are hearing impaired.

Independent Living Skills. With the approval of the State Superintendent, permit the program to allow individuals to receive instruction in and practice independent living skills in state-owned housing at the program's facility in Delavan.

Provision of Services. In addition to providing services at the program's facility in Delavan, permit the program to provide services at any location in the state and operate regional satellite facilities throughout the state to provide services.

Nondiscrimination and Pupil Use of Residential Facilities. Require the director of the program to make the residential facilities of the program available to all pupils received at the school operated by the program. Provide that all pupils in the program would be permitted to equally and freely enjoy the benefits and privileges of the program, have the use of the library and books of instruction, and receive board, lodging and linens, without discrimination, except that the director of the program may determine that board, lodging and linens may not be provided to an individual because appropriate services are not available for that individual at the program's residential facilities.

Charges and Leasing of Space. Permit the State Superintendent to charge for meals, living quarters, laundry and other services furnished to employees of the program and their families. Permit the State Superintendent to charge for services furnished to visitors to the program's facilities and participants in training programs and institutes. Permit the State Superintendent to lease space at the Program's facilities in Delavan that is not required by the program to any person if the State Superintendent determines that the use will not be inconsistent with the operation of the Program.

School Term and Transportation. Require the State Superintendent to fix the period of the school term at the school operated by the program at not less than 38 weeks, prescribe the school sessions, and confer diplomas upon meritorious pupils who have completed the prescribed curriculum. Provide that a pupil could be placed at the school for less than a school term under the pupil's individualized education program. Permit the program to provide transportation for resident pupils at the school operated by the program.

Other Statewide Services. Permit the program to do any of the following:

- a. Provide evaluation services to assist local educational agencies (LEAs), cooperative educational service agencies (CESAs), county children with disabilities education boards (CCDEBs), private schools and others;
- b. Provide technical assistance and consultation services to LEAs, CESAs, CCDEBs, private schools and others;
- c. Develop and disseminate curriculum and instructional materials;
- d. Provide in-service and other training to teachers and other staff serving pupils who are hearing impaired;
- e. Provide training, technical assistance and consultation services for parents of children who are hearing impaired and for professionals who work with children who are hearing impaired;

- f. Provide access to educational materials to children who are hearing impaired;
- g. Loan books and other materials from the program's library;
- h. Serve as a clearinghouse for information about children who are hearing impaired;
- i. Teach American sign language, and teach other subjects using American sign language, through the use of distance education technology;
- j. Rent or lease technological materials and assistive technology devices to LEAs, CESAs, CCDEBs and private schools;
- k. Facilitate the preparation of teachers of pupils who are hearing impaired by providing assistance to teacher preparation programs; and
- l. Provide other statewide services that relate to the education of children who are hearing impaired.

Deaf and Hard of Hearing Education Council. Create a Deaf and Hard of Hearing Education Council in DPI. Specify that the council consist of the following members, at least three of whom must be hearing impaired, appointed by the State Superintendent for three-year terms: (a) two parents of children who are hearing impaired; (b) one licensed teacher of pupils who are hearing impaired; (c) one person who is a licensed speech-language pathologist; (d) one school district special education director; (e) one person who is a licensed audiologist and whose expertise is in educational audiology; (f) one person who is experienced in educating the hearing impaired, or in educating teachers of the hearing impaired, and is affiliated with an institution of higher education; (g) one person who is an instructor in a technical college interpreter training program; (h) one person employed as an educational interpreter; and (i) three other members.

Specify that the initial members appointed under (b) and (c) and one of the initial members appointed under (a) and (i) serve for terms expiring on July 1, 2002. Specify that the initial members appointed under (d), (e) and (f) and one of the initial members appointed under (i) serve for terms expiring on July 1, 2003. Specify that the initial members appointed under (g) and (h) and one of the initial members appointed under (a) and (i) serve for terms expiring on July 1, 2004.

Legislative Audit. Require the Legislative Audit Bureau to perform a performance evaluation audit of the program in the 2004-05 fiscal year, and to submit the audit report by June 30, 2005.

Veto by Governor [A-17]: Delete provisions.

[Act 16 Vetoed Sections: 181m, 371b, 395 (as it relates to s. 20.255(1)(b),(c),(gb),(gh),(gL),(gs)&(gt)), 541r, 542, 545d thru 545L, 1381g, 1381p, 1381r, 1416, 1489m, 1789b thru 1789d, 2639m, 2660m thru 2662g, 2764c, 2779s, 3938s and 9140(3q)]

14. AFTER SCHOOL CARE PROGRAMS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR	\$150,000	-\$150,000	\$0

Senate/Legislature: Provide \$150,000 PR in 2002-03 for grants to school districts for after school care programs, to be funded with federal TANF moneys, and provide a corresponding \$150,000 FED to reflect the transfer of these federal monies. To be eligible, a district would be required to enroll pupils who are eligible for TANF and who would otherwise be unsupervised by an adult after school. The State Superintendent would be required to ensure that the grants were evenly distributed among rural, suburban and urban school districts.

Veto by Governor [C-51]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.255(2)(kn)), 560d, 743dc, 1714d, 2779m and 9140(6w)]

15. LIBRARY SYSTEM FUNDING

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$250,000	-\$250,000	\$0

Senate/Legislature: Provide \$250,000 in 2002-03 for public library system aid. Current base funding for library systems is \$14,749,800.

Veto by Governor [A-15]: Delete provision.

[Act 16 Vetoed Section: 395 (as it relates to s. 20.255(3)(e))]

16. LIBRARY SERVICES CONTRACT

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$222,600	-\$222,600	\$0

Senate/Legislature: Provide \$97,300 in 2001-02 and \$125,300 in 2002-03 above base level funding of \$1,047,300 for contracts with four providers of specialized statewide library services and resources. Contracts are currently maintained with the Milwaukee Public Library for the statewide interlibrary loan of its collection, the Wisconsin Interlibrary Services, Wisconsin Regional Library for the Blind and Physically Handicapped, and the Cooperative Children's

Book Center, a program of the UW-Madison School of Education, which obtains and reviews children's literature for libraries statewide.

Veto by Governor [A-16]: Delete provision.

[Act 16 Vetoes Section: 395 (as it relates to s. 20.255(3)(ea))]

17. **LIBRARY SERVICES CONTRACT -- AUTOMATED SYSTEM** [LFB Paper 146]

PR	\$161,600
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Governor/Legislature: Provide \$161,600 in 2001-02 to replace an automated system at the Wisconsin Regional Library for the Blind and Physically Handicapped. Funding for this item would come from the dissolution of the Wisconsin Advanced Telecommunications Foundation's endowment fund.

[Act 16 Sections: 961m and 9101(10)]

18. **STATE SCHOOL FINANCE INFORMATION SYSTEM** [LFB Paper 146]

PR	\$77,800
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Governor/Legislature: Provide \$77,800 in 2001-02 for the purpose of upgrading the state school finance information system. This would fund continued development of a Web-based school finance information system. Funding for this item would come from the dissolution of the Wisconsin Advanced Telecommunications Foundation's endowment fund.

[Act 16 Sections: 961m and 9101(10)]

19. **BADGERLINK**

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
PR	\$223,700	-\$223,700	\$0	\$0
SEG	0	0	223,700	223,700
Total	\$223,700	-\$223,700	\$223,700	\$223,700

Governor: Provide \$73,500 in 2001-02 and \$150,200 in 2002-03 to maintain the current level of BadgerLink services relating to periodical and reference information databases through a new appropriation created for this purpose. Specify that no funds could be encumbered from this appropriation after June 30, 2003. Require the State Superintendent to charge each school district a fee for use of BadgerLink to provide revenues for the new appropriation.

Joint Finance: Delete provision.

Senate/Legislature: Provide \$73,500 in 2001-02 and \$150,200 in 2002-03 above base level funding of \$1,700,000 from the segregated universal service fund for BadgerLink. BadgerLink provides full-text database services through a statewide contract to all residents of the state.

20. GRANT TO BELOIT COLLEGE

PR	\$100,000
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Senate/Legislature: Provide \$50,000 annually from tribal gaming revenues for a grant to Beloit College to educate children and adults in southern Wisconsin about Native American cultures.

[Act 16 Sections: 558m, 887s and 2625w]

21. ALCOHOL AND OTHER DRUG ABUSE ADMINISTRATION

Funding Positions		
PR	-\$300,000	- 0.95

Governor/Legislature: Reduce funding by \$150,000 annually and eliminate 0.95 positions to reflect lower projections of available revenues.

22. GOVERNOR'S WISCONSIN EDUCATIONAL TECHNOLOGY CONFERENCE

Senate: Transfer from TEACH to DPI \$52,700 PR annually and 1.0 position to organize the educational technology conference and perform other duties as assigned in the Division for Libraries, Technology and Community Learning within DPI.

Conference Committee/Legislature: Delete provision.

23. WISCONSIN EDUCATIONAL OPPORTUNITY PROGRAM

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$50,000	-\$50,000	\$0

Senate/Legislature: Provide \$50,000 in 2002-03 for data collection, evaluation and technical assistance to measure the effectiveness of various programs under the Wisconsin educational opportunity program (WEOP). The primary goal of WEOP is to assist minority and economically disadvantaged students in pursuing postsecondary educational opportunities.

Veto by Governor [A-14]: Delete provision.

[Act 16 Vetoed Section: 395 (as it relates to s. 20.255(1)(a))]

24. NEWSLINE FOR THE BLIND

PR	\$45,000
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Governor/Legislature: Provide \$23,000 in 2001-02 and \$22,000 in 2002-03 above a base level of \$45,500 to expand the Newsline services. The Newsline provides access to three national newspapers and three local newspapers for blind individuals, who use their home telephones to access servers in Madison and Milwaukee by using a toll free number. The National Federation of the Blind operates the Newsline for users who must be registered as blind or physically handicapped, and DPI contracts with the Federation to provide the service.

25. DPI CONSULTANT EXPERIENCE

Assembly: Require that DPI ensure that each person employed by the Department as a consultant has taught in a classroom or has an educational component before being employed by the Department as a consultant. This provision would apply to persons who are initially employed by DPI on the effective date of the bill.

Conference Committee/Legislature: Delete provision.

26. POSITION REALLOCATION

Governor/Legislature: Transfer 0.40 positions with \$14,100 in 2001-02 and \$20,900 in 2002-03 from FED to PR funding to provide additional staff support for the school lunch program. Also, convert 1.5 PR project positions, which manage the child care information center at the reference and loan library, to permanent positions.

	Funding Positions	
PR	\$35,000	0.40
FED	- 35,000	- 0.40
Total	\$0	0.00

27. REORGANIZATION PLAN [LFB Paper 771]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$700,000	-\$700,000	\$0

Governor: Require the State Superintendent, in consultation with the Secretary of Administration, to develop a plan for reorganizing the Division for Learning Support and Instructional Services in DPI in order to enhance DPI's ability to support the improvement of schools. Require the plan do all of the following: (a) establish a bureau for school improvement composed of staff in the Division for Learning Support and Instructional Services and federally funded staff in the Division for Learning Support, Equity, and Advocacy in DPI; (b) organize the bureau into multidisciplinary school improvement teams to provide on-site technical assistance to schools and school districts, especially those that are identified as low-performance by the State Superintendent; (c) include on each school improvement team at least one licensed teacher employed by a school district and temporarily assigned to DPI under agreements

formed for this purpose; and (d) ensure that DPI has the resources and staff necessary to assist school districts in developing and implementing decentralized school government plans. Require DPI to submit the reorganization plan to the Governor and to the Secretary of Administration by March 15, 2002.

Establish the bureau statutorily including the requirements itemized in (b) and (c) under the plan. Specify that the provision creating the bureau would not apply unless the Governor approves the plan for reorganization of DPI. Require the bureau to administer the expanded flexibility grant program created by the bill. The agreements temporarily assigning teachers to DPI would not be subject to approval by the Secretary of Employment Relations.

Provide \$700,000 GPR in 2002-03 in DPI's largest state operations appropriation and require DPI to allocate the funding to contract with school districts for the services of teachers. Prohibit DPI from encumbering or expending the money so allocated unless the Secretary of Administration determines that the reorganization plan has been implemented.

Joint Finance/Legislature: Delete provision.

28. DISTRIBUTION OF FEDERAL AID [LFB Paper 772]

Governor: Require the State Superintendent to distribute to school districts the maximum amount of federal aids allowed under federal law except those funds provided for administrative purposes, from those federal aids for which the State Superintendent acts as the agent of receipt and disbursement.

Joint Finance: Delete provision. Instead, require the State Superintendent to submit a plan to the Committee under a 14-day passive review process for distribution of federal aids for which the State Superintendent acts as the agent of receipt and disbursement, that considers the funding needs of school districts, the Wisconsin School for the Deaf, the Wisconsin Center for the Blind and Visually Impaired, and cooperative educational service agencies and that distributes to these educational agencies and schools the maximum amount of federal aid authorized by federal law. Require the State Superintendent to submit the plan for federal aids received for the 2001-02 federal fiscal year by October 31, 2001, or within 30 days after enactment of federal legislation authorizing the disbursement of the federal aid, whichever is later, and to submit the plan for federal aids received for the 2002-03 federal fiscal year by October 31, 2002, or within 30 days after enactment of federal legislation authorizing the disbursement of the federal aid, whichever is later. If the co-chairs of the Committee do not notify the State Superintendent that the Committee has scheduled a meeting to review the plan within 14 working days after the date of submission, allow the State Superintendent to distribute the federal aid as proposed in the plan. If, within 14 working days after the date of submission, the co-chair of the Committee notify the State Superintendent that the Committee has scheduled a meeting to review the plan, require that the State Superintendent could not distribute the federal aid until the Committee has approved a plan. Upon approval of a plan, require the State Superintendent to distribute the federal aid as provided in the approved plan.

Senate/Legislature: Delete provision.

29. FEDERAL EDUCATION FUNDING

Assembly: Require DPI, in consultation with DOA, to maximize the use of federal aid for education and annually report to the Joint Committee on Finance on whether federal funding could be used in lieu of general school aid or categorical aids.

Conference Committee/Legislature: Delete provision.

30. STATE TRUST FUND LOANS FOR PUBLIC LIBRARY SYSTEMS

Governor: Allow a federated public library system whose territory lies within two or more counties to obtain state trust fund loans from the Board of Commissioners of Public Lands (Board). In general, the same limitations, restrictions, and conditions would apply as currently apply for all trust fund loans. Loans to a federated public library system could be made for any term not exceeding 20 years for a total amount that, together with all other indebtedness of the system, does not exceed the system's allowable indebtedness, set by statute at an amount equal to the system board's receipts for the prior fiscal year.

Require that a certified copy of a system board resolution approving the loan accompany an application for a loan. Require that if the application is approved by the Board, the certificate of indebtedness be signed by the system president and countersigned by a member of the system board designated by that board who is not the president, and that the board must certify such action to DOA. Require the Secretary of DOA, upon receiving such certification, to pay out the loan proceeds.

Require the Board to transmit to the system board a certified statement of the amount due on or before October 1 annually until the loan is paid and provide copies to the State Treasurer and DPI. Require the system board to pay the State Treasurer the full amount levied for state trust fund loans within 15 days after March 15 annually, and require the State Treasurer to notify the Board when payment is received. Specify that any payment not made by March 30 is delinquent and subject to a penalty of 1% per month or fraction thereof, to be paid to the State Treasurer with the delinquent payment. If the system board fails to pay the amounts due, require the State Superintendent, upon certification of delinquency by the Board, to deduct the amount due including any penalty from any aid payments due the system, and pay the amount to the State Treasurer. Require the State Superintendent to notify the system board of such action no later than June 15.

Joint Finance: Delete provision.

Senate/Legislature: Restore Governor's provision.

[Act 16 Sections: 1088d, 1089m thru 1101m and 1407m]

31. DELETE OBSOLETE APPROPRIATIONS AND OUTDATED REFERENCES

Governor/Legislature: Delete three obsolete appropriations and related statutory provisions regarding one-time additional aid for county children with disabilities education boards, aid for special education transportation that was sunsetted in 1993, and the one-time use of the property tax relief fund to pay general school aids.

Also, delete outdated references to the \$75 million delayed school aid payments made in July of 1998 and July of 1999. Current law language relating to ongoing delayed school aid payments on the fourth Monday in July would not be affected. Finally, delete an erroneous reference to inflation adjustments for the hold harmless under intradistrict (Chapter 220) aid.

[Act 16 Sections: .99, 234, 250, 546, 547, 548, 561, 2207, 2667, 2762, 2768, 2772, 2776, 2777, 2779 and 2783 thru 2785]

PUBLIC SERVICE COMMISSION

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
FED	\$194,600	\$324,800	\$324,800	\$324,800	\$324,800	\$130,200	66.9%
PR	31,268,000	30,857,600	30,566,600	30,566,600	30,566,600	- 701,400	- 2.2
SEG	<u>13,800,000</u>	<u>13,800,000</u>	<u>13,800,000</u>	<u>13,800,000</u>	<u>13,760,000</u>	<u>- 40,000</u>	- 0.3
TOTAL	\$45,262,600	\$44,982,400	\$44,691,400	\$44,691,400	\$44,651,400	- \$611,200	- 1.4%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
FED	1.00	1.00	1.00	1.00	1.00	0.00
PR	<u>191.50</u>	<u>189.50</u>	<u>190.50</u>	<u>190.50</u>	<u>190.50</u>	- 1.00
TOTAL	192.50	190.50	191.50	191.50	191.50	- 1.00

Budget Change Items

Agencywide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard adjustments to the base budget totaling -\$900 FED annually, -\$333,300 PR in 2001-02 and -\$332,000 PR in 2002-03 and -1.0 PR project position annually for: (a) turnover reduction (-\$259,700 PR annually); (b) removal of noncontinuing elements from the base (-\$67,700 PR and -1.0 PR project position annually); (c) full funding of continuing salaries and fringe benefits (-\$900 FED and -\$77,000 PR annually); (d) reclassifications (\$800 PR annually); (e) BadgerNet increases (\$5,900 PR in 2001-02 and \$7,200 PR in 2002-03); (f) fifth week of vacation as cash (\$48,500 PR annually); and (g) full funding of lease costs and directed moves (\$15,900 PR annually).

Funding Positions		
FED	- \$1,800	0.00
PR	<u>- 665,300</u>	<u>- 1.00</u>
Total	<u>- \$667,100</u>	<u>- 1.00</u>

2. ELECTRONIC FILING OF DOCUMENTS [LFB Paper 780]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$250,000	-\$60,000	\$190,000

Governor: Provide \$125,000 annually for the implementation of an electronic document management system designed to reduce the time necessary to receive, circulate and publish documents related to Commission cases. Of the amounts requested, \$100,000 annually would be one-time funding for the first two years of a proposed three-year master lease for the software. The remaining \$25,000 annually would be base-building funding to support on-going software maintenance expenses.

Joint Finance/Legislature: Delete \$30,000 annually to reflect reduced master lease payment requirements (-\$5,000 annually) and the reallocation of base level funding to support on-going software maintenance expenses (-\$25,000 annually).

3. FEDERAL REVENUE REESTIMATES

FED	\$132,000
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Governor/Legislature: Reestimate federal revenues by \$66,000 annually for: (a) increased natural gas pipeline safety program costs (\$60,000 annually) and (b) increased federal indirect cost reimbursement expenditures (\$6,000 annually). Federal indirect cost funds reimburse the agency for its indirect costs of administration of the natural gas pipeline safety federal grant.

4. ELIMINATION OF STRAY VOLTAGE RESEARCH FUNDING [LFB Paper 781]

PR	-\$350,000
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Governor: Delete \$175,000 annually of base level expenditure authority that supports stray voltage research in the University of Wisconsin System. Under current law, public utilities and electric cooperatives are assessed for a proportionate share of the amounts appropriated annually to the Commission for stray voltage research. Of the total amounts assessed by the Commission, current law requires that \$175,000 annually be transferred to a stray voltage research appropriation under the University of Wisconsin System. The effect of deleting the Commission's base level expenditure authority for stray voltage research is to eliminate the annual assessment of utilities and electric cooperatives for this purpose during the 2001-03 biennium. In the absence of annual assessments, no new funds would be available for transfer to the University of Wisconsin System appropriation for stray voltage research. Notwithstanding this fact, the bill continues to estimate \$175,000 of expenditure authority annually under the University's stray voltage research continuing appropriation.

Joint Finance/Legislature: Repeal the PSC's stray voltage research appropriation and associated authority to make such assessments. Reduce estimated expenditures under the

University of Wisconsin stray voltage research appropriation by \$29,500 in 2001-03 and \$72,200 in 2002-03 to reflect the current project budget. The fiscal effect of this reduction is shown under "University of Wisconsin System." Effective July 1, 2003, repeal the UW stray voltage research appropriation and the statutory language requiring the UW Board of Regents to establish a stray voltage research program.

[Act 16 Sections: 465d, 582g, 582h, 1357m, 3017m and 9456(1w)]

5. TRANSFER OF MOBILE HOME PARK WATER AND SEWER REGULATION TO THE DEPARTMENT OF COMMERCE [LFB Paper 300]

Governor: On the first day of the seventh month beginning after publication of the biennial budget act, transfer the authority to regulate water and sewer service provided to occupants of mobile home parks from the Commission to the Department of Commerce, as follows:

Regulatory Functions Transferred. Commerce, rather than the Commission: (a) would be required to promulgate administrative rules that establish standards for water and sewer service to occupants of a mobile home park (uniformly designated "manufactured homes" under Commerce), including requirements for metering, billing, deposits, deferred payment arrangements, installation of service, refusing or discontinuing service, resolving disputes and ensuring just and reasonable rates and service; (b) would be authorized, on its own motion or upon complaint by a manufactured home park occupant, to issue an order or commence a civil action to enforce its manufactured home park water and sewer regulatory authority; and (c) would be required to levy and enforce the collection of an annual assessment within 90 days of the start of each fiscal year against manufactured home park operators for the costs of regulation. As under current law, the assessment would be apportioned based on the number of manufactured homes owned or managed by each operator to the total number of such homes statewide.

Current law provisions: (a) authorizing a manufactured home park operator to make reasonable recovery of capital costs for permanent improvements relating to the provision of water and sewer service; (b) authorizing the Department of Justice or a district attorney to commence enforcement actions in circuit court to enforce regulations governing the provision of water and sewer service in manufactured home parks; and (c) establishing forfeitures of not less than \$25 nor more than \$5,000 per occurrence for violations of such regulations would also be recodified under Commerce.

Regulatory Authority Modified Under the Transfer. Delete references to "mobile home" and insert uniform references to "manufactured homes." Under the "mobile home" park definition applicable to the Commission's regulation of water and sewer service, coverage extends to any tract containing two or more plots that are rented or offered to accommodate a mobile home. Under the "manufactured home" park definition that would be used under Commerce,

regulatory authority would extend under a current law definition of manufactured home parks to any plot of land on which are located three or more manufactured homes occupied for dwelling or sleeping purposes but does not include a farm where the homes are occupied by the father, mother, son, daughter, brother or sister of the farm owner or operator or where the occupants of the manufactured home work on the farm.

Delete the current law authority of the occupants of 25% of the total number of mobile homes in a park or the occupants of 25 such homes, whichever is less, to file a complaint with the Commission and authorize the Commission to investigate the complaint. In addition, general provisions governing the manner by which the Commission currently investigates complaints, gives notice of hearings and conducts summary investigations would not be recodified under the regulatory provisions created under Commerce.

Transition Provisions. Include a nonstatutory provision directing the transfer from the Commission to Commerce, as determined appropriate by the Secretary of the Department of Administration, all assets and liabilities, tangible property, including records, contracts, rules and orders, and any pending matters relating to the regulation of water and sewer service provided by mobile home parks. These transfers would occur on the first day of the seventh month beginning after publication of the biennial budget act.

The executive budget book states that the Governor is recommending the transfer of the current Commission staff position associated with water and sewer regulation at mobile home parks from the Commission to Commerce. However, this position (an expiring project position) and \$57,700 PR annually would be deleted as part of the Commission's standard budget adjustments. There is no provision under the Commission's recommended budget either to restore the position or to transfer it to Commerce. In addition, because of the delay in the effective date of the transfer of manufactured home park water and sewer regulatory authority to Commerce, the Commission will retain program responsibility and assessment authority for at least six months during the 2001-02 fiscal year. However, there will be no regulatory staff or any expenditure authority provided for the costs of mobile home park water and sewer regulation on which the Commission could base any assessment.

Joint Finance/Legislature: Modify provision by deleting the Commission's mobile home park regulation appropriation and its authority to assess mobile home park operators for the costs of regulation on the general effective date of the biennial budget act to reflect the immediate transfer of these regulatory functions to Commerce. Include a nonstatutory provision transferring the unencumbered balances in the Commission's mobile home park regulation appropriation to Commerce. For other changes relating to the funding and staffing of this function following its transfer, see "Commerce -- Building and Environmental Regulation."

[Act 16 Sections: 459r, 464, 465b, 2408, 2532 thru 2539, 2540, 2540m, 2541, 2973 thru 2977, 2989 thru 2994, 3002 thru 3007, 3014b thru 3017, 9110(3z), 9142(2) and 9210(3z)]

6. ELIMINATION OF ASSESSMENT CAP ON COMMISSION EXPENSES RELATED TO ITS REVIEW OF WHOLESALE MERCHANT PLANT CONSTRUCTION

Governor/Legislature: Modify the current statutory limit on the annual amount of direct and remainder assessments the Commission may levy against any public utility, power district or sewerage system for the costs of regulation by exempting from the limit any Commission direct assessments relating to its review of construction requests for wholesale merchant plants. Clarify the codification of the current assessment statute and make necessary cross-reference changes. Specify that the new exemption relating to assessments for construction reviews of wholesale merchant plant would first apply to actions taken by the Commission on and after the general effective date of the biennial budget act. Under current law, the total amount that a public utility, power district, or sewerage system may be assessed for the Commission's costs of regulation may not exceed four-fifths of one percent of the utility's gross operating revenues derived from the intrastate operations in the previous calendar year.

Wholesale merchant plants are defined under current law as electric generating equipment and associated facilities located in the state that do not provide service to any retail customer and are owned and operated by either a person that is not a public utility or (with Commission approval) an affiliated interest of a public utility.

[Act 16 Sections: 2978, 3012, 3013 and 9342(3)]

7. LEASED GENERATION CONTRACTS BETWEEN PUBLIC UTILITIES AND AFFILIATED INTERESTS

Joint Finance: Authorize a public utility and an affiliated interest to enter into a long-term leased generation contract with one another and authorize a public utility to transfer, at book value, real estate held or used for the provision of utility service to an affiliated interest for the purposes of implementing a leased generation contract, as approved by the Commission.

Define a "leased generation contract" as a contract or arrangement under which a utility's affiliated interest agrees to construct or improve electric generating equipment and associated facilities and to lease to the utility the land, equipment and associated facilities for operation by the public utility.

Conditions Applicable to a Leased Generation Contract. Modify current law to allow a new type of leased generation contract arrangement between a public utility and an affiliated interest, and authorize the Commission to approve it, only if all of the following conditions applied:

- a. The Commission has not issued a certificate to transact public utility business or a certificate of public convenience and necessity before January 1, 2001, for any construction or improvement that is subject to a leased generation contract;

b. Construction or improvement of the facilities subject to the lease begins on or after January 1, 2001;

c. No existing electric generation equipment and associated facilities, or electric generating equipment held or used by the public utility is transferred to the affiliated interest;

d. The gross cost of construction of improvements for a leased generation contract is at least \$10,000,000;

e. Any real property transferred to the affiliated interest for implementing the leased generation agreement shall be at book value, as determined on the basis of the regulated books of account at the time of the transfer;

f. Any real property transferred to the affiliated interest may be transferred back to the utility on the same terms and conditions as the original transfer (where the Commission determines that the construction or improvement subject to the leased generation contract has not been completed);

g. The leased generation contract provides that, upon termination of the contract, the utility shall have the option, with Commission approval, to extend the lease or to purchase the electric generating equipment and associated facilities constructed or improved under the lease at fair market value. However, if the utility exercises the option, the affiliated interest may require the utility to extend the contract, rather than purchase the facilities and equipment, if the affiliated interest demonstrates to the Commission that the extension would avoid a material negative tax impact;

h. The leases run for a minimum of 20 years for any gas-fired electric generating equipment and associated facilities constructed or for a minimum of 25 years for a coal-fired electric generating equipment and associated facilities constructed; and

i. The lease does not take effect until the affiliated interest begins improvements or construction of any particular electric generating equipment and associated facilities. The Commission would also maintain jurisdiction to ensure that the construction or improvement under the approved leased generation contract is completed as provided in the contract.

Prohibit the Commission from increasing or decreasing the retail revenue requirements of a utility on the basis of any income, expense, gain or loss that is incurred or received by the utility's affiliated interest due to the ownership of electric generating equipment and associated facilities by an affiliated interest under a leased generation contract. Direct the Commission to allow a utility to recover in its retail rates all payments and costs related to a leased generation contract. This latter provision would apply only to that portion of the required payments and costs that are related to providing service to its retail customers.

Once the Commission has approved a leased generation contract between an affiliated interest and a utility, prohibit the Commission from further modifying the contract, except as initially provided in the contract or in the Commission's initial approval order. This limitation would apply, notwithstanding a current law provision that the Commission has continuing supervisory control over the terms and conditions of a contract or arrangement approved under the affiliated interest law.

Authorize electric cooperatives or municipal electric utilities to acquire an interest in the electric generating equipment and facilities constructed under a leased generation contract or from acquiring an interest in the associated land.

Property Subject to Transfer Under a Leased Generation Contract. Authorize a public utility to transfer real property to its nonutility affiliate at book value for the purpose of implementing a leased generation contract. This authority would not apply to the transfer of any electric generating equipment and associated facilities or electric generating equipment.

Conference Committee/Legislature: Modify Joint Finance provision by including the following clarifications:

Revised Conditions Applicable to a Leased Generation Contract. Revise the list of items that must be included in a leased generation contract approved by the PSC: (a) specify that the Commission must not have issued a certificate to transact public utility business or a certificate of public convenience and necessity for any construction or improvement under the contract before January 1, 2002 (rather than 2001); (b) stipulate that construction or improvement of the facilities subject to the lease must begin on or after January 1, 2002 (rather than 2001); (c) newly prohibit the construction or improvement of a nuclear-powered facility under a leased generation contract; and (d) specify that upon termination of the contract, if the affiliated interest requires the public utility to extend the contract rather than purchase the facility (to avoid material adverse tax consequences to the affiliated interest), the extension would newly have to provide terms and conditions that were economically equivalent to a purchase.

Property Subject to Transfer under a Leased Generation Contract. Clarify that for the purpose of implementing a leased generation contract, a public utility affiliate could transfer to a nonutility affiliate any of the following: (a) land that is held or used for the provision of utility service; and (b) electric generating equipment or associated facilities located on the land to be occupied by an electric generating facility subject to a leased generation contract and are part of an electric generating facility on that land that is no longer used or useful for the provision of utility service and that has been retired from the provision of such services. Under the Joint Finance provision, "real property other than electric generating equipment and associated facilities" could be transferred.

In lieu of the term "electric generating equipment and associated facilities," define "electric generating equipment" to mean: (a) an electric generator; (b) a machine that drives an electric generator, including an engine, turbine, water wheel, or wind mill; (c) equipment that converts

a fuel or source of energy into energy that powers a machine that drives an electric generator, including a boiler, but not including a nuclear reactor; or (d) a fuel or photovoltaic cell. Define "electric generating facility" to mean electric generating equipment and associated facilities that together would constitute a complete facility for electricity generation.

Status of Wholesale Merchant Power Plants. Clarify that the definition of a wholesale merchant plant would not include an electric generating facility or an improvement to an electric generating facility that is subject to a leased generation contract.

Status of Electric Generating Facilities under a Leased Generation Contract. Clarify that an entity that owns an electric generating facility or improvements that is subject to a leased generation contract would not be deemed a public utility unless the entity furnishes utility services directly to the public.

[Act 16 Sections: 2977b, 3001b, 3001d, 3008mc, 3011g, 3011jc and 9342(4wxm)]

8. COMMENCEMENT OF CONSTRUCTION OF ELECTRIC GENERATING EQUIPMENT AND ASSOCIATED FACILITIES

Joint Finance/Legislature: Require an electric utility that has received a certificate of public convenience and necessity from the Commission for constructing electric generating equipment and associated facilities rated at a capacity of 100 megawatts or more to begin construction within one year of the latest of the following: (a) the date the Commission issues the certificate of public convenience and necessity; (b) the date on which the electric utility has been issued every federal and state permit, approval, and license required prior to beginning construction; (c) the date on which every deadline has expired for requesting administrative review or reconsideration of such permits and licenses; and (d) the date on which the electric utility has received the final decision, after exhausting every proceeding for judicial review.

Authorize the Commission to grant an extension of this deadline upon a showing of good cause by the electric utility.

Stipulate that if the electric utility does not begin construction of electric generating equipment and associated facilities within the applicable one-year period, unless extended, the original certificate of public convenience and necessity would be void and the electric utility could not commence construction of the large electric generating facility. Provide that this new limitation would first apply to requests for certificates of public convenience and necessity for large electric generating facilities that are issued on and after the general effective date of the biennial budget act.

[Act 16 Sections: 3001m and 9342(4mk)]

9. ADMINISTRATIVE RULES TO FACILITATE THE PRODUCTION OF DISTRIBUTED ENERGY

Joint Finance: Newly define a "distributed generation facility" as a facility operated by an electric consumer that uses any form of generation, including photovoltaic or fuel cells or wind power, for the production of electricity. Include in this definition a small electric generating facility used by an independent power producer.

Newly define "engineering concerns" to include those related to power quality or the safety and reliability of the state's electric power distribution grid. Define "regulatory concerns" to include any of the following: (a) tariffs for a public utility's distributed generation; (b) nondiscriminatory fees that a public utility may charge the owner or operator of a distributed generation facility; (c) the cost of upgrades to the state's electric power distribution grid; and (d) other terms or conditions imposed by a public utility on the owner or operator of a distributed generation facility, including liability insurance, indemnification or terms and conditions related to the transfer or sale of property.

Direct the Commission to promulgate rules designed to facilitate, to the greatest extent possible, the use of distributed generation facilities and their interconnection to the state's electric power distribution grid. Stipulate that the rules include standards for interconnection that are uniform across the state, regardless of the distributed generation facility that is interconnected and regardless of the owner of the transmission facility to which interconnection is made, except where engineering and regulatory concerns require additional interconnection standards.

Require the Commission to promulgate rules establishing standards for the purchase by public utilities of electric power, including standards for the following: (a) the use of a net metering tariff for a distributed generation facility with a capacity that does not exceed 20 kilowatts or the peak load of the facility's owner, whichever is greater; and (b) the use of real-time pricing, so that the price paid by a public utility for power placed on the grid by a distributed generation facility reflects the utility's cost of generation at that time.

Require that the draft administrative rules be submitted to the Legislative Council no later than the first day of the sixth month after the general effective date of the biennial budget act.

Assembly: Modify Joint Finance provision by limiting the application of the proposed administrative rules to tariffs, terms and conditions for facilitating the production of distributive energy only of those utilities that in 2000 provided retail electric service to customers that had an aggregate load of 1,200 megawatts or more. This provision would exempt from the Commission's proposed rules small class A public utilities, municipal electric utilities and cooperative electric utilities.

Conference Committee/Legislature: Delete Joint Finance provision and substitute the following:

Define a distributed generation facility as a facility for the generation of electricity that is located near the point where the electricity will be used or in a location that will support the functioning of the electric power distribution grid and that has a capacity of not more than 15 megawatts.

Require the PSC to promulgate rules establishing standards for the connection of distributed generation facilities to electric distribution facilities. To the extent technically feasible and cost effective, require that the standards be uniform and promote the development of distributed generation facilities. Specify that the standards address engineering, electric reliability, safety and methods for determining charges for interconnection.

Require the PSC to submit a proposal for rules on distributed generation interconnection standards to the Legislative Council Rules Clearinghouse no later than the first day of the ninth month following the general effective date of the biennial budget act.

Require the Commission to establish an advisory committee to assist the PSC in developing the rules for distributed generation interconnection standards. Provide that the advisory committee consist of interested stakeholders, including distributed generation equipment installers and manufacturers, customers, energy advocacy groups, utility workers, environmental groups, public utilities, electric cooperatives, and representatives of the Departments of Administration and Natural Resources.

Veto by Governor [F-12]: Delete the requirement that the proposed rules be submitted to the Legislative Council Rules Clearinghouse no later than the first day of the ninth month after the general effective date of the biennial budget act.

[Act 16 Sections: 3001p and 9142(2zq)]

[Act 16 Vetoed Section: 9142(2zq)]

10. REFUSAL TO TRANSFER CUSTOMERS OF LOCAL EXCHANGE SERVICE MADE A PROHIBITED PRACTICE

Joint Finance/Legislature: Prohibit a telecommunication utility, with respect to its regulated services, or any other telecommunications provider, with respect to its offering of local exchange services, to refuse to transfer or facilitate the transfer of its local exchange service customers to another provider on the same terms and conditions that it receives from any other telecommunications provider, unless such terms and conditions violate federal law.

[Act 16 Section: 2984m]

11. REVISED COMMISSION ENFORCEMENT AUTHORITY OVER VARIOUS ENTITIES PROVIDING TELECOMMUNICATIONS SERVICE

Joint Finance/Legislature: Modify the Commission's authority to enforce laws relating to telecommunications providers and to provide protection to telecommunications consumers by specifically enumerated telecommunications providers in the listing of matters the PSC must consider in setting forfeitures for violations of Chapter 196 of the statutes or for failing to obey a lawful order of the Commission. Specify that these considerations include the appropriateness of the forfeiture in relation to the volume of business of the telecommunications provider and any good faith efforts made by the telecommunications provider to achieve compliance following notice of a violation.

This provision was included as a LRB technical amendment to the Joint Finance substitute amendment to reflect a statutory change provision that should have been included as part of the Governor's original recommendation relating to revised Commission enforcement authority over telecommunications providers. However, the Joint Committee on Finance had actually deleted the Governor's original recommendation from the budget as a non-fiscal policy item; consequently, the technical amendment was not needed.

Veto by Governor [F-13]: Delete provision.

[Act 16 Vetoed Section: 3011d]

12. ASSESSMENT OF TELECOMMUNICATIONS PROVIDERS FOR WISCONSIN ADVANCED TELECOMMUNICATIONS FOUNDATION, INC., CONTRIBUTION ARREARAGES

PR-REV	\$3,866,200
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Senate/Legislature: Direct the Commission to make a one-time assessment of telecommunications providers sufficient to collect the amounts that were solicited by, but not contributed to, the Wisconsin Advanced Telecommunications Foundation, Inc., (WATF) for the establishment of the Foundation's endowment fund. It is estimated that these contribution arrearages total \$3,866,200. Under current law, a "telecommunications provider" is any person that provides telecommunications services.

Stipulate that no later than the first day of the second month after the general effective date of the biennial budget act, the Commission shall do each of the following: (a) determine the total amount that the WATF solicited from each telecommunications provider for contribution to the endowment fund and the total amount that each telecommunications provider contributed to the endowment fund; and (b) assess against each telecommunications provider the difference, if any, between the amount solicited by the Foundation and the amount contributed by the telecommunications provider. Specify that a telecommunications provider would have 30 days from the receipt of the notice of payment due to make the payment. After

30 days, the PSC would be authorized to send a failure to pay notice to the State Treasurer for the collection of amounts due.

Stipulate that the amounts collected through the assessment would be provided to the TEACH Board. Create a PR annual appropriation for payments to school districts for the educational block grant program under s. 44.72(2)(b)2. of the statutes. Require the Board to offset expenditures from its existing GPR appropriation for the educational technology block grant program in an amount equal to the amount expended from the new PR appropriation. It is estimated that the assessment would yield \$3,866,200 in 2001-02 of additional revenues that would be credited to the new appropriation, resulting in an equivalent GPR-Lapse amount in 2001-02.

Authorize telecommunication providers to pass the assessment on to their customers provided the customer's bill states that the surcharge is being assessed due to the telecommunication provider's failure to meet its responsibility to the WATF.

Veto by Governor [F-15]: Delete provision that would have authorized a telecommunication provider to surcharge its customers' bills, provided the bill state that the surcharge was being assessed due to the telecommunication provider's failure to meet its responsibility to contribute to the WATF.

[Act 16 Sections: 567, 569q, 1424 and 9142(3mk)]

[Act 16 Vetoed Section: 9142(3mk)]

13. PUBLIC INTERVENOR FUNDING

Assembly: Delete \$500,000 PR annually for public intervenor compensation. Modify the mandatory requirement that the Commission provide intervenor compensation under certain circumstances to specify instead that the Commission would have permissive authority to grant such compensation. Further, stipulate that the intervenor would have to show that adequate presentation of a significant position would not be possible (rather than the current "would not occur" standard) without the grant of compensation. Specify that these modifications would first apply to intervenor compensation granted on and after the general effective date of the biennial budget act.

Under current law, the Commission must provide intervenor compensation where: (a) the intervenor's participation is necessary to provide an adequate presentation of a significant position represented by the intervenor that would not otherwise occur without the compensation; or (b) the participation has provided a significant contribution to the record and has caused a significant financial hardship to the intervenor.

Conference Committee/Legislature: Delete provision.

14. UNIVERSAL SERVICE FUND APPROPRIATION REDUCTION

SEG	- \$40,000
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Assembly: Delete base level funding of \$1,923,000 annually from the amounts appropriated to the universal service fund for the following program activities: (a) -\$150,000 annually for the Link-up America program, which requires telecommunications providers to waiver service connection charges when low-income consumers establish or move their telephone service; (b) -\$1,000,000 annually for the Lifeline program, which makes a lower monthly rate available for telephone service for low-income subscribers; (c) -\$150,000 annually for low-income outreach efforts, which funds collaborative partnerships between community-based organizations and telecommunications providers to increase participation in universal service fund programs by low-income subscribers; (d) -\$20,000 annually to provide voice-mail services for the homeless; (e) -\$500,000 annually for programs and projects by nonprofit groups to improve access to affordable telecommunications and information services; and (f) -\$103,000 annually for the fund's administrative costs. Base level funding for the fund is \$6,900,000 annually.

Under this modification, the following base level funding amounts would remain available in the universal service fund for each of the above programs: (a) \$300,000 annually for Link-Up America; (b) \$750,000 annually for Lifeline rates; (c) \$100,000 for low-income outreach efforts; (d) \$0 annually for voice-mail for the homeless services; (e) \$0 annually for programs and projects by nonprofit groups to improve access to affordable services; and (f) \$147,000 annually for fund administration.

Conference Committee/Legislature: Delete provision.

Veto by Governor [F-14]: Delete \$20,000 annually for voice mail services for the homeless by deleting the amounts in the schedule (\$6,900,000 annually) and writing in lower amounts (\$6,880,000 annually).

[Act 16 Vetoed Section: 395 (as it relates to s. 20.155(1)(q))]

15. CAPPING UNIVERSAL SERVICE FUND CONTRIBUTIONS FOR PSC PROGRAMS

Assembly: Commencing with the 2003-04 fiscal year and thereafter, prohibit the collection of more than \$4,000,000 annually through Commission assessments of telecommunications providers to support the provision of universal telecommunications services under the Commission's universal service fund appropriation. The current base level of funding in this appropriation is \$6,900,000 SEG annually.

Conference Committee/Legislature: Modify provision by prohibiting the collection of more than \$5,000,000 in 2003-04 and \$6,000,000 in 2004-05 and each year thereafter through

Commission assessments of telecommunication providers to support the provision of universal services under the Commission's universal service fund appropriation.

[Act 16 Section: 2981t]

16. EXEMPTION FOR CELLULAR PHONE PROVIDERS FROM UNIVERSAL SERVICE FUND CONTRIBUTIONS

Assembly/Legislature: Provide that commercial mobile radio service providers would be subject to contributions to the state universal service fund only if the Commission promulgates rules designating such providers as eligible to receive universal service funding under both federal and state universal service fund programs. Under current law, commercial mobile radio service providers are subject to universal service fund contributions only to the extent not preempted by federal law.

[Act 16 Section: 2981Lm]

17. LISTING OF UNIVERSAL SERVICE FUND SURCHARGES ON CUSTOMER BILLS

Assembly: Delete the current law prohibition barring a telecommunications provider from establishing a separate surcharge on customer bills for contributions to the universal service fund. Currently, these amounts are collected in the telecommunications provider's basic rates but are not separately identified as such on the customer's bill.

Conference Committee/Legislature: Delete provision.

18. STRAY VOLTAGE AND ELECTRICAL REWIRING ASSISTANCE GRANT PROGRAM

Assembly: Create a stray voltage and electrical wiring assistance program under DOA to be funded by certain investor-owned electric and gas utility base level public benefits funds that are being transitioned to the state, as follows:

Farm Rewiring Fund. Establish a farm rewiring fund as a separate, nonlapsing trust under the management of the Investment Board.

Contributions to the Farm Rewiring Fund. Specify that of the 1998 base level public benefits funds currently being transitioned from major investor-owned electric or gas utilities to the state public benefits fund, the first \$1,500,000 transferred in 2001-02 and the first \$2,500,000 transferred in 2002-03 would be earmarked instead for deposit into the new farm rewiring fund. Under current law, the amounts that the major investor-owned utilities spent on public benefits

programs in 1998, as determined by the Commission, must be gradually phased over to the DOA public benefits fund during calendar years 2001, 2002 and 2003, in amounts and on a schedule established by the Commission. Beginning with calendar 2003, the utilities must contribute the entire 1998 base level amounts to DOA.

The Commission has identified \$4,655,200 of low-income related public benefits expenditures and \$18,252,500 of energy conservation and efficiency and renewable resource programs public benefits expenditures to be transitioned from the utilities to DOA in calendar year 2001. For calendar year 2002, these amounts are \$4,579,300 and \$27,307,600 respectively, and for calendar year 2003 are \$21,329,000 and \$45,826,000 respectively. While the proposed language does not indicate which revenue stream would be used to fund the farm wiring fund, revenues from the energy conservation and efficiency and renewable resource programs would most likely be used.

Stray Voltage and Electrical Wiring Assistance. Authorize DOA to award grants to operators of dairy, beef or swine farms for the purpose of: (a) eliminating potential stray voltage concerns and sources; and (b) replacing electrical wiring. Specify that a farm operator would not be eligible to receive a grant under the program unless the public utility providing electric service to the farm had conducted tests to determine the sources of stray voltage on the farm.

Require DOA to promulgate rules establishing criteria and procedures for awarding grants under the program. The rules would have to require that any work completed under a grant would have to be "in accordance with acceptable practices."

Establish a new biennial, SEG-funded appropriation under DOA to fund stray voltage and electrical wiring assistance grants. No funding would actually be appropriated under the proposal.

Because electric cooperatives are not deemed "public utilities" under current law, farm operators served by an electric cooperative would not be eligible for a grant under the proposed program.

Conference Committee/Legislature: Delete provision.

19. ENERGY AND RELIABILITY IMPACT ASSESSMENT OF PROPOSED ADMINISTRATIVE RULES

Assembly: Authorize the Commission to conduct an energy and reliability assessment of any proposed state agency administrative rule submitted to the Legislative Council Rules Clearinghouse. Stipulate that an energy and reliability assessment must evaluate the potential impact of the proposed rule on state energy policies relating to electricity generation, transmission, or distribution or to the fuels used in generating electricity. Authorize the

Commission to prepare an energy and reliability impact statement, if its initial assessment results in the conclusion that the proposed rule would have a significant impact on such state energy policies. Require the Commission's energy and reliability impact statement to evaluate those probable impacts and describe alternatives to the proposed rule that would reduce any negative impacts on state energy policies.

Require the Commission to submit its energy reliability impact statement to the Legislative Council Rules Clearinghouse and to the state agency proposing the rule. Require the state agency developing the rule to consider the Commission's energy and reliability impact statement before submitting to the Legislature the agency's subsequent notice and report on the rule's final draft form. Require the agency's report to include any energy and reliability impact statement received from the Commission and include an explanation of the changes, if any, that were made to the proposed rule in response to the Commission's energy and reliability impact statement.

Conference Committee/Legislature: Delete provision.

20. FILING OF ENGINEERING PLANS FOR HIGH VOLTAGE TRANSMISSION LINES

Assembly: Specify that when a party files an engineering plan with the Department of Natural Resources (DNR) as a precondition for petitioning the Commission for a certificate of public convenience and necessity for the construction of a large electric generating facility or a high-voltage transmission line, the requirement that an engineering plan be filed with the DNR would apply only with respect to a large electric generating facility and not with respect to a high voltage transmission line. The engineering plan shows the location of the facility, describes its structure, including the major components of the facility that have a significant air or water pollution potential and describe the anticipated effects of the structure on air and water quality.

Conference Committee/Legislature: Delete provision.

21. TELECOMMUNICATIONS INFRASTRUCTURE CHARGES FOR NEW REAL ESTATE DEVELOPMENT

Assembly: Prohibit a telecommunications utility from requiring any person to compensate the utility for the construction of any service distribution facilities related to any real estate development in the utility's service territory, except for compensation included in rates for basic local exchange service and business access line and usage service. "Real estate development" would be deemed to be the act of dividing or subdividing a parcel of land for construction purposes or for making improvements to facilitate or allow construction.

Conference Committee/Legislature: Delete provision.

Office of the Commissioner of Railroads

1. RAILROAD CROSSING HEARING EXAMINER [LFB Paper 125]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$293,300	- 1.00	-\$293,300	1.00	\$0	0.00

Governor: Delete 1.0 PR attorney position in the Office to reflect a transfer of the position to DOA's Division of Hearing and Appeals. Specify that the incumbent employee in this position would retain the position and that the employee would have all the rights and the same status under state employment relations provisions that the employee had in OCR immediately prior to the transfer. Specify that the employee would not be required to serve a probationary period if the employee had already achieved permanent status. Provide \$151,400 PR in 2001-02 and \$141,900 PR in 2002-03 to fund charges for railroad closing and modification hearings conducted by the Division of Hearings and Appeals, which are currently conducted by OCR's attorney. A separate item, summarized under DOA, would create 1.5 PR positions in the Division of Hearings and Appeals to reflect the position transferred from OCR and the creation of an additional 0.5 clerical position to support the new attorney position. DOA indicates that the funding provided for OCR provides the amount needed to support the 1.5 positions. The bill, however, would not reduce OCR's funding for the transferred position, although it would move salary and fringe benefits funding for this position to the supplies and services budget line. Consequently, OCR's budget for Division of Hearings and Appeals services would exceed the amount necessary to support the 1.5 positions by \$103,900 annually. The nonstatutory provision in the bill to reflect the transfer erroneously creates 1.0 GPR attorney position in DOA, instead of 1.0 PR attorney position.

Joint Finance/Legislature: Delete provision.

2. RAILROAD SAFETY ANALYST SALARY FUNDING [LFB Paper 785]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
	PR	\$45,000	\$62,300

Governor: Provide \$22,500 annually to increase the salary and fringe benefits for the Office's four railroad safety analysts. The funding provided by this item is intended to improve the Office's ability to recruit and retain safety analysts.

Joint Finance/Legislature: Convert 1.0 railroad safety analyst position to 1.0 attorney position. Provide \$25,900 in 2001-02 and \$36,400 in 2002-03 to provide the difference in salary and fringe benefits cost between the railroad safety position and the new attorney position, net of the additional salary and fringe benefits funding provided by the bill for the converted railroad safety analyst position.

3. CLERICAL SUPPORT FUNDING

PR	\$16,600
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Governor/Legislature: Provide \$8,300 annually for the Office to increase the number of hours worked by two 0.5 FTE clerical employees by four hours per week each. This funding would be placed in unallotted reserve and only be released if OCR demonstrates sufficient workload to justify the additional hours.

4. OCR RAILROAD ASSESSMENT CAP [LFB Paper 785]

Joint Finance/Legislature: Increase the limit on the railroad gross operating revenue assessment used to fund the operations of OCR from 1.75% of railroads' prior year intrastate revenues to 1.85% of such revenues.

[Act 16 Sections: 2972t, 9342(1x) and 9442(1x)]

5. TWO CREW MEMBERS IN LOCOMOTIVE CAB

Assembly: Modify a current law provision that specifies that any railroad train or locomotive operating in Wisconsin must have a crew of at least two individuals, as follows: (a) specify that two individuals must be present in the cab of the lead control locomotive at all times that the railroad is in motion, except when the railroad train or locomotive is in motion for the purpose of switching; and (b) delete the provision that requires one of the individuals to be a certified railroad locomotive engineer and the other to be a certified railroad locomotive engineer or a qualified railroad trainman. Specify that these requirements do not apply to a railroad train or locomotive, other than a railroad train or locomotive carrying freight only, that is being operated as part of any commuter rail service operated by the state or any local governmental unit. The current law provision allowing the Office of the Commissioner of Railroads to grant exceptions if the Office determines that the exceptions would not endanger lives or property would be retained. Specify that these modifications would first apply to railroad trains or locomotives operated on the effective date of the bill.

Conference Committee/Legislature: Delete provision.

REGULATION AND LICENSING

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
PR	\$24,903,400	\$24,418,300	\$23,044,300	\$23,044,300	\$23,044,300	-\$1,859,100	- 7.5%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
PR	140.50	137.50	135.50	135.50	135.50	- 5.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard adjustments to the base budget for: (a) turnover reduction (-\$158,200 annually); (b) removal of noncontinuing elements from the base (-\$383,900 and -9.0 project positions annually); (c) full funding of continuing salaries and fringe benefits (\$39,400 annually); (d) overtime (\$5,100 annually); (e) night and weekend differential (\$400 annually); and (f) fifth week of vacation as cash (\$30,400 annually).

Funding Positions		
PR	-\$933,600	- 9.00

2. INFORMATION TECHNOLOGY INITIATIVES [LFB Paper 790]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$1,299,200	2.00	-\$841,400	- 2.00	\$457,800	0.00

Governor: Provide \$716,400 in 2001-02 and \$582,800 in 2002-03 and 2.0 positions annually for the following information technology (IT) initiatives: (a) routine replacements of desktop and network-based hardware and software on a master lease schedule designed to replace the equipment on a three- to five-year basis (\$264,100 in 2001-02 and \$193,700 in 2002-03); (b) increased in-house technical staff to support the agency's IT hardware, software, applications and infrastructure development (\$96,900 in 2001-02 and \$121,700 in 2002-03 and 1.0 IT specialist and 1.0 IT analyst annually); (c) one-time funding for a consultant to complete documentation of the agency's data standards (\$20,000 in 2001-02); (d) a study of the distribution and answering of telephone inquiries through the agency's existing interactive voice response system and the possible implementation of the findings of the study (\$33,800 in 2001-02 and \$43,800 in 2002-03); (e) consultant services to upgrade the agency's ability to deliver services through the Internet ("e-commerce") (\$145,600 annually); and (f) one-time funding for nine months of fulltime consultant services to assess the types of agency services that should be moved to an e-commerce environment (\$156,000 in 2000-01 and \$78,000 in 2002-03).

Of the amounts provided under (d), \$30,200 in 2001-02 would be provided as one-time funding and \$40,200 in 2002-03 would be placed in unallotted reserve for release by DOA pending the documentation of needed changes to the agency's existing interactive voice response system based on the results of the study of the system.

Joint Finance/Legislature: Delete \$452,300 in 2001-02 and \$389,100 in 2002-03 and 2.0 positions annually associated with the following IT initiatives: (a) \$96,900 in 2001-02 and \$121,700 in 2002-03 and 2.0 positions annually for in-house technical staff; and (b) \$355,400 in 2001-02 and \$267,400 in 2002-03 for IT-related consulting services and IT maintenance funding. Funding would continue to be provided for routine replacements of desktop and network-based hardware and software (\$264,100 in 2001-02 and \$193,700 in 2002-03).

Place \$170,800 in 2001-02 and \$150,800 in 2002-03 in the Joint Committee on Finance's supplemental appropriation to be reserved for the following purposes: (a) \$20,000 in 2001-02 for documentation of the R&L's data standards; (b) \$33,800 annually for a study of the distribution of telephone inquiries through the agency's existing interactive voice response system; and (c) \$117,000 annually for possible consultant services relating to e-commerce activities.

These reserved funds could be released to R&L by the Committee in whole or in part under existing 14-day passive review procedures once the Department has submitted to the Committee a detailed expenditure plan which includes an analysis of: (a) the degree to which the requested IT enhancements can be provided in a more cost-effective manner by existing agency staff; (b) the degree to which the requested IT enhancements can be provided in a more cost-effective manner by Department of Electronic Government staff; (c) the degree to which it would be more cost-effective to use the reserved funds to support an additional agency position rather than engage additional consultant services; and (d) detailed costs projections for each proposed IT enhancement project for which funding is requested.

3. EXAMINATION FEE VENDOR PAYMENT REESTIMATE [LFB Paper 791]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	-\$1,200,000	-\$400,000	-\$1,600,000

Governor: Delete \$600,000 annually of expenditure authority for examination fee payments for tests prepared and administered by the agency and for those provided by outside test services. Base level expenditure authority for examination fee payments is \$1,681,900 annually. The proposed reduction is intended to adjust the agency's examination fee expenditure authority primarily as it relates to payments to independent national test services. The fees received by national test vendors for approved examinations are currently being collected directly by these national test vendors and are not being accounted for by the Department.

As recommended by the Governor, \$800,000 annually budgeted for actual payments to vendors would be deleted. However, because the reestimate is based only on six months of actual payment experience during 1999-00, an off-setting amount of \$200,000 annually would also be placed in unallotted reserve, resulting in the proposed net reduction of \$600,000 annually. The amounts in unallotted reserve would be available to the Department in case additional examination fee expenditures above the agency's projections were actually required during each fiscal year of the next biennium.

Specify that if the Department prepares, administers, or grades an examination, the Department would no longer be required to collect the costs of obtaining and administering an approved examination from a test service. The Department would continue to collect the current law costs of preparing, administering or grading the examination that it provides. Specify that if the Department approves an examination that is prepared, administered and graded by a test service provider, the agency would charge a fee equal to its best estimate of the actual costs of approving the examination, including the selection, evaluation and review of the examination.

Joint Finance/Legislature: Delete \$200,000 annually budgeted in unallotted reserve for examination fee vendor payments.

[Act 16 Section: 3506]

4. DIVISION OF ENFORCEMENT STAFFING INCREASES

	Funding	Positions
PR	\$231,200	3.00

Governor/Legislature: Provide \$103,800 in 2001-02 and \$127,400 in 2002-03 and 3.0 positions annually (2.0 paralegals and 1.0 consumer protection investigator) to expedite the Division of Enforcement's ability to process complaints against credential holders. The proposed staffing and associated funding

would convert to permanent status 3.0 FTE of 7.0 expiring project positions that have been engaged in a three-year pilot project to expedite complaint processing against credential holders. All of the current project positions would be eliminated under the agency's standard budget adjustments.

5. INCREASED STAFFING FOR NEWLY-REGULATED OCCUPATIONS

	Funding	Positions
PR	\$78,100	1.00

Governor/Legislature: Provide \$35,800 in 2001-02 and \$42,300 in 2002-03 and 1.0 FTE position annually for additional staffing resources for newly-regulated professions, as follows: (a) \$13,900 for 2001-02 and \$15,000 for 2002-03 and 0.5 program assistant position to help staff the regulation of athletic trainers; and (b) \$21,900 in 2001-02 and \$27,300 in 2002-03 and 0.5 FTE attorney position to help staff the regulation of professional geologists, hydrologists and soil scientists. The proposed staffing and associated funding resources for the regulation of professional geologists, hydrologists and soil scientists would convert to permanent status 0.5 FTE of 2.0 expiring project positions that were provided shortly after these professions were first regulated. All the current project positions would be eliminated under the agency's standard budget adjustments.

6. LICENSURE OF PRIVATE SECURITY AGENCIES AND ISSUANCE OF PRIVATE SECURITY PERMITS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$10,000	-\$10,000	\$0

Governor: Provide \$10,000 in 2001-02 to support the Department's costs of developing an examination for managers of private security agencies.

Joint Finance/Legislature: Delete provision.

7. REVISED CREDENTIAL FEE SCHEDULES [LFB Paper 792]

PR-REV	\$3,325,320
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Governor: Modify the fees for the credentials issued for various regulated occupations, effective the later of September 1, 2001, or the first day of the second month after publication of the biennial budget act.

Initial Credential Fee. Increase from \$44 to \$56 the statutory amount of the initial credential fee required of applicants when submitting materials for an initial professional license. The new \$56 initial credential fee would generate estimated program revenues totaling \$2,175,500 during the 2001-2003 biennium, representing an increase compared to current law of \$762,600. The agency's supporting fee study data used to develop the required initial credential fee level

under the Governor's recommendations indicates an initial fee should be established at the \$53 level.

Credential Renewal Fees. Increase from \$44 to \$53 the non-variable base component of the biennial credential renewal fee. Virtually all credential holders pay this base fee when they biennially renew their licenses. The non-variable component of the renewal fee is derived from spreading most of the Department's administrative costs proportionately among all the credential holders. In addition, some professions generate enforcement workload for the Department. Credential holders in such professions pay a higher renewal fee, consisting of the non-variable base component plus a variable fee amount based on the profession's portion of selected enforcement costs (based on the two-year enforcement period from July 1, 1998, through June 30, 2000). As a result of the recommended changes to the non-variable and variable components of credential renewal fees, the Department expects to receive program revenues totaling \$18,066,300 during the 2001-03 biennium, representing an increase compared to current law of \$2,562,700.

Joint Finance/Legislature: Include a technical modification to set the statutory initial credential fee at the corrected level of \$53, based on the Governor's recommended funding levels, rather than the \$56 contained in the bill.

The current and proposed license renewal fees for each regulated occupation or activity are shown in the following table.

[Act 16 Sections: 3505, 3509, 3511 thru 3532, 3533 thru 3579, 3580 thru 3592 and 9443(2)]

Current and Proposed License Renewal Fees

Credential Type	Renewal Fee			Credential Type	Renewal Fee		
	Current	Act 16	Change		Current	Act 16	Change
Accountant, Certified Public	\$52	\$59	\$7	Hydrologist, Professional	\$44	\$53	\$9
Accountant, Public	44	53	9	Hydrology Firm/Corporation	44	53	9
Accounting Corporation or Partnership	47	56	9	Interior Designer	47	56	9
Acupuncturist	78	70	-8	Landscape Architect	51	56	5
Aesthetician	58	87	29	Land Surveyor	75	77	2
Aesthetics Establishment	47	70	23	Manicuring Establishment	44	53	9
Aesthetics Instructor	47	70	23	Manicuring Instructor	44	53	9
Aesthetics School	115	115	0	Manicuring School	118	118	0
Aesthetics Specialty School	44	53	9	Manicuring Specialty School	44	53	9
Appraiser, Certified General Real Estate	108	162	54	Manicurist	131	133	2
Appraiser, Certified Residential Real Estate	114	167	53	Marriage and Family Therapist	82	84	2
Appraiser, Licensed Real Estate	134	185	51	Massage Therapist or Body Worker	44	53	9
Architect	49	60	11	Music Therapist	44	53	9
Architectural/Engineering Corporation	47	70	23	Nurse, Advanced Practice Prescriber	69	73	4
Art Therapist, Registered	44	53	9	Nurse, Licensed Practical	54	69	15
Athletic Trainer	44	53	9	Nurse, Registered	52	66	14
Auction Company	47	56	9	Nurse-Midwife	47	70	23
Auctioneer	135	174	39	Nursing Home Administrator	111	120	9
Audiologist	100	106	6	Occupational Therapist	49	59	10
Barber or Cosmetologist	55	63	8	Occupational Therapy Assistant	48	62	14
Barbering or Cosmetology Establishment	47	56	9	Optometrist	61	65	4
Barbering or Cosmetology Instructor	91	91	0	Pharmacist	73	97	24
Barbering or Cosmetology Manager	68	71	3	Pharmacy	47	56	9
Barbering or Cosmetology School	138	138	0	Physical Therapist	51	62	11
Cemetery Authority	343	343	0	Physician	122	106	-16
Cemetery Preneed Seller	61	61	0	Physician Assistant	59	72	13
Cemetery Salesperson	90	90	0	Podiatrist	140	150	10
Chiropractor	139	168	29	Private Detective	89	101	12
Counselor, Professional	63	76	13	Private Detective Agency	47	53	6
Dance Therapist, Registered	44	53	9	Private Security Person	49	53	4
Dental Hygienist	48	57	9	Psychologist	105	157	52
Dentist	105	131	26	Real Estate Broker	109	128	19
Designer of Engineering Systems	52	58	6	Real Estate Business	57	56	-1
Dietitian	47	56	9	Real Estate Salesperson	79	83	4
Drug Distributor	47	70	23	Respiratory Care Practitioner	50	65	15
Drug Manufacturer	47	70	23	School Psychologist, Private Practice	69	103	34
Electrologist	65	76	11	Social Worker	54	63	9
Electrology Establishment	47	56	9	Social Worker, Advanced Practice	53	70	17
Electrology Instructor	86	86	0	Social Worker, Independent	55	58	3
Electrology School	71	71	0	Social Worker, Independent Clinical	69	73	4
Electrology Specialty School	44	53	9	Soil Scientist	44	53	9
Engineer, Professional	49	58	9	Soil Science Firm	44	53	9
Fund-Raiser, Professional	91	93	2	Speech-Language Pathologist	53	63	10
Fund-Raising Counsel	44	53	9	Time-Share Salesperson	103	119	16
Funeral Director	140	135	-5	Veterinarian	95	105	10
Funeral Establishment	47	56	9	Veterinary Technician	48	58	10
Geologist, Professional	48	59	11				
Geology Firm/Corporation	44	53	9				
Hearing Instrument Specialist	100	106	6				
Home Inspector	44	53	9				

8. EVALUATION OF CURRENT METHODOLOGIES USED TO ESTABLISH INITIAL AND RENEWAL CREDENTIAL FEES [LFB Paper 792]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$30,000	- \$30,000	\$0

Governor: Provide one-time funding of \$30,000 in 2001-02 to retain a consultant to study the current methodologies used by the Department to set initial and renewal credential fees each biennium. The executive budget book states that the review would ensure that the fee-setting methodology is documented and straightforward in its administration, represents the actual costs associated with the regulation of each licensed profession and provides adequate revenues to support agency operations. No submission date is specified for the consultant's report.

Joint Finance/Legislature: Replace consultant study and associated funding with a request that the Joint Legislative Audit Committee direct the Legislative Audit Bureau (LAB) to conduct an evaluation of the methodologies used by R&L for calculating administrative and enforcement costs and recommending changes to fees for issuing and renewing credentials. The purpose of the audit would be to determine whether the Department's methods are adequately documented and straightforward in administration, represent the actual costs associated with the regulation of licensed professions and provide sufficient revenues to support the agency's operations. If the LAB conducts such an audit, direct that it report its findings by June 30, 2002.

Veto by Governor [E-35]: Delete provision.

[Act 16 Vetoed Section: 9132(3v)]

9. NOTICE OF CREDENTIAL RENEWAL BY ELECTRONIC TRANSMISSION

Governor/Legislature: Authorize the Department to send renewal notices to a credential holder by means of electronic transmission at least 30 days prior to the credential renewal date for the profession. The Department would continue to have the authority under current law to mail the renewal notice to the last address provided by the credential holder. Current law stipulations that the failure to receive a mailed notice does not relieve the credential holder from disciplinary proceedings, proceedings for practicing without a license or the payment of a \$25 late renewal penalty would also apply in the case of a failure to receive a notice of renewal sent by electronic transmission.

[Act 16 Section: 3507]

10. TREATMENT OF CRIMINAL BACKGROUND CHECK FEE REVENUES [LFB Paper 793]

GPR-REV	\$29,800
PR	-\$92,600

Joint Finance/Legislature: Require that 10% of the total revenues received from criminal background check fees and credited to the Department's applicant investigation reimbursement appropriation be deposited to the general fund. Adjust expenditures under this appropriation by -\$46,300 PR annually to reflect actual experience and estimate GPR-Earned receipts of \$14,900 annually.

[Act 16 Section: 465m]

11. GPR-EARNED REESTIMATE [LFB Paper 794]

GPR-REV	\$739,200
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Joint Finance/Legislature: Reestimate GPR-Earned collections for the Department by \$371,500 in 2001-02 and \$367,700 in 2002-03. The reestimate is due to: (a) increased initial and renewal credential fee revenues credited to the general fund (\$200,100 in 2001-02 and \$196,300 in 2002-03); and (b) increased examination fee revenues credited to the general fund (\$171,400 annually).

12. INCLUSION OF AN INSTITUTIONAL PHARMACIST ON THE PHARMACY EXAMINING BOARD

Joint Finance/Legislature: Require that one of the five pharmacist members of the seven-member Pharmacy Examining Board be employed in a pharmacy that provides pharmaceutical services primarily on an inpatient basis, including a pharmacy in a hospital, nursing home, correctional facility, or other institution. Specify that this requirement would first become effective for appointments to the Board made on and after July 1, 2002.

Veto by Governor [E-36]: Delete provision.

[Act 16 Vetoed Sections: 182q, 182r and 9443(2x)]

13. CONVEYANCE OF CEMETERY PLOTS

Joint Finance: Provide that a person holding an interest in a cemetery lot, after providing written notice to the cemetery authority where the lot is located, may convey the person's interest in the lot to his or her spouse, child, sibling or parent without the consent of the cemetery authority.

Provide that if an individual, who is not prohibited under regulations adopted by a religious cemetery authority or an affiliated religious society from being buried in the cemetery, conveys his or her interest in the lot to his or her spouse, child, sibling or parent, the religious

cemetery authority may not prohibit the burial of the spouse, child, sibling or parent in the cemetery.

Under current law provisions governing cemetery authorities, these provisions would not apply to veterans cemeteries.

Senate: Modify the provision by allowing a religious cemetery authority to prohibit the conveyance of a cemetery plot and the burial of a relative if the relative is in a class of individuals that is prohibited under regulations adopted by the cemetery authority from being buried in the cemetery.

Assembly/Legislature: Delete provision.

14. REGULATION OF CEMETERY AUTHORITIES AND SALESPERSONS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG-REV	\$174,000	-\$174,000	\$0

Senate: Provide for the regulation of cemetery authorities, other than religious cemetery authorities (except as specifically indicated), as follows:

Creation of a Cemetery Board. Create a seven-member Cemetery Board under the Department of Regulation and Licensing (R&L) that would be authorized to investigate and impose disciplinary actions against cemetery authorities, cemetery salespersons, and preneed sellers that violate certain statutory requirements and administrative rules promulgated by R&L. Specify that the Board would have no authority over religious cemeteries, cemetery salespersons who work for religious cemeteries, and preneed sellers who work for religious cemeteries.

Specify that members of the Cemetery Board would include the following: (a) four members who are business representatives of a licensed cemetery authority; (b) a representative of the Department of Justice, as designated by the Attorney General; and (c) two public members. Of the business members of the Board, one must represent a for-profit licensed cemetery authority; one must represent a non-profit licensed cemetery authority; and one must represent a municipal cemetery authority. No member of the Board may be a business representative of a religious cemetery authority. Provide that the members of the Board who are business representatives or public members would be subject to Senate confirmation and provide for transition terms for the initial members of the Board. Require the Board to meet at least four times per year and authorize Board members to receive a \$25 per diem and actual and necessary meeting expenses.

General Powers and Duties of the Board. Require the Board to do each of the following: (a) advise the Secretary of R&L on matters relating to cemeteries; (b) independently exercise its powers, duties and functions with respect to the licensure and registration of cemetery authorities, cemetery sales persons and cemetery preneed sellers under Subchapter VIII of Ch. 440 of the statutes; (c) be the supervising authority of all personnel, other than shared personnel, engaged in the review, investigation or handling of information regarding the administration of discipline by persons or entities subject to cemetery licensure or registration; (d) maintain all records pertaining to the Board's operations; (e) compile and keep current a registry of all persons licensed or registered under the Department's cemetery regulatory authority and make those records and registries available to the public; and (f) require cemetery authorities, upon reasonable notice, to make records and contracts available for inspection and reproduction.

Specify that the Board would not have rule-making authority but could comment on rules developed by R&L governing the regulation of cemetery authorities, cemetery salespersons or cemetery preneed sellers (other than rules governing religious cemetery authorities). Require R&L to submit any proposed rule relating to nonreligious cemetery authorities to the Board for comment. Provide that the Board would have 30 days to submit its comments to the Department. Require the Department to submit copies of any emergency rules relating to cemeteries to the Board prior to the rule's publication. Authorize the chairperson of the Board to co-chair any public hearing held by the Department on a proposed rule. Specify that the Department provide staff to assist the Board in preparing its comments and reports on any proposed rules.

Licensure Requirements. Replace the current cemetery authority registration requirement with a licensure requirement applicable to each nonreligious cemetery authority that is more than five acres in size that sells more than 20 burial spaces per year or has \$100,000 or more in trust fund accounts. Require a separate license for each cemetery that meets these requirements. Under current law, a cemetery authority must be registered with R&L if the authority sells or solicits the sale of 10 or more cemetery lots per year.

Stipulate that the Department would be required to grant a license to the authority, if all of the following conditions are satisfied: (a) the authority submits on a form provided by R&L the names of the officers of the cemetery authority and the business representative who is primary responsible for the authority's compliance with cemetery regulations; and (b) the cemetery authority agrees to pay an initial licensure fee [\$53 for the 2001-03 biennium] and the costs of any background investigations conducted by the Department [currently \$29 per investigation]. The cemetery authority would also be subject to the current law requirement that it renew its license on January 1 of every odd-numbered year [\$343 for the 2001-03 biennium], except that a licensed authority would not be required to renew its license if it sells less than 10 burial sites during a period of two consecutive calendar years. However, if the cemetery authority does exceed this threshold, specify that it would again be required to renew its license with R&L for the ensuing two-year period.

Specify that if a licensed cemetery authority notifies the Department that the authority will be sold, and R&L does not object to the transaction, the existing license would be revoked and the authority would be required to apply for a new license.

Provide that if a nonreligious cemetery authority does not exceed the sales and trust fund thresholds described above, it would not have to be licensed by R&L but would be subject to a registration requirement. Establish a new \$5 registration fee for this purpose, payable on January 1 of each odd-numbered year. Delete a current law exemption from registration currently applicable to not-for-profit cemetery authorities and cemetery authorities operated by a city, town or village. However, provide that a cemetery authority that receives no income, other than gifts, from the sale of lots or services or from trust fund earnings would not be required to register with R&L.

Specify that if a registered cemetery authority notifies the Department that the authority will be sold, and R&L does not object to the transaction, the existing registration would be revoked and the authority would be required to apply for a new registration.

Require the Board to restrict, limit or suspend any license or registration when requested to do so by the Department.

Newly require a cemetery salesperson and a cemetery preneed seller to be licensed rather than registered by R&L. Licensure of cemetery salespersons would apply to any person who sells more than 20 burial spaces during a two calendar year period. Under current law, registration is required for cemetery salespersons who sell ten or more cemetery or mausoleum lots during a single year. Delete the current law exemptions from registration for cemetery salespersons who sell burial spaces in nonreligious cemeteries that are exempt from registration as cemetery authorities and for preneed sellers who work for not-for-profit cemeteries. However, no license would be required for an individual who is under the direct supervision of a licensed cemetery salesperson.

Care of Abandoned and Neglected Cemeteries by Municipalities. Repeal the current law requirements that if the operator of a cemetery fails to care for the cemetery for a period of one or more years, the city, town or village in which the cemetery is located may take control of the property and manage and care for the cemetery and collect and manage all trust funds connected with the cemetery. Further, repeal the current law requirement that if the operator of a cemetery fails to care for the cemetery for a period of five or more years, the city, town or village in which the cemetery is located must take control of the property and manage and care for the cemetery and collect and manage all associated trust funds. Finally, repeal a current law provision that when a cemetery located in a town falls into neglect, disuse or abandonment and no cemetery association exists, the ownership and operation of the cemetery must be transferred to the town and the town board, at the expense of the town, must take charge of the property and manage and care for it.

Newly provide that if a city, village or town determines that a cemetery authority (including a religious cemetery authority) has failed to care for the cemetery for a period of six months or more, the municipality must notify the cemetery authority that it has 90 days to correct the failure. For good cause, authorize the municipality to grant the cemetery authority one 90-day extension to correct the failure. Provide that if the municipality finds that the cemetery authority has not corrected the failure within the time period specified, the municipality may, after a public hearing, take control of the cemetery and collect funds from the cemetery authority necessary for the care of the cemetery.

Upon application by R&L, newly authorize a court to enjoin a person from acquiring ownership or control of a cemetery if the person has abandoned another cemetery that subsequently became subject to control by a municipality.

Trustees for Certain Cemeteries. Provide that in response to a petition by the Board or upon his or her own motion, the Attorney General would be required to petition the circuit court in a county where a cemetery is located for the appointment of a trustee. This provision would not apply to cemeteries where a municipality had assumed ownership, control or management of the facility. Require the court to hold a hearing to determine if the cemetery has been neglected, improperly maintained or was in a state of disuse or financial distress. Where the court finds that any of these conditions apply, authorize the appointment of a trustee, other than the Department or the Board, for the cemetery. In addition, authorize the owner of a cemetery to petition the court for an order surrendering title to the cemetery to a new owner, other than the state, if the owner believes itself incapable of continuing to operate the cemetery. If the court grants the petition, it shall transfer title of the cemetery to a new owner and appoint a trustee.

Direct a court-appointed trustee to do all of the following: (a) be responsible for the management, maintenance and operation of the cemetery; (b) comply with all annual reporting requirements to R&L; and (c) provide the court with any required information, records, or reports that the court may direct.

Authorize a trustee to petition the court for the following additional authority: (a) termination of the trusteeship and reversion of the ownership and operation of the cemetery to the previous owner; (b) termination of the trusteeship and transfer of the ownership and operation of the cemetery to a new owner, other than the state; (c) removal and reinterment of human remains; (d) termination of the trusteeship and closing of the cemetery following the removal and reinterment of the human remains.

Finally, authorize a trustee to do any of the following: (a) seek a new owner or operator for the cemetery; (b) assess burial spaces for cleaning, care or improvement; (c) expend funds from a newly created cemetery management insurance fund for the purpose of carrying out the trustee's duties; (d) employ professional, legal, technical experts, managers, agents, and employees as required to carry out the trustee duties; and (e) take any other action necessary for useful management or trusteeship of the cemetery or mausoleum.

Direct the court that appointed the trustee to terminate the trusteeship if any of the following applies: (a) the owner or operator of the cemetery or mausoleum demonstrates that the conditions that necessitated the trusteeship have been remedied and the person is competent and capable of managing the facility; (b) the court determines that the new operator is competent and capable of operating the facility; (c) the court finds that the proposed sale of the facility is to an owner that is competent and capable of operating the cemetery or mausoleum on a financially sound basis; or (d) the court approves of the closure of the facility after all human remains have been removed and reinterred.

Creation of a Cemetery Management Insurance Fund. Create a Cemetery Management Insurance Fund as a nonlapsing segregated trust fund under the management of the State of Wisconsin Investment Board. Create a new, SEG-funded sum sufficient appropriation account to make disbursements to trustees who assume the management and operation of cemeteries and mausoleums under court order. Specify that the Fund would consist of monies collected from the following: (a) a \$10 filing fee for death certificates; and (b) a \$1 surcharge on certified copies of death certificates. Since religious cemetery associations are not subject to the trusteeship provisions of the proposal, funds from the Cemetery Management Insurance Fund could not be used for such facilities.

Maintenance of Cemeteries. Newly require a cemetery authority to maintain a cemetery, its buildings, burial spaces, grounds, landscaping, parking lots, fences and other structures in a reasonable manner at all times.

Provide that if a cemetery authority receives a gift for the improvement, maintenance, repair, preservation or ornamentation of a burial space or structure in a cemetery, the authority shall either expend the funds or place them in a trust account. The authority would be required to maintain a gift ledger that accounts for all gift receipts and disbursements.

Department Review and Approval of Certain Cemetery Transactions. Newly prohibit a cemetery authority from taking any of the following actions, until it has notified R&L in writing: (a) the sale or encumbrance of any land, other than the routine sale of burial spaces; (b) the transfer of ownership or control of 50% or more of the assets or stock of the cemetery; (c) a transaction that results in a person acquiring ownership or control of 50% or more of the stock of the cemetery; or (d) the transfer of responsibility for the management or operation of the cemetery authority. The Department would be authorized to object to any of these types of transactions, in which case, the transaction could not proceed.

Care Funds and Preneed Trust Funds. Newly require a cemetery treasurer to maintain a bond in the amount of the total annual amount of all principal payments on care funds, as stated in the authority's most recent annual report to R&L. Clarify that cemetery authorities may not withdraw a care fund's principal amounts but may withdraw interest, dividends, or capital gains earned in the most recently completed calendar year. Authorize the Department to request proposals from state financial institutions for the purpose of selecting an institution for use by cemetery authorities and preneed sellers for the deposit of preneed trust funds. A

cemetery authority or preneed seller would not be required to use the financial institution unless the Department had previously determined that the authority or seller had violated the management and investment of such funds in the past.

Delete the current law exemption that preneed sellers of caskets and casket vaults must deposit into a trust fund 40% of the principal received under the preneed sales contract, if such individuals sell or solicit the sale of fewer than 10 cemetery lots annually.

Where the Department or Board has cause to believe that a licensed or registered cemetery authority has not complied with current law provisions governing the maintenance and investment of trust funds and accounts, specify the cemetery authority may be required to submit an audit conducted at the authority's expense.

Burial Space Purchase Agreements. Newly specify that before a cemetery authority may enter into a burial space purchase agreement, the authority must disclose any opening or closing fees charged. Require the agreement to be in writing and include the terms and conditions and other pertinent information, including the price of the space, perpetual care requirements, resale, inheritance, cancellation and refund rights. The agreement must also list all goods and services that are reasonably expected at the time of need that are not covered by the agreement. Require each burial agreement to be assigned a serial number.

Reburial Requirements. Specify that if a cemetery authority violates current law reburial procedures and notifications, the owner could be fined up to \$1,000 or imprisoned for up to 90 days, or both. Under current law a cemetery authority may rebury human remains, if an error has been made in the burial process. Within 30 days of the reburial the cemetery authority must provide notice to the coroner or medical examiner of the county in which the reburial takes place. The authority must also inform the spouse, or next available family member. Under current law, failure to provide proper reburial notification may result in a civil forfeiture of \$200 for each offense.

Code of Ethics for the Professional Conduct of Cemetery Authorities. Authorize the Department to promulgate rules establishing a code of ethics for licensed cemetery authorities, licensed cemetery salespersons and licensed preneed sellers. Provide that a person violating the code could be denied licensure by the Department. Persons who operate a cemetery authority, or are licensed cemetery salespersons or licensed preneed sellers who make misrepresentations, engage in practices that demonstrate a lack of knowledge or ability, violate the Department's code of ethics, violate applicable cemetery regulatory laws, are impaired by mental disease or defect or due to drug and alcohol use or violate an order of the Department may be subject to a forfeiture of no more than \$5,000 per occurrence, with each day of violation being a separate occurrence. The forfeiture could be in addition to any license revocation, limitation, suspension or denial.

Other Penalties. Newly provide that any cemetery authority that sells 10 or more burial spaces during a calendar year or has \$100,000 or more in trust fund accounts and operates without a license granted by R&L would be subject to a fine of not more than \$100.

Investigation of Religious Cemetery Authorities. Stipulate that if the Department has reason to believe that a religious cemetery authority has violated any aspect of cemetery regulations applicable to such authorities and that a continuation of the activity might cause injury to the public interest, the Department would be authorized to investigate the matter.

Submission of Reports to the Department. Require any cemetery authority that must be licensed to submit an annual report to R&L. Require religious cemetery associations to submit an annual report to the Department unless the authority makes an annual certification to the agency. Under current law, cemetery authorities with annual operating budgets in excess of \$2,500 must submit an annual report to R&L. Religious cemetery associations may submit an annual certification to the Department rather than an annual report.

Authorize the Department to promulgate rules governing the minimum standards for records used in preparing the reports, eliminate the requirement that certain financial records be filed with the Department of Financial Institutions and require licensed cemetery authorities to maintain records with respect to the location of burial spaces at the facility.

Fiscal Effect -- Cemetery Management Insurance Fund. The cemetery management insurance fund would be supported from: (a) a \$10 fee collected for the filing of a death certificate; and (b) a \$1 fee charged for all certified copies of a death certificate.

Based on the number of death certificates issued in the last three years, as adjusted by the recent trend in the annual number of deaths, 49,230 death certificates are anticipated for 2001-02 and 50,260 are anticipated for 2002-03, resulting in fee collections for the Cemetery Management Insurance Fund of \$492,300 SEG-REV in 2001-02 and \$502,600 SEG-REV in 2002-03. Currently, there are approximately 4,000 certified copies of death certificates issued by the state each year, resulting in an additional \$4,000 SEG-REV annually. It is unknown the number of certified death certificates that would be prepared annually by local vital records offices. Total annual revenues from both the above fee sources are estimated at \$496,300 SEG-REV in 2001-02 and \$506,600 SEG-REV in 2002-03. It is not known whether or not any trustees would be appointed to manage and operate a cemetery authority during the 2001-03 biennium; consequently, it is not possible to estimate the level of expenditures under the Fund's sum sufficient appropriation.

Fiscal Effect -- Licensure of Cemetery Authorities. There are 62 cemetery authorities registered under current law. The Department estimates that an additional 288 authorities would newly be subject to licensure and an additional 550 authorities would newly be subject to registration. The newly licensed authorities would generate an additional \$1,500 GPR-Earned and \$13,800 PR-REV during the 2001-03 biennium. The new registrations would generate an additional \$300 GPR-Earned and \$2,500 PR-REV during the 2001-03 biennium. Total license

and registration fee collections from cemetery authorities would total \$1,800 GPR-Earned and \$16,300 PR-REV during the 2001-03 biennium.

Conference Committee/Legislature: Modify Senate provision to provide for the regulation of cemetery authorities in Milwaukee County only, other than religious cemetery authorities (except as specifically indicated), as follows:

General Credentialing Requirements. Before granting a credential to a cemetery authority, cemetery salesperson, or preneed seller, or renewing such a credential, newly require the Department to conduct an investigation to determine whether the person has been convicted of an offense relating to the sale of a cemetery lot, cemetery merchandise or mausoleum space.

Under current law, a cemetery authority must be registered with R&L if the authority sells or solicits the sale of 10 or more cemetery lots per year. Registration is also currently required for cemetery salespersons who sell ten or more cemetery or mausoleum lots during a single year. Delete the current law exemptions from registration for town, village, city, fraternal or benevolent society cemetery authorities or their salespersons in Milwaukee County.

Care of Abandoned and Neglected Cemeteries by Municipalities. Newly provide that if a city, village or town in Milwaukee County determines that a cemetery authority (including a religious cemetery authority) has failed to care for the cemetery for a period of six months or more, the municipality must notify the cemetery authority that it has 90 days to correct the failure. For good cause, authorize the municipality to grant the cemetery authority one 90-day extension to correct the failure. Provide that if the Milwaukee County municipality finds that the cemetery authority has not corrected the failure within the time period specified, the municipality may, after a public hearing, take control of the cemetery and collect funds from the cemetery authority necessary for the care of the cemetery.

Upon application by R&L, newly authorize a court to enjoin a person from acquiring ownership or control of a cemetery in Milwaukee County if the person has abandoned another cemetery in this state that subsequently became subject to control by a municipality.

Trustees for Certain Cemeteries. Provide that in response to a petition by the Department or upon his or her own motion, the Attorney General would be required to petition the Circuit Court in Milwaukee County for the appointment of a trustee. This provision would not apply to cemeteries where a municipality had assumed ownership, control or management of the facility. Require the court to hold a hearing to determine if the cemetery has been neglected, improperly maintained or was in a state of disuse or financial distress. Where the court finds that any of these conditions apply, authorize the appointment of a trustee, other than the Department, for the cemetery. In addition, authorize the owner of a cemetery to petition the court for an order surrendering title to the cemetery to a new owner, other than the state, if the owner believes itself incapable of continuing to operate the cemetery. If the court grants the petition, it shall transfer title of the cemetery to a new owner and appoint a trustee.

Direct a court-appointed trustee to do all of the following: (a) be responsible for the management, maintenance and operation of the cemetery; (b) comply with all annual reporting requirements to R&L; and (c) provide the court with any required information, records, or reports that the court may direct.

Authorize a trustee to petition the court for the following additional authority: (a) termination the trusteeship and reversion of the ownership and operation of the cemetery to the previous owner; (b) termination of the trusteeship and transfer of the ownership and operation of the cemetery to a new owner, other than the state; (c) removal and reinterment of human remains; (d) termination of the trusteeship and closing of the cemetery following the removal and reinterment of the human remains.

Finally, authorize a trustee to do any of the following: (a) seek a new owner or operator for the cemetery; (b) assess burial spaces for cleaning, care or improvement; (c) expend funds from a newly created cemetery management insurance fund for the purpose of carrying out the trustee's duties; (d) employ professional, legal, technical experts, managers, agents, and employees as required to carry out the trustee duties; and (e) take any other action necessary for useful management or trusteeship of the cemetery or mausoleum.

Direct the court that appointed the trustee to terminate the trusteeship if any of the following applies: (a) the owner or operator of the cemetery or mausoleum demonstrates that the conditions that necessitated the trusteeship have been remedied and the person is competent and capable of managing the facility; (b) the court determines that the new operator is competent and capable of operating the facility; (c) the court finds that the proposed sale of the facility is to an owner that is competent and capable of operating the cemetery or mausoleum on a financially sound basis; or (d) the court approves of the closure of the facility after all human remains have been removed and reinterred.

Creation of a Cemetery Management Insurance Fund. Create a Cemetery Management Insurance Fund as a nonlapsing segregated trust fund under the management of the State of Wisconsin Investment Board. Create a new, SEG-funded sum sufficient appropriation account to make disbursements to trustees who assume the management and operation of cemeteries and mausoleums under court order. Specify that the Fund would consist of monies collected from the following: (a) a \$10 filing fee for death certificates issued in Milwaukee County; and (b) a \$1 surcharge on certified copies of death certificates issued in Milwaukee County. Since religious cemetery associations would not be subject to the trusteeship provisions of the proposal, funds from the Cemetery Management Insurance Fund could not be used for such facilities.

Maintenance of Cemeteries. Newly require a cemetery authority in Milwaukee County to maintain a cemetery, its buildings, burial spaces, grounds, landscaping, parking lots, fences and other structures in a reasonable manner at all times.

Provide that if a cemetery authority in Milwaukee County receives a gift for the improvement, maintenance, repair, preservation or ornamentation of a burial space or structure in a cemetery, the authority shall either expend the funds or place them in a trust account. The authority would be required to maintain a gift ledger that accounts for all gift receipts and disbursements.

Provide that a cemetery authority in Milwaukee County may not provide an outer burial container or, if an outer burial container is not used, a casket, to a cemetery authority of a cemetery, other than a religious cemetery authority, for the burial of human remains, unless the person identifies the decedent by name on the exterior of the outer burial container or casket.

Department Review and Approval of Certain Cemetery Transactions. Newly prohibit a cemetery authority in Milwaukee County from taking any of the following actions, until it has notified R&L in writing: (a) the sale or encumbrance of any land, other than the routine sale of burial spaces; (b) the transfer of ownership or control of 50% or more of the assets or stock of the cemetery; (c) a transaction that results in a person acquiring ownership or control of 50% or more of the stock of the cemetery; or (d) the transfer of responsibility for the management or operation of the cemetery authority. The Department would be authorized to object to any of these types of transactions, in which case, the transaction could not proceed.

Care Funds and Preneed Trust Funds. Newly require a cemetery authority treasurer in Milwaukee County to maintain a bond in the amount of the total annual amount of all principal payments on care funds, as stated in the authority's most recent annual report to R&L. Clarify that cemetery authorities within Milwaukee County may not withdraw a care fund's principal amounts but may withdraw interest, dividends, or capital gains earned in the most recently completed calendar year. Authorize the Department to request proposals from state financial institutions for the purpose of selecting an institution for use by Milwaukee County cemetery authorities and preneed sellers for the deposit of preneed trust funds. A cemetery authority or preneed seller would not be required to use the financial institution unless the Department had previously determined that the authority or seller had violated the management and investment of such funds in the past.

Require a preneed seller in Milwaukee County to deposit into a preneed trust fund an amount equal to at least 40% of each payment of principal that is received from the sale of cemetery merchandise under a preneed sales contract. If a preneed seller sells an undeveloped space in Milwaukee County under a preneed sales contract, the preneed seller shall deposit at least 40% of each payment of principal that is received from the sale of the undeveloped space into a preneed trust fund.

Where the Department has cause to believe that a registered cemetery authority has not complied with current law provisions governing the maintenance and investment of trust funds and accounts, specify the cemetery authority may be required to submit an audit conducted at the authority's expense. Newly, require the Department to audit the records, trust funds, and accounts of each registered cemetery authority in Milwaukee County.

Reburial Requirements. Specify that if a cemetery authority in Milwaukee County violates current law reburial procedures and notifications, the owner could be fined up to \$1,000 or imprisoned for up to 90 days, or both. Under current law a cemetery authority may rebury human remains, if an error has been made in the burial process. Within 30 days of the reburial the cemetery authority must provide notice to the coroner or medical examiner of the county in which the reburial takes place. The authority must also inform the spouse, or next available family member. Under current law, failure to provide proper reburial notification may result in a civil forfeiture of \$200 for each offense.

Submission of Reports to the Department. Require any cemetery authority in Milwaukee County that must be registered to submit an annual report to R&L and, upon reasonable notice, to make records and contract available for inspection and reproduction. Require religious cemetery associations to submit an annual report to the Department unless the authority makes an annual certification to the agency. Newly require Milwaukee County cemetery authorities to provide information on the percentage of burial spaces, at the cemetery, that are available for sale. Under current law, cemetery authorities with annual operating budgets in excess of \$2,500 must submit an annual report to R&L. Religious cemetery associations may submit an annual certification to the Department rather than an annual report.

Authorize the Department to promulgate rules governing the minimum standards for records used in preparing the reports, and require registered cemetery authorities in Milwaukee County to maintain records with respect to the location of burial spaces at the facility.

Further, require the Department to promulgate rules that specify the documentation that must be provided for: the sale of any cemetery land (not including individual burial plots); the transfer of ownership or management of the cemetery authority. These rules would only apply to nonreligious and for-profit cemeteries in Milwaukee County.

Finally, require the Department to promulgate rules that interpret the requirements for the transfer of a burial space. These rules shall include a requirement that a person who transfers their interest in a burial plot shall provide written notice, prepared by the Department, describing the rights of the transferee.

Regulation of Religious Cemetery Authorities. Clarify that any religious cemetery authority in the state may prohibit the burial of remains of an individual in the cemetery if the individual is in a class of individuals prohibited from being buried in the cemetery under regulations of the authority or affiliated church, synagogue, mosque or religious order.

Fiscal Effect -- Cemetery Management Insurance Fund. The Cemetery Management Insurance Fund would be funded from: (a) a \$10 fee collected for the filing of a death certificate issued in Milwaukee County; and (b) a \$1 fee charged for all certified copies of a death certificate issued in Milwaukee County.

Based on the number of death certificates issued in the last three years, as adjusted by the recent trend in the annual number of deaths in Milwaukee County, it is estimated that 8,600 death certificates are likely to be issued in 2001-02 and 8,800 are likely to be issued in 2002-03, resulting in fee collections for the Cemetery Management Insurance Fund of \$86,000 SEG-REV in 2001-02 and \$88,000 SEG-REV in 2002-03. It is unknown the number of certified death certificates that would be prepared annually by the Milwaukee County vital records offices. It is not known whether or not any trustees would be appointed to manage and operate a cemetery authority during the 2001-03 biennium; consequently, it is not possible to estimate the level of expenditures under the Fund's sum sufficient appropriation.

Fiscal Effect -- Registration of Milwaukee County Cemetery Authorities. There are 62 cemetery authorities registered under current law. A small number of municipal, fraternal or benevolent society cemetery authorities in Milwaukee County may become subject to a biennial \$53 registration fee under this proposal. The number of such cemetery's authorities is unknown and the fiscal impact departmental fees would be minimal.

Veto by Governor [E-34]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.165(1)(q)), 465p, 1104p, 1144m, 2077, 2093, 2100m, 2852bb thru 2852Lt, 2852ob thru 2852yu, 3492w, 3504f, 3504h, 3504k and 3605gb thru 3605ux]

15. REQUIRE CERTAIN CEMETERY AUTHORITIES TO PROVIDE FOR BURIALS DURING EACH SEASON

Senate/Legislature: Require cemetery authorities to provide for burials during each season, insofar as practicable. Authorize the authority to charge a reasonable fee to recover the costs related to providing for a burial during difficult weather conditions. Stipulate that these provisions would not apply to a municipality that has taken control of an abandoned or derelict cemetery.

[Act 16 Section: 2852n]

16. REGULATION OF CLOSING AGENTS AND USE OF INTEREST ON CLOSING AGENT REAL ESTATE TRUST ACCOUNTS

Senate: Provide that all interest earned on real estate trust accounts maintained by closing agents be transferred to the State Public Defender (SPD) for program administration costs of the SPD office, including the costs of interpreters and of discovery materials but excluding the costs under two SPD appropriations associated with administration costs of appointing private bar attorneys to represent indigent clients and administration costs associated with collecting payments from indigent clients. Create a closing agent interest on real estate trust accounts appropriation under the Department of Administration (DOA) to receive these interest

payments. Create an interest on real estate trust accounts; closing agents appropriation under the SPD to receive the interest payment monies from the DOA appropriation. Modify the current interest on real estate trust accounts appropriation in DOA to be the interest on real estate trust accounts; brokers appropriation and continue to provide that interest on real estate trust accounts maintained by brokers would be used for grants to alleviate homelessness.

Current law does not require closing agents to register with the Department of Regulation and Licensing (R&L). This amendment would provide that no person, including an escrow agent, may engage in the business or occupation of, or hold himself or herself out as, a closing agent unless the person is registered as a closing agent by R&L. Require R&L to issue a certificate of registration as a closing agent to a person who submits an application to R&L on a form provided by the Department, pays the initial credential standard fee of \$53 and submits evidence satisfactory to R&L that he or she is competent to act as a closing agent. Require renewal applications to be submitted to R&L on a form provided by R&L on or before January 1 of each odd-numbered year to include the renewal fee of \$53. It is unknown the number of closing agents that would be subject to these regulations.

Define "closing agent" to mean any person who coordinates the closing of a conveyance of real estate by ensuring that title to the real estate is transferred to the buyer and that the purchase price is transferred to the seller, except that "closing agent" does not include any of the following: (a) a receiver, trustee, administrator, executor, guardian, or other person appointed by or acting under the judgment or order of any court; (b) a public officer while performing his or her official duties; (c) a depository institution; (d) an employee of a person specified in paragraphs (a) to (c) when the employee is engaged in the specific performance as such an employee; and (e) an attorney licensed to practice law in Wisconsin while acting within the scope of his or her attorney's license.

Require a closing agent who holds closing funds to establish an interest-bearing common trust account in a depository institution and to deposit all closing funds into the required trust account. Define "closing funds" to mean any money related to the closing of a real estate conveyance that is received by the closing agent. "Closing funds" would not include client funds, unless the client funds are transferred to a closing agent. Apply the statutory provisions governing broker trust accounts to the trust accounts required to be established by closing agents.

Apply the statutory provisions governing the investigation and discipline of brokers, salespeople and time-share salespeople to closing agents. Require a closing agent to allege and prove that he or she is a duly registered closing agent before being permitted to bring or maintain a court action for collection of a commission or compensation for performance. Provide that these changes would take effect on the first day of the 10th month after the effective date of the bill.

Conference Committee/Legislature: Include Senate provision but provide that all interest earned on the real estate trust accounts maintained by closing agents would be

transferred to DOA for grants to organizations that provide shelter or services to the homeless, rather than to the State Public Defender for administrative costs.

Veto by Governor [E-33]: Delete provision.

[Act 16 Vetoed Sections: 3579c, 3608cg thru 3608cr, 3608dg, 3608dq thru 3608gr, 3608hg thru 3608Lg and 9443(3km)]

17. DENTAL ACCESS

Senate: Provide for the following changes to dental services effective July 1, 2002.

Regional Dental Examinations. Newly authorize the Dental Examining Board, attached to the Department of Regulation and Licensing (DRL), to issue a dentist license to an applicant who has passed an examination of either a dental testing service approved by the Board or a regional dental testing service in the United States. Under current law, the Board is required to grant a dentist license to a person who does all of the following: (1) submits an application for licensure; (2) pays the specified fee; (3) submits evidence of graduation from an accredited dental school; (4) submits evidence that he or she has passed the national dental examination and the examination of a dental testing service approved by the board; (5) passes an examination administered by the board on the statutes and rules relating to dentistry; and (6) completes any other requirements established by the board by rule.

Licensure of Dentists from Other Jurisdictions. Require the Dentistry Examining Board to grant a license to practice dentistry to an applicant who is licensed in good standing to practice dentistry in another state or territory of the United States or in Canada upon presentation of the license, payment of the required fee, and submission of evidence satisfactory to the Board that he or she has met all of the following conditions: (1) graduation from a school accredited by the American Dental Association's Commission on Dental Accreditation; (2) presentation of a certificate from each jurisdiction where the applicant has previously been licensed that no disciplinary action is pending and detailing any such action that has been imposed; (3) presentation of evidence that the applicant has been actively engaged in the practice of dentistry in one or more other jurisdictions for at least 48 of the last 60 months; (4) presentation of evidence that the applicant has completed a jurisprudence examination on Wisconsin statutory and administrative code requirements relating to dental hygiene; (5) presentation of evidence that the applicant has a current certificate of proficiency for cardiopulmonary resuscitation; (6) presentation of evidence that the applicant has disclosed all discipline ever taken against the individual shown in reports from the National Practitioner Data Bank and the American Association of Dental Examiners; and (7) the applicant has provided a satisfactory response during a personal interview with the Board that the Board may require to resolve any conflicts between the licensing standards and the applicant's application or to inquire into any discipline that was imposed against the applicant in any other jurisdiction.

Specify that the Board may refuse to grant a license to an applicant following an interview if the Board determines that discipline that was imposed against the applicant in another jurisdiction demonstrates that the applicant is unfit to practice dentistry.

Current law specifies that the Board may grant a license to practice dentistry to a person who is licensed and in good standing in another state or U.S. territory or another country if the applicant meets the requirements for licensure established by the Board by rule and presents the license and pays the specified fee.

Dental Hygienist's Scope of Practice. Specify that a dental hygienist would be authorized to practice dental hygiene only if a dentist is present in the facility or pursuant to a dentist's oral or written prescription that meets the requirements set forth in current law, with two exceptions.

The first exception authorizes a dental hygienist to practice at a school for the education of dental hygienists without a dentist present in the facility and without a written or oral prescription. A dental hygienist may apply sealants on a patient at a school for the education of dental hygienists without a diagnosis or treatment plan by a dentist, if the dental hygienist has performed an oral risk assessment.

The second exception authorizes a dental hygienist to practice in the facility without a dentist present and without an oral or written prescription if the dental hygienist meets specified education and experience requirements and practice specified procedures. The dental hygienist is authorized to perform those practices only in the following settings or circumstances: (1) for a school board or a governing body of a private school; (2) for a facility or a hospital that provides care for terminally ill patients; (3) for a local health department; (4) for a charitable institution open to the general public or to members of a religious sect or order; (5) for a nonprofit home health care agency; and (6) for a nonprofit dental care program serving primarily indigent, economically disadvantaged, or migrant worker populations. Under this second exception, the dental hygienist is permitted to practice as specified in the bill if he or she meets specified education and experience requirements and is certified by the Board in dental hygiene practice circumstances without a dentist present and without a prescription. Under the bill, an individual is required to have two years experience as a dental hygienist and meet additional educational requirements in order to obtain the certificate.

Under current law, a dental hygienist may practice dental hygiene or perform remediable procedures only as an employee or as an independent contractor and only in one of the following eight specified settings or circumstances: (1) in a dental office; (2) for a school board or a governing body of a private school; (3) for a school for the education of dentists or dental hygienists; (4) for a nursing home or community-based residential facility, a hospital, a state or federal prison, county jail or other federal, state, county or municipal correctional or detention facility, or a facility established to provide care for terminally ill patients; (5) for a local health department; (6) for a charitable institution open to the general public or to members of a religious sect or order; (7) for a nonprofit home health care agency; and (8) for a nonprofit dental care program serving primarily indigent, economically disadvantaged or migrant worker

populations. Generally, a dentist must be present in the facility or the practice is being performed pursuant to a dentist's written or oral prescription.

Delegation of Dentistry Practices. Authorize a dentist to delegate any dentistry practices not included in dental hygiene to a dental hygienist, except for those practices that are prohibited practices by a dental hygienist under current law. In order for the delegation to occur, the delegated acts must be ones that, in the opinion of the dentist and the dental hygienist, the dental hygienist is competent to perform based on his or her education, training, or experience. In addition, require the dental hygienist's performance of the practice to be inspected by a dentist.

Authorize the delegation of remediable dental procedures to unlicensed persons if certain requirements are met. Specify that the practice must be one for which delegation is not prohibited [removal of supra- or subgingival calcareous deposits, deep scaling or root planning, conducting an oral screening without the written prescription of a dentist, participating in the development of a dental patient's dental hygiene treatment plan or any other practice specified by rule of the Board]. Additionally, require that the person must have graduated from an accredited dental assisting program or have worked at least 1,000 hours during the preceding 12 months in a clinical dentistry setting. Further, stipulate that the dentist making the delegation must document in his or her records that the person has been trained or educated to do the dental practice. Finally, specify that the delegated practices must be ones that, in the opinion of the dentist and the individual to whom the practices are delegated, the individual is competent to perform based on his or her education, training, or experience.

Under current law, a dentist may delegate to an unlicensed person the performance of remediable procedures if certain conditions are met. In addition, a dentist may delegate to a dental hygienist the performance of remediable procedures and the administration of oral systemic premedications, local anesthesia, and subgingival sustained release chemotherapeutic agents, if certain requirements are met.

Educational Dentist's License. Require the Dentistry Examining Board to grant a license to practice dentistry to an applicant who is a faculty member at a school of dentistry in Wisconsin if specified conditions are met. Marquette University School of Dentistry is the only school of dentistry in this state. Specify that the person must present his or her license to the board, pay the required fee and submit evidence satisfactory to the Board that he or she has met the seven conditions, one of which is that he or she is a faculty member at a school of dentistry in this state. Authorize the Board to refuse to grant a license to an applicant following an interview if the Board determines that discipline that was imposed against the applicant in another jurisdiction demonstrates that the applicant is unfit to practice dentistry. In addition, an educational dentist's license granted would no longer be in effect if the licensee ceases to be a full-time faculty member at a school of dentistry in this state.

Conference Committee/Legislature: Delete provision.

18. RESTRICTED USE OF TITLE FOR ALCOHOL AND DRUG COUNSELORS

Assembly: Require the Department to certify alcohol and drug counselors and prohibit any person from using the title "alcohol counselor," "drug counselor," "alcohol and drug counselor," "substance abuse counselor," "chemical dependency counselor," "certified alcohol counselor," "certified drug counselor," "certified alcohol and drug counselor," "certified substance abuse counselor," "certified chemical dependency counselor" or "certified alcohol and other drug abuse counselor" or use any title that implies such certification, unless the person has actually been certified by the Department. Define an alcohol and drug counselor as a person who engages in alcohol and drug counseling for compensation, and define alcohol and drug counseling as counseling for the assessment, treatment, or prevention of alcohol, drug or other substance addiction or abuse. Persons subject to certification as an alcohol and drug counselor would be under the direct regulation of the Department. No separate examining board would be created under this provision.

Specify that these certification provisions would not apply to a person holding a license, permit, registration, or certification granted by this state or the federal government who does not use a title that implies certification as an alcohol and drug counselor. Clarify that the current licensure requirements for professional counselors [Chapter 457 of the statutes] do not authorize a credential holder to use the titles of alcohol counselor or drug counselor.

Promulgation of Rules. Require the Department in consultation with DHFS to promulgate rules that: (a) establish the education, training, competency, or examination requirements for certification as an alcohol and drug counselor; and (b) establish a code of ethics governing alcohol and drug abuse counselor credential holders. Authorize these rules to specify the services that a credential holder is qualified to perform and the degree of supervision, if any, required to perform such services and to establish continuing education requirements for credential holders. Direct that the rules waive some or all of the certification requirements for person who apply for certification within two years of the effective date of the provision and can show that they were employed in an alcohol and drug counseling.

Certification Requirements. Require the Department to grant a certification as an alcohol and drug counselor if the applicant: (a) submits an application on a form provided by the Department; (b) pays the initial licensure fee [\$83 for the 2001-03 biennium]; and (c) submits evidence satisfactory to the Department that the applicant satisfies the requirements established by the Department, by rule, for alcohol and drug counselors. Authorize the Department to grant reciprocal credentials to applicants holding a similar credential in another jurisdiction, upon payment of the applicable fee [\$53 for the 2001-03 biennium], if the Department determines that the requirements for granting the credential in the other jurisdiction are substantially equivalent to those required for licensure in Wisconsin.

Establish a credential renewal date of July 1 or each odd-numbered year and establish a credential renewal fee for the 2001-03 biennium of \$53. In addition to the requirements that an applicant for submit the appropriate renewal form provided by the Department and pay the

appropriate renewal fee, specify that if the Department has established continuing education requirements for alcohol and drug counselors, the applicant for renewal must submit satisfactory evidence of completion of the requirements.

Investigation of Misconduct. Consistent with current rules, authorize the Department to make investigations and conduct hearings to determine whether a violation relating to the use of title of alcohol and drug counselors has occurred. Authorize the Department to reprimand a credential holder or deny, limit, suspend, or revoke a certification, where the person has: (a) made a material misstatement in an application for certification or for renewal of a certification; (b) been adjudicated mentally incompetent; (c) advertised in a manner that is false, deceptive, or misleading; (d) advertised, practiced, or attempted to engage in alcohol and drug counseling under another person's name; (e) engaged in alcohol and drug counseling while impaired by alcohol or other drugs; (f) engaged in conduct while engaged in alcohol and drug counseling that jeopardizes the health, safety, or welfare of a patient or client or which evidences a lack of knowledge or ability to apply professional principles or skills; (g) violated the Department's rules and statutory regulations governing the profession; or (h) aided another person in violating this provision or any rule promulgated under this provision. Authorize the Department, the Attorney General, or a district attorney to investigate and, if necessary, bring an action to enjoin a person from continuing the violation.

Penalties. Authorize forfeitures of not more than \$5,000 for the first offense and forfeitures of not more than \$10,000 for the second or any subsequent offense within a year with each day of continued violation constituting a separate offense. Provide that any person intentionally these new rules and regulations could be fined up to \$10,000 or imprisoned for up to nine months, or both.

Specify that these provisions would become effective on the first day of the 13th month following the general effective date of the biennial budget act.

It is estimated that initially 1,850 alcohol and drug counselors would be subject to certification, resulting in credential fee revenues of \$44,100 PR-REV and \$4,900 GPR-Earned annually.

Conference Committee/Legislature: Delete provision.

19. CERTIFIED PUBLIC ACCOUNTANT REGULATION MODIFICATIONS

Assembly/Legislature: Make the following changes relating the regulation of certified public accountants (CPAs):

Regulation of Certified Public Accountants. Authorize the Accounting Examining Board to grant a certificate as a CPA to an applicant that has at least one year, rather than the current two years, of public accounting experience or its equivalent. Delete references to a "public

accountant" and repeal the authority of the Board to grant certificates of authority to persons or firms to practice as "public accountants."

Regulation of Firms. Authorize the organization of an accounting services corporation if more than 50% of the shareholders are CPAs. Under current law, all of the shareholders must be CPAs. Newly include proprietorships, partnerships, limited liability partnerships, corporations, service corporations, and limited liability companies under the definition of "firms" and subject these entities to regulation.

Require firms that apply for a CPA license to: (a) submit an application for the license, and pay the specified fee; (b) identify each office of the firm that is located in the state; (c) where any person with an ownership interest in the firm is not licensed, designate a licensed individual responsible for the firm's compliance with state licensure requirements; and (d) demonstrate that all "attest services" provided by the firm are under the charge of a licensed CPA, that more than 50% of the ownership interest in the firm is held by licensed individuals who are CPAs, and that those unlicensed individuals with an ownership interest are persons that actively participates in the firm or an affiliated entity. Require the Board to promulgate rules defining "ownership interest" in a firm.

Attest Services. Define "attest service" as any of the following: (a) an audit or any other engagement that is performed in accordance with the statements on auditing standards issued by the Auditing Standards Board of the American Institute of Certified Public Accountants; (b) a review of a financial statement that is performed in accordance with the statements on standards for Accounting and Review Services Committee by the American Institute of Certified Public Accountants; (c) an examination of prospective financial information that is performed in accordance with the statements on standards for attestation engagements issued by the Auditing Standards Board, the Accounting and Review Services Committee, and the Consulting Services Executive Committee of the American Institute of Certified Public Accountants.

Require the Board to promulgate rules adopting by reference all of the following: (a) the statements on auditing standards issued by the Auditing Standards Board of the American Institute of Certified Public Accountants; (b) the statements on standards for accounting and review services issued by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants; (c) the statements of standards for attestation engagements issued by the Auditing Standards Board, the Accounting and Review Services Committee, and the Consulting Services Executive Committee of the American Institute of Certified Public Accountants.

Peer Review. Beginning January 1, 2005, require CPA firms to undergo a peer review at least once every three years. Define "peer review" as a process for a CPA licensee to evaluate the professional competency of the members of a firm who are responsible for attest services provided by the firm or on behalf of the firm. Stipulate that the peer review must be conducted

by a person approved by the Board that is not affiliated with the firm or members of the firm undergoing review.

Require the Board to promulgate rules describing the peer review, including requirements for the Board to approve individuals to conduct the peer reviews. Require the rules to require each person approved by the Board to conduct peer reviews to periodically report on the effectiveness of the peer reviews and to provide the Board with a listing of all firms that have undergone peer review conducted by the person. Provide that a person approved to conduct peer reviews may not disclose any information obtained or document produced during the course of or as a result of a review, unless the firm undergoing the review consents to the disclosure.

Exceptions to Prohibitions on Practicing without a License. Newly provide that licensure by the Board would not be required for any person who: (a) performs services involving the use of accounting skills, including management advisory services, the preparation of tax returns, and the preparation of financial statements without issuing reports on the statements; (b) prepares financial statements and issues information that does not purport to be in compliance with the statement on standards for accounting and review services issued by the American Institute of Certified Public Accountants; or (c) a public official in the performance of his or her duties.

[Act 16 Sections: 1384m, 1385m, 1457m, 2004g, 2004j, 2022tj, 2404g, 2404r, 2405m, 2666m, 2760p, 2760r, 2814dd thru 2814dt, 2850bm, 2920c, 2920g, 2920n, 2920r, 2920w, 2923g, 2923r, 2932d, 2943m, 2952m, 2972d, 2972g, 3020d, 3020L, 3020m, 3020n, 3024m, 3504w, 3508m, 3510m, 3606pb thru 3606vz, 3608bf, 3649m, 3862yg and 3862yr]

20. EDUCATIONAL DENTIST'S LICENSE

Assembly/Legislature: Require the Dentistry Examining Board to grant a license to practice dentistry to an applicant licensed in good standing to practice dentistry in another jurisdiction upon presentation of the license provided the applicant also meets all of the following conditions: (a) pays an initial credential fee [\$53 for the 2001-03 biennium]; (b) submits evidence satisfactory to the Board that the applicant has been offered full-time employment as a faculty member at a school of dentistry in Wisconsin; and (c) makes responses during any interview the Board may require that demonstrate, to the Board's satisfaction, that the applicant is competent to practice dentistry.

Stipulate that this license would permit the faculty member to practice dentistry only within educational facilities, and only for the purpose of carrying out his or her teaching duties. Create a \$131 renewal fee payable October 1 of each odd-numbered year for persons licensed as a visiting faculty member dentist. Specify that when a person licensed as a visiting faculty member dentist ceased to be employed as a full-time faculty member at a school of dentistry in Wisconsin, the license would no longer be in effect. Marquette University School of Dentistry is

the only school of dentistry in the state. Authorize the Board to promulgate rules to implement these licensure provisions.

[Act 16 Sections: 3532m, 3608bc and 3608be]

21. DENTISTRY EXAMINING BOARD MEMBERSHIP

Assembly/Legislature: Repeal provisions of 1997 Wisconsin Act 96 that would have reduced the membership of the Dentistry Examining Board from six to five dentists and from three to one dental hygienist, effective December 31, 2002.

[Act 16 Sections: 182g, 182i and 9443(1m)]

22. SUPERVISION OF REAL ESTATE BROKERS IN BRANCH OFFICES

Assembly/Legislature: Repeal the requirement that if a real estate broker maintains a branch office, each office must be under the direct, full-time supervision of a broker, who is responsible for the acts and conduct of all brokers, salespersons and time-share salespersons at the branch office. Specify instead that each broker shall supervise and be responsible for the acts of any salesperson or time-share salesperson employed by the broker. Under current law, the broker is responsible for such acts of his or her employees. Grant the Department the authority to promulgate rules specifying the supervisory duties of brokers.

[Act 16 Sections: 3608cs, 3608dm, 3608dp and 3608h]

REVENUE

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$168,652,000	\$164,977,700	\$164,977,700	\$164,977,700	\$164,977,700	-\$3,674,300	- 2.2%
PR	15,215,200	15,474,400	15,625,000	15,625,000	15,625,000	409,800	2.7
SEG	<u>133,060,200</u>	<u>131,522,200</u>	<u>129,443,100</u>	<u>129,389,100</u>	<u>129,389,100</u>	<u>-3,671,100</u>	<u>- 2.8</u>
TOTAL	\$316,927,400	\$311,974,300	\$310,045,800	\$309,991,800	\$309,991,800	-\$6,935,600	- 2.2%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	1,095.75	1,097.15	1,097.15	1,097.15	1,097.15	1.40
PR	76.95	75.55	76.40	76.40	76.40	- 0.55
SEG	<u>137.00</u>	<u>136.00</u>	<u>136.00</u>	<u>135.50</u>	<u>135.50</u>	<u>- 1.50</u>
TOTAL	1,309.70	1,308.70	1,309.55	1,309.05	1,309.05	- 0.65

Budget Change Items

Tax Administration

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments of \$707,100 GPR, -\$7,300 PR and -1.0 SEG positions annually and \$45,500 SEG in 2001-02 and \$36,400 SEG in 2002-03 for standard budget adjustments. Adjustments are for: (a) turnover reduction (-\$1,298,100 GPR and -\$114,800 SEG annually); (b) removal of noncontinuing positions and funding (-\$160,000 GPR, -\$50,700 PR and -1.00 SEG position annually and -\$45,600 SEG in 2001-

Funding Positions		
GPR	\$1,414,200	0.00
PR	- 14,600	0.00
SEG	<u>81,900</u>	<u>- 1.00</u>
Total	\$1,481,500	- 1.00

02 and -\$54,700 SEG in 2002-03); (c) full funding of continuing positions and salaries (\$1,986,400 GPR, \$34,900 PR and \$175,700 SEG annually); (d) BadgerNet increases (\$36,600 GPR and \$6,900 SEG annually); (e) fifth week vacation as cash (\$137,300 GPR, \$8,500 PR and \$9,700 SEG annually); (f) full funding of lease costs and directed moves (\$4,900 GPR and \$13,600 SEG annually); and (g) minor transfers within the same appropriation. In total, changes due to standard budget adjustments would increase funding by \$745,300 in 2001-02 and \$736,200 in 2002-03. Total position authority would be reduced by 1.00 FTE annually.

2. BASE BUDGET REDUCTION [LFB Paper 245]

GPR	- \$8,432,600
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Governor: Reduce the agency's largest GPR state operations appropriation by \$4,216,300 in each year. The total reduction amount was derived by making a reduction of 5% to all of the Department's GPR state operations appropriations. Include session law language permitting the agency to submit an alternative plan to the Secretary of Administration for allocating the required reduction among its sum certain GPR appropriations for state operations purposes. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of Administration does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance/Legislature: Modify the Governor's recommendation to provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency.

[Act 16 Section: 9159(1)]

3. COMPUTER SYSTEM SUPPORT COSTS

GPR-REV	\$32,300,000
GPR	\$2,352,700

Governor/Legislature: Provide \$659,500 in 2001-02 and \$1,693,200 in 2002-03 to fund mainframe computer services provided by the Department of Administration Division of Information Technology Services (INFOTECH). Of the total, \$309,600 in 2001-02 and \$1,475,400 in 2002-03 would be used for charges related to operating the integrated tax system (ITS). The integrated tax system involves the use of technology to develop and implement a comprehensive modernization, upgrade and reorganization of DOR's tax administration personnel, activities, processes and systems into functional components. The Department is currently implementing components of the system. It is anticipated that the ITS will improve taxpayer services, the efficiency of tax collection activities and financial controls. The administration estimates that the new components of the ITS that are expected to be implemented during the 2001-03 biennium would increase general fund tax collections by \$10,900,000 in 2001-02 and \$21,400,000 in 2002-03. The additional

revenues would be generated by: (a) more efficient audit selection enabled by the data warehouse; (b) matching external information to Department records to identify use tax audit candidates and out-of-state business nonfilers with nexus; and (c) integrating business customer records among sales and use tax, income tax, withholding and local exposition district tax records enabled by taxpayer identification and the ITS improvements.

4. LTE SALARIES

Governor/Legislature: Provide \$376,200 GPR, \$16,900 PR and \$17,800 SEG annually for LTE salaries for limited-term employees engaged in tax processing activities. Increased expenditure authority provided for administering the county sales tax would reduce the amount lapsed from the county sales tax administrative appropriation. Consequently, GPR-Earned would be reduced by \$7,500 annually.

GPR-REV	- \$15,000
GPR	\$752,400
PR	33,800
SEG	35,600
Total	\$821,800

5. BADGERNET DATA TRANSMISSION LINE RATE INCREASES

Governor/Legislature: Provide \$119,500 annually to fund BadgerNet rate increases for data transmission line usage. The increased rates reflect use of upgraded transmission lines for increased traffic and providing emergency backup capabilities.

GPR	\$239,000
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6. DELINQUENT TAX COLLECTION CONVERSION ADJUSTMENT

Governor/Legislature: Provide 1.40 GPR positions and delete \$103,700 PR expenditure authority and 1.40 PR positions annually to adjust the funding source for the positions. This reflects conversion of delinquent tax collection activities from PR to GPR in 1999 Wisconsin Act 9. The Department would internally reallocate GPR funding provided by Act 9 to support the positions.

	Funding Positions	
GPR	\$0	1.40
PR	- 207,400	- 1.40
Total	- \$207,400	0.00

7. INTERNAL SERVICES APPROPRIATION MODIFICATIONS

Governor/Legislature: Modify the current statutory language for the Department's program revenue internal services appropriation to allow the Department's GPR appropriations, in addition to PR and SEG, to be charged for specific internal administrative services that are provided. Under current law, only PR and SEG appropriations can be charged for such services. In addition, annual expenditure authority of \$187,500 PR would be provided for the appropriation for photocopier services, general training, security access cards, telephone services and common internal operating costs. Matching program

PR	\$375,000
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revenue would be obtained from internal charge-backs to the Department's divisions. The appropriation modification would first apply to services provided on or after July 1, 2001.

[Act 16 Sections: 920 and 9344(15)]

8. INTERNAL SERVICES CLIENT FUNDING ADJUSTMENT

Governor/Legislature: Provide \$36,200 PR and \$6,700 SEG annually to various Department programs to pay for budget, accounting, payroll and personnel services provided by the Division of Administrative Services. The Division charges the Department's programs for services provided and the service fees paid are placed in the Division's internal services appropriation. The additional funding would be used for pay plan increases incurred since the internal services charge-back system was created in 1995 and for higher salaries for new administrative employees.

PR	\$72,400
SEG	13,400
Total	\$85,800

9. LOCAL EXPOSITION TAX ADMINISTRATIVE FEE [LFB Paper 800]

Governor: Provide that the amount of local exposition district taxes that the Department retains for administrative purposes that is unencumbered at the end of the fiscal year and that exceeds 10% of the amount expended during the fiscal year be distributed to the local exposition district.

Under current law, DOR administers and collects the local exposition district tax. Within the local exposition district, the exposition district tax is imposed at the rate of 0.25% of the gross receipts from the sale of food and beverages and 3% of the gross receipts from car rentals. The Department also administers the room tax collections of the district. DOR retains 2.55% of total collections to cover the costs of administering the tax. This amount was reduced from 3% of total collections under 1999 Wisconsin Act 9. At that time, DOR indicated that the appropriation for administration of the local exposition tax would have a significant unencumbered balance. Under the recommended provision, at the end of each fiscal year, the unencumbered balance in the administrative appropriation in excess of 10% of fiscal year expenditures would be distributed back to the exposition district.

It is estimated that, under this provision, the amounts distributed back to the district would be \$367,100 in 2001-02 and \$62,000 in 2002-03.

Joint Finance/Legislature: Approve the Governor's recommendation and reestimate the amount to be returned to the local exposition district to be \$348,100 in 2001-02 and \$49,700 in 2002-03. The revised estimate reduces the amount returned to the district by \$19,000 in 2001-02 and \$12,300 in 2002-03.

[Act 16 Sections: 917 and 934]

10. TRANSFERS BETWEEN APPROPRIATIONS

Governor/Legislature: Provide adjustments for the following transfers between appropriations within the same funding source: (a) transfer funding from the Divisions of Income, Sales and Excise Tax (ISE) and State and Local Finance (SLF) to Human Resources Services in the Division of Administrative Services (AS) and consolidate funding for a contract with a private vendor to provide an employee assistance program to Department employees; (b) transfer funding for rent related to the delinquent tax collection program from ISE to the Department's centralized space rental funding appropriation in AS; (c) transfer applications development positions and funding from ISE and SLF to the Office of Information Services (OIS) to reflect the centralization of information technology staff and funding in OIS; (d) transfer funding and 0.50 position from ISE to AS to consolidate parking services staff for the new DOR building; and (e) transfer funding from ISE to reflect centralization of the Department's public affairs and communications activities in the Secretary's office.

11. SERVICES APPROPRIATION LAPSE REQUIREMENT

Governor/Legislature: Eliminate the current requirement that the unencumbered balance in the Department's services appropriation on June 30, lapse to the general fund. The appropriation is used to fund services to external entities that reimburse the Department for the unbudgeted costs of the services. Reimbursements for services provided are the source of program revenue for the appropriation. Eliminating the lapse requirement is intended to give the Department more flexibility in funding services, such as LTE parking, that are provided over more than one fiscal year. The administration estimates that this provision would reduce GPR-Earned by a minimal amount each year.

[Act 16 Section: 919]

12. EXPERT PROFESSIONAL SERVICES APPROPRIATION MODIFICATION

Governor/Legislature: Convert the Department's expert professional services appropriation from an annual to biennial appropriation. The appropriation is used to fund expenses associated with the use of expert witnesses to testify on behalf of the Department in tax litigation.

[Act 16 Section: 918]

13. RECIPROCAL STATE TAX REFUND OFFSET AGREEMENTS

Governor/Legislature: Authorize the Department to enter into reciprocal agreements with other states to offset against Wisconsin tax refunds amounts owed other states for taxes if the other states agree to offset against their state tax refunds amounts owed Wisconsin for taxes.

Under current law, the Department is authorized to offset against state tax refunds and credits amounts owed for state taxes, debts to state agencies, delinquent child and spousal support and maintenance payments, and municipal and county fines, fees and forfeitures. Under the bill, the agreements with other states would have to provide that the current offsets would take precedence over the offsets for other states' taxes.

[Act 16 Section: 2205]

14. SECRETARY OF REVENUE APPOINTED TO DEPOSITORY SELECTION BOARD

Governor/Legislature: Replace the Executive Director of the State Investment Board with the Secretary of Revenue as a member of the Depository Selection Board. Under current law, the Depository Selection Board is attached to the Department of Administration and consists of the State Treasurer, the Secretary of Administration and the Executive Director of the State Investment Board. The Depository Selection Board is authorized to: (a) establish procedures for selection of public depositories by state agencies and procedures for contracting for depository services; (b) establish procedures by which state agencies pay for depository services through compensating balances, fees or a combination; (c) require competitive bidding for designation as a public depository; (d) establish by rule minimum depository operational requirements an institution must meet before being considered to serve as a public depository; and (e) upon request, assist state agencies in selecting depositories.

[Act 16 Section: 139]

15. BUSINESS TAX REGISTRATION ADMINISTRATION

[LFB Paper 801]

	Funding	Positions
PR	-\$57,600	- 0.65

Joint Finance/Legislature: Delete 0.65 position and \$28,800 annually from the business tax registration administrative appropriation.

Businesses are required to obtain a business tax registration certificate from DOR for certain licenses, permits and certificates related to sales and use, withholding, fuel and excise taxes. Applicants pay a fee based on the type of permit, license or certificate required; however, a single fee is paid for all such documents acquired. Fees are placed in a program revenue appropriation used to fund administration of the business tax registration system. The appropriation has base level funding of \$1,508,100 PR and 23.4 PR positions.

16. DEBT COLLECTION [LFB Paper 801]

GPR-REV	\$570,000
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Joint Finance/Legislature: Require the year-end unobligated balance in the debt collection administration appropriation to lapse to the general fund. As a result, GPR-Earned would increase by \$424,600 in 2001-02 and \$145,400 in 2002-03.

Under current law, DOR is authorized to offset against state tax refunds amounts owed for state taxes, debts to state agencies, delinquent child and spousal support and maintenance payments, and municipal and county fines fees and forfeitures. DOR is also allowed to enter into an agreement with the federal Internal Revenue Service (IRS) to offset state tax refunds against federal tax obligations if the IRS offsets federal tax refunds against state tax obligations. The administrative costs of collecting debts owed to state agencies and to municipalities and counties are funded through the program revenue debt collection appropriation. The source of revenue for the appropriation is an administrative charge imposed on state agencies and local units of government. The Department is generally authorized to charge for administrative services, but must annually review the administrative charge and adjust it to reflect costs incurred. Currently, DOR retains 1.5% of the amount of the debt offset for administrative costs.

[Act 16 Section: 917m]

17. COUNTY SALES TAX ADMINISTRATION [LFB Paper 803]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$1,900,500	-\$168,900	\$1,731,600

Governor: Estimate the year-end lapse from the county sales tax administrative appropriation to be \$827,700 in 2001-02 and \$1,072,800 in 2002-03.

Wisconsin counties can impose a 0.5% sales tax on the same goods and services that are subject to the state sales tax. The county sales tax is "piggybacked" onto the state sales tax in that the county tax is administered, enforced and collected by the Department of Revenue. DOR retains 1.75% of county sales taxes it collects in a program revenue appropriation to cover administrative costs. The year-end unencumbered balance in the appropriation is lapsed to the general fund. Currently, 54 counties impose the tax.

DOR is provided \$3,053,600 PR in base level funding and 33.25 PR positions to administer the county sales tax. The county tax is administered as part of the state sales tax administration system. Costs and positions are assigned to the county sales tax administration appropriation based on the workload attributed to administering the county tax.

Joint Finance/Legislature: Reestimate the lapse from the county sales tax administration appropriation to be \$782,800 in 2001-02 and \$948,800 in 2002-03. Consequently, GPR-Earned would decrease by \$44,900 in 2001-02 and \$124,000 in 2002-03. In addition, require DOR to distribute county sales tax collections to the counties within 75 days of the retailer filing deadline.

[Act 16 Section: 2247b]

18. SPECIAL DISTRICT TAXES (BASEBALL STADIUM DISTRICT) [LFB Paper 803]

	Funding	Positions
PR	-\$136,900	- 1.00

Joint Finance/Legislature: Delete 1.0 programmer analyst and expenditure authority of \$68,100 in 2001-02 and \$68,800 in 2002-03.

A 0.1% sales and use tax is imposed on the same goods and services that are subject to the state sales tax in Milwaukee, Ozaukee, Racine, Washington and Waukesha counties to fund a local professional baseball district (District). The District was created to fund the construction and operation of a new baseball stadium for the Milwaukee Brewers (Miller Park). DOR administers the sales and use taxes on behalf of the District and retains 1.5% of collections to fund administrative costs.

Base level funding of \$380,300 PR and 5.5 PR positions are provided to administer the baseball park tax. The tax is administered as part of the state general sales tax administrative system and the expenses for baseball park district activities and positions are charged to the special district taxes administration appropriation.

19. ADMINISTRATION OF PROFESSIONAL FOOTBALL STADIUM DISTRICT TAX [LFB Paper 803]

	Funding	Positions
PR	\$345,100	2.50

Joint Finance/Legislature: Provide \$207,500 in 2001-02 and \$137,600 in 2002-03 and 1.50 permanent positions and 1.0 project position ending June 30, 2002, to the professional football district administrative appropriation to implement and administer the Professional Football Stadium District sales and use tax.

A 0.5% sales and use tax is imposed on the same goods and services that are subject to the state sales tax in Brown County to provide funding for the Green Bay--Brown County Professional Football Stadium District. The District was created to fund the construction and maintenance of a renovated football stadium for the Green Bay Packers (Lambeau Field). DOR administers the sales and use tax for the District and retains 1.5% of collections for administrative costs.

In October, 2000, the Joint Committee on Finance, acting under s. 16.515 of the statutes, provided DOR with permanent positions and funding to administer the football stadium district tax. Specifically, the Committee provided DOR with expenditure authority of \$388,600 PR in 2000-01, \$207,500 PR in 2001-02 and \$137,600 PR in 2002-03 and 1.50 PR permanent positions and 1.0 project position ending June 30, 2002 to implement and administer the tax. However, the Governor's bill did not include this funding and position authority. This provision makes a technical modification that is necessary to provide the Department with the funding and positions approved by the Committee under s. 16.515.

20. STUDY OF RELOCATING TAX PROCESSING ACTIVITIES

Joint Finance/Legislature: Require the Department to study the feasibility of moving its tax processing activities in Madison to a location in Southwestern Wisconsin and to submit a report on the feasibility of such a relocation to the Governor and Legislature by January 1, 2003.

[Act 16 Section: 9144(2z)]

21. VOLUNTARY INCOME TAX ASSISTANCE

Joint Finance/Legislature: Require the Department to work with the Internal Revenue Service (IRS) and the University of Wisconsin Extension to undertake a program to: (a) promote volunteering among the state's financial and legal professionals in the Volunteer Income Tax Assistance (VITA) program; (b) provide training for the volunteers; and (c) assist with creating mobile sites offering assistance to rural and underserved areas. The Department would also be required to provide reasonable access for Wisconsin working families to free help preparing and filing their state income tax returns by January 1, 2002.

Veto by Governor [F-16]: Delete the requirement that the Department assist with creating mobile sites and that the Department recruit sufficient volunteers to provide reasonable access to free help in preparing tax returns by January 1, 2002. DOR is still subject to a more general requirement to recruit volunteers for the program.

[Act 16 Sections: 2205m and 9144(2x)]

[Act 16 Vetoed Sections: 2205m and 9144(2x)]

22. RECYCLING SURCHARGE ADMINISTRATION

Conference Committee/Legislature: Delete \$27,000 annually and 0.5 position allocated to administration of the recycling surcharge. As a result, \$231,800 and 1.0 position would be provided annually for administration of the recycling surcharge. [See "Natural Resources -- Air, Waste and Contaminated Land."]

	Funding	Positions
SEG	-\$54,000	- 0.50

Lottery Administration

1. LOTTERY SALES PROJECTIONS AND FUND CONDITION STATEMENT [LFB Paper 810]

Governor: Estimate lottery sales at \$412.4 million in 2001-02 and \$414.2 million in 2002-03. The following table shows the 2001-03 projections, as well as 2000-01 estimated lottery sales and 1999-00 actual sales. The 2000-01 estimate was established by DOA and the Joint Committee on Finance in October, 2000, for the purposes of certifying the amount available for the 2000(01) lottery and gaming tax credit.

Lottery Sales Projections
(\$ in Millions)

<u>Game Type</u>	<u>Actual</u> <u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>Percent</u> <u>Change</u> <u>from</u> <u>2000-01</u>	<u>2002-03</u>	<u>Percent</u> <u>Change</u> <u>from</u> <u>2001-02</u>
Scratch	\$235.6	\$237.6	\$238.5	0.4%	\$239.5	0.4%
Pull-tab	5.5	6.5	8.1	24.6	8.7	7.4
On-line	165.6	165.0	165.8	0.5	166.0	0.1
Total	\$406.7	\$409.1	\$412.4	0.8%	\$414.2	0.4%

The Governor's sales estimates are identical to those made by DOR in the Department's 2001-03 budget request. The projected increases in pull-tab sales are predicated on planned improvements in prize structure, recruitment and contracting procedures affecting nonprofit organizations that sell pull-tab tickets. The projected sales directly affect appropriations for retailer compensation and lottery vendor fees. The total revenue available for tax relief, minus a statutory reserve (2% of gross revenue) and the amount appropriated for the farmland tax relief credit, determines the amount available for the lottery and gaming tax credit. The bill appropriates \$107,400,000 in 2001-02 and \$108,400,000 in 2002-03 for the lottery and gaming tax credit. However, the available revenue under the bill would support credits of only \$102,735,200 in 2001-02 and \$102,672,100 in 2002-03.

Joint Finance/Legislature: Reestimate lottery sales to \$403.6 million in 2001-02 and \$402.9 million in 2002-03. The following table shows the reestimates in comparison to the Governor's estimates.

**Reestimated Lottery Sales Estimates
(In Millions)**

Game Type	2001-02				2002-03			
	Governor	Act 16	Change		Governor	Act 16	Change	
			Amount	Percent			Amount	Percent
Scratch	\$238.5	\$232.7	-\$5.8	-2.4%	\$239.5	\$233.9	-\$5.6	-2.3%
Pull-Tab	8.1	4.2	-3.9	-47.9	8.7	3.9	-4.8	-55.0
On-Line	<u>165.8</u>	<u>166.7</u>	<u>0.9</u>	<u>0.5</u>	<u>166.0</u>	<u>165.0</u>	<u>-1.0</u>	<u>-0.6</u>
Total	\$412.4	\$403.6	-\$8.8	-2.1%	\$414.2	\$402.9	-\$11.4	-2.7%

These sales projections result in reestimated amounts for prizes, retailer compensation, vendor fees, interest earnings and the lottery and gaming tax credit. These reestimates are reflected in the following fund condition statement.

Act 16 Lottery Fund Condition Statement

	2001-02	2002-03
Fiscal Year Opening Balance	\$12,670,500*	\$8,074,400
Operating Revenues		
Ticket Sales	\$403,647,100	\$402,871,000
Retailer Fees and Miscellaneous	<u>72,000</u>	<u>72,000</u>
Gross Revenues	\$403,719,100	\$402,943,000
Expenditures		
Prizes	\$230,258,200	\$229,867,000
Retailer Compensation	28,519,700	28,352,000
Vendor Payments	12,575,400	12,790,500
General Program Operations	21,519,600	21,510,500
Appropriation to DOJ	285,300	289,100
Appropriation to DOR	203,900	203,900
Program Reserves	<u>259,400</u>	<u>539,000</u>
Total Expenditures	\$293,621,500	\$293,552,000
Net Proceeds	\$110,097,600	\$109,391,000
Interest Earnings	\$2,335,000	\$2,455,000
Gaming-Related Revenue	\$2,477,300	\$1,995,900
Total Available for Tax Relief **	\$127,580,400	\$121,916,300
Appropriations for Tax Relief		
Lottery and Gaming Tax Credit	\$104,506,000	\$98,857,400
Farmland Tax Relief Credit	<u>15,000,000</u>	<u>15,000,000</u>
Total Appropriations for Tax Relief	\$119,506,000	\$113,857,400
Gross Closing Balance	\$8,074,400	\$8,058,900
Reserve (2% of Gross Revenues)	\$8,074,400	\$8,058,900
Net Closing Balance	\$0	\$0

*Actual opening balance. Enrolled SB 55 assumed an opening balance of \$9,324,400.

**Opening balance, net proceeds, interest earnings and gaming-related revenue.

[Act 16 Section: 393]

2. RETAILER COMPENSATION [LFB Paper 810]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- \$2,219,700	- \$2,056,200	- \$4,275,900

Governor: Delete \$1,205,000 in 2001-02 and \$1,014,700 in 2002-03 to adjust base level funding for retailer compensation, including payments to retailers under the retailer performance program, to reflect projected lottery sales in the 2001-03 biennium. Basic retailer compensation rates under current law are 5.5% for online ticket sales and 6.25% for instant ticket sales. In addition, the retailer performance program provides an amount of up to 1% of for-profit sales (estimated at \$4.1 million annually, under the bill) as incentive payments to retailers. Base level funding of \$30,573,800, established under 1999 Act 9, was based on estimated lottery sales of \$427.3 million in 2000-01. Under the bill, lottery sales projections of \$412.4 million in 2001-02 and \$414.2 million in 2002-03, result in reductions to retailer compensation funding.

Joint Finance/Legislature: Delete \$849,100 in 2001-02 and \$1,207,100 in 2002-03 from the retailer compensation appropriation to reflect reestimated sales. Retailer compensation is estimated at \$28,519,700 in 2001-02 and \$28,352,000 in 2002-03.

3. VENDOR FEES [LFB Paper 810]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$550,800	- \$22,900	\$527,900

Governor: Provide \$166,000 in 2001-02 and \$384,800 in 2002-03 to adjust funding for vendor fees to reflect projected lottery sales in the 2001-03 biennium. Base level funding for vendor fees is \$12,419,000. Vendor fees are paid on major procurement contracts for the provision of data processing services relating to on-line and scratch ticket lottery games. The fees are calculated on the basis of a formula containing both fixed costs and a percentage of on-line and scratch ticket sales. The fixed-cost component relating to on-line sales increases by 2% each year under the contract. The bill, therefore, assumes a 2% annual increase in the on-line fixed component of the contract in the 2001-03 biennium. Under the bill, vendor fees would total 3.1% of on-line and scratch ticket sales in the 2001-03 biennium.

Joint Finance/Legislature: Delete \$9,600 in 2001-02 and \$13,300 in 2002-03 from the vendor fees appropriation to reflect reestimated sales. Funding for vendor fees is estimated at \$12,575,400 in 2001-02 and \$12,790,500 in 2002-03.

4. REPEAL GPR APPROPRIATIONS FOR LOTTERY OPERATIONS [LFB Paper 811]

Joint Finance/Legislature: Repeal the GPR appropriations relating to the general program operations of the lottery, retailer compensation and vendor fees. Under Enrolled 1999 AB 133 (the 1999-01 biennial budget bill), GPR appropriations for lottery operations were created and funded in 1999-00 and 2000-01 as a mechanism to increase the amounts available for the lottery and gaming credit. Under partial vetoes by the Governor, the 2000-01 appropriation amounts for the three appropriations were deleted and the appropriation language for the retailer compensation appropriation and the vendor fees appropriation was modified. The effect of the partial vetoes was to limit expenditures from the appropriations to 1999-00 only and the appropriations are obsolete.

[Act 16 Sections: 920c thru 920g]

5. LOTTERY FUNDING FOR COMPULSIVE GAMBLING AWARENESS CAMPAIGN GRANT PROGRAM

Senate: Transfer \$250,000 annually from the general program operations appropriation of the state lottery to the Department of Health and Family Services (DHFS) for the compulsive gambling awareness campaign grant program. Provide that any unencumbered balance in the DHFS appropriation at the end of each fiscal year be transferred to the lottery fund. Provide that, of the amounts appropriated for the general program operations of the lottery, DOR could not expend more than \$4,358,000 in each fiscal year for advertising of the state lottery. In the 1999-01 biennium, DHFS provided annual grants totaling \$250,000 to an organization in the private sector to conduct compulsive gambling awareness campaigns. The program was funded with tribal gaming revenue. Lottery advertising funding, which is part of the general program operations appropriation of the lottery, is currently budgeted \$4,608,000 annually. Under this provision, the amount that could be expended on lottery advertising would be reduced by \$250,000 annually, but no reduction would be made to the general program operations appropriation of the lottery.

Conference Committee/Legislature: Delete the requirement that, of the amounts appropriated for the general program operations of the lottery, DOR could not expend more than \$4,358,000 in each fiscal year for advertising the state lottery.

[Act 16 Sections: 728p, 920h, 1142t and 1483gb]

SECRETARY OF STATE

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
PR	\$1,295,800	\$1,408,200	\$1,408,200	\$1,408,200	\$1,408,200	\$112,400	8.7%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
PR	8.50	8.50	8.50	8.50	8.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Funding Positions		
PR	\$3,800	- 1.00

Governor/Legislature: Provide standard budget adjustments of \$1,700 in 2001-02, \$2,100 in 2002-03 and -1.0 position annually. Adjustments are for: (a) removal of noncontinuing funding and positions (-\$30,000 and -1.0 position annually); (b) full funding of continuing position salaries and fringe benefits (\$12,100 annually); (c) reclassifications (\$12,100 in 2001-02 and \$12,500 in 2002-03); (d) BadgerNet increases (\$700 annually); (e) overtime (\$4,500 annually); and (f) fifth week vacation as cash (\$2,300 annually).

2. EXTENSION OF RECORDS PRESERVATION POSITION

Funding Positions		
PR	\$64,600	1.00

Governor/Legislature: Provide \$32,300 in each year and 1.0 PR two-year project position to extend the current project position used in the Office's records preservation project for historic documents. The current project position would end on June 30, 2001. The position's activities would include document preservation, data entry for tracking, indexing and billing, and quality control.

3. SASI INITIATIVE

PR \$27,000

Governor/Legislature: Provide \$13,500 annually for basic desktop information technology support as part of the Small Agency Support Infrastructure (SASI) program. This support is currently provided to small agencies by DOA. The proposed funding would support DOA user fee charges of \$2,200 per year for each user account. The services supported by DOA include desktop applications and hardware; continuous help desk support; network infrastructure and security; dialup service; and email/messaging services.

4. INCREASED FUNDING FOR LTE STAFF

PR \$17,000

Governor/Legislature: Provide \$8,500 annually for limited-term employees to help the Office address periodic workload increases and staff shortages due to illness and vacations.

5. GPR-EARNED [LFB Paper 820]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$80,700	-\$25,500	\$55,200

Governor: Estimate the lapse to the general fund from the Office's program fees appropriation to be \$49,000 in 2001-02 and \$31,700 in 2002-03.

The Office of the Secretary of State is responsible for issuing notary public commissions, registering trademarks and trade names, issuing authentications and apostilles, recording annexations and charter ordinances of municipalities, publishing state laws, filing oaths of office, and filing deeds for state lands and buildings.

The Office is funded by fees for services that are placed in a program revenue appropriation. Any year-end unencumbered amount in excess of 10% of the prior year's expenditures is lapsed to the general fund.

Joint Finance/Legislature: Reestimate the lapse to the general fund from the Office's program fees appropriation to be \$35,400 in 2001-02 and \$19,800 in 2002-03.

6. NOTARIES PUBLIC

Joint Finance/Legislature: Modify provisions governing notaries public as follows:

- a. Expand eligibility for appointment as a notary public to include U.S. residents. Current law limits eligibility to Wisconsin residents.

b. Eliminate the responsibilities of the clerk of court related to approval of sureties, certification of notaries and stamps, and maintenance of notary records. The Secretary of State would assume some of these responsibilities.

c. Provide that if an attorney's license is suspended or revoked, upon reinstatement, the person would be reappointed as a notary public for four years. The person could be reappointed for subsequent four-year terms. Under current law, attorneys are entitled to a permanent commission as a notary public upon application and payment of a \$50 fee. If an attorney's license is suspended or revoked, upon reinstatement, the attorney is reappointed permanently as a notary public.

d. Extend from five to 10 days, the period within which the Secretary of State must be notified of a change of address by a notary public.

[Act 16 Sections: 2830g thru 2833m and 9345(1c)]

SHARED REVENUE AND TAX RELIEF

Budget Summary by Funding Source

	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over	
						Base Year Doubled Amount	Percent
Direct Aid Payments							
Shared Revenue*	\$1,860,919,600	\$1,099,441,600	\$1,860,919,600	\$1,870,224,200	\$1,870,224,200	\$9,304,600	0.5%
Expenditure Restraint Program	114,000,000	120,000,000	114,000,000	114,570,000	114,570,000	570,000	0.5
Municipal Services Aid Account	0	573,478,000	0	0	0	0	0.0
Municipal Growth-Sharing Account	0	182,000,000	0	0	0	0	0.0
County Mandate Relief	41,527,600	41,527,600	41,527,600	41,735,200	41,735,200	207,600	0.5
Small Municipalities Shared Revenue	22,000,000	22,000,000	22,000,000	22,110,000	22,110,000	110,000	0.5
Payments for Municipal Services	43,130,600	43,130,600	43,130,600	43,779,800	43,779,800	649,200	1.5
State Aid for Exempt Computers	142,000,000	158,187,000	155,000,000	153,882,500	155,000,000	13,000,000	9.2
Property Tax Credits							
School Levy Tax Credit	\$938,610,000	\$938,610,000	\$938,610,000	\$938,610,000	\$938,610,000	\$0	0.0%
Homestead Tax Credit	193,600,000	179,000,000	181,900,000	181,900,000	181,900,000	- 11,700,000	-6.0
Farmland Preservation Credit	32,000,000	29,100,000	35,000,000	35,000,000	35,000,000	3,000,000	9.4
Other Credits							
Earned Income Tax Credit	\$26,000,000	\$25,090,000	\$24,755,500	\$24,755,500	\$24,755,500	-\$1,244,500	-4.8%
Cigarette and Tobacco Product Tax Refunds	20,620,000	20,200,000	22,600,000	25,100,000	25,100,000	4,480,000	21.7
Development Zones Job Credit	300,000	100,000	100,000	100,000	100,000	- 200,000	-66.7
Development Zones Sales Tax Credit	300,000	100,000	100,000	100,000	100,000	- 200,000	-66.7
Development Zones Investment Credit	5,000	4,000	4,000	4,000	4,000	- 1,000	-20.0
Development Zones Location Credit	5,000	4,000	4,000	4,000	4,000	- 1,000	-20.0
GPR TOTAL	\$3,435,017,800	\$3,431,972,800	\$3,439,651,300	\$3,451,875,200	\$3,452,992,700	\$17,974,900	0.5%
Other Credits							
Earned Income Tax Credit: Temporary Assistance for Needy Families	\$108,000,000	\$104,910,000	\$103,444,500	\$103,444,500	\$103,444,500	-\$4,555,500	-4.2%
PR TOTAL	\$108,000,000	\$104,910,000	\$103,444,500	\$103,444,500	\$103,444,500	-\$4,555,500	-4.2%
Property Tax Credits							
Lottery and Gaming Tax Credit	\$211,446,200	\$215,800,000	\$200,017,300	\$199,717,300	\$199,717,300	-\$11,728,900	-5.5%
Lottery and Gaming Credit-Late Applications	0	0	0	300,000	300,000	300,000	N.A.
Farmland Tax Relief Credit	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	0	0.0
SEG TOTAL	\$241,446,200	\$245,800,000	\$230,017,300	\$230,017,300	\$230,017,300	-\$11,428,900	-4.7%
TOTAL	\$3,784,464,000	\$3,782,682,800	\$3,773,113,100	\$3,785,337,000	\$3,786,454,500	\$1,990,500	0.1%

*Under the Governor's proposal, this appropriation would fund only county payments at the base year level, beginning in 2002-03. Municipal payments in 2002-03 would be funded from the combination of the proposed municipal services aid account and municipal growth-sharing account and would be reduced by \$6,000,000 in total from the base year level. The Joint Committee on Finance deleted these changes.

Direct Aid Payments

1. SHARED REVENUE MODIFICATIONS [LFB Papers 825 and 826]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$6,000,000	\$6,000,000	\$0

Governor: Modify the shared revenue program as follows:

County Shared Revenue. Eliminate references to municipalities under current law provisions relating to the shared revenue program and clarify that the shared revenue program, except for the public utility distribution, pertains exclusively to counties. Rename the appropriation the "county shared revenue account" and set annual funding for the county distribution at \$168,981,800, beginning in 2002. Provide that these provisions would first apply to payments in 2002.

State Aid to Municipalities. Replace the municipal shared revenue program with a municipal aid distribution comprised of payments from two new appropriations. Create a sum sufficient appropriation named the municipal services aid account to make payments to municipalities under the utility aid distribution, as authorized under current law, and under an aidable expenditures distribution and a minimum payments provision, as created under the bill. Create a sum sufficient appropriation named the "municipal growth-sharing account" to make payments to municipalities under a growth-sharing regions distribution and a minimum payments provision, as created under the bill.

Modify the current law provision regarding payment estimates, which requires DOR to provide estimates of payment amounts to each municipality on or before September 15 of each year, to include estimates of payments under the new distributions. Modify current law provisions regarding payment dates, which require 15% of estimated amounts to be paid in July and the balance of payments to be paid in November, to extend to the amounts to be paid under the new distributions. Authorize municipalities to transfer their payments under the new program to the local government pooled-investment fund, rather than receive the payments directly, as is allowed for current shared revenue payments. Extend current law provisions that allow public inland lake protection and rehabilitation districts to instruct DOA to divert shared revenue payments from municipalities that have failed to pay a special assessment to the district to the new municipal aid distribution. Provide that these provisions would first apply to payments in 2002.

Funding. Eliminate \$761,478,000 in funding for payments to municipalities under the shared revenue program in 2002-03. Set the total distribution for municipal aid under the municipal services aid and growth-sharing accounts at \$755,478,000 in 2002 (2002-03). Reduce

funding by \$6,000,000 in 2002-03 to reflect these changes. Establish annual funding for the municipal growth-sharing account as an amount equal to 5% of the state's general sales and use tax collections in the fiscal year two years prior to the fiscal year of the distribution from the account. Require DOR to determine the amount to be distributed. Estimate the distribution for 2002 at \$182,000,000, based on estimated sales and use tax collections for 2000-01. Establish funding for the municipal services aid account in 2002 (2002-03) as an amount equal to \$755,478,000 minus the amount distributed from the municipal growth-sharing account. Estimate the distribution from this account for 2002 at \$573,478,000. Establish funding for the municipal services aid account in 2003 and thereafter as the amount distributed from the account in 2002 as utility aid and aidable expenditure entitlements.

Aidable Expenditure Entitlements. Create a new aid distribution for municipalities named "aidable expenditure entitlements," beginning in 2002. Set funding for the distribution as the amount in the municipal services aid account, less any public utility aid distributed to municipalities. Provide that aid would be allocated to municipalities in an amount equal to each municipality's entitlement, to be defined as the result of multiplying each municipality's aidable expenditures by its tax base weight.

Define aidable expenditures as a municipality's expenditures for general government operations, law enforcement, fire protection, ambulance services, other public safety services and health and human services in the year two years prior to the aid payment. Specifically exclude a municipality's expenditures for highway maintenance, highway administration, highway construction, road-related facilities, other transportation, solid waste collection and disposal, other sanitation, culture, education, parks, recreation, conservation and development from the definition. Limit a municipality's aidable expenditures in any year to the lesser of the actual amount of expenditures in the year two years prior to the payment year or the average of the amount of the municipality's aidable expenditures in 1998, 1999 and 2000, increased by the cumulative percentage calculated under the expenditure restraint program by which the municipality could have increased its budget and still have been eligible for a payment under that program, regardless of whether the municipality was eligible for a payment. Provide that the cumulative percentage be calculated from 1999 to the year two years prior to the payment year.

Define tax base weight as one minus the decimal obtained by dividing the municipality's full valuation by its standardized valuation. Define full valuation as the full value of all taxable property of a municipality for the year before the entitlement as equalized for state tax purposes. Specify that full valuation includes the value increments of tax incremental districts and of environmental remediation tax incremental districts, if the municipality created the district, and the value of manufacturing real estate. Specify that full valuation excludes the full value of exempt computers and related equipment. Define standardized valuation as the result of multiplying the municipality's population in the year before the entitlement by the standardized valuation per person. Define standardized valuation per person as the number that, when used to calculate entitlements, most nearly approximates the sum of entitlements for

all municipalities to the funds available for distribution as aidable expenditure entitlements. Specify that a municipality's tax base weight cannot be less than zero.

The formula for calculating each municipality's aidable expenditure entitlement may be expressed as follows:

$$\text{Entitlement} = \text{Aidable Expenditures} \times \text{Tax Base Weight}$$

Aidable Expenditures = the lesser of:

Sum of actual expenditures from two years prior for general government operations, law enforcement, fire protection, ambulance services, other public safety services and health and human services; or

Average expenditures for 1998, 1999 and 2000 for general government operations, law enforcement, fire protection, ambulance services, other public safety services and health and human services, adjusted by a percentage based on the change in the consumer price index and the change in the municipality's tax base due to new construction.

Tax Base Weight = 1 - (Municipality's Full Valuation / Standardized Valuation)

Municipality's Full Valuation is the full value of all taxable property in the municipality in the year prior to the entitlement.

Standardized Valuation is the municipality's population in the year prior to the entitlement multiplied by the standardized valuation per person.

Standardized Valuation Per Person is the number that, when used to calculate entitlements, most nearly approximates the sum of entitlements for all municipalities to the funds available for distribution.

Growth-Sharing Regions Entitlements. Create a new aid distribution for municipalities named "growth-sharing regions entitlements," beginning in 2002. Set funding for the distribution as the amount in the municipal growth-sharing account. Provide that aid would be allocated to growth-sharing regions in proportion to the state sales and use taxes collected in the region as a percentage of total state sales and use tax collections, for the fiscal year two years prior to the distribution. Provide that the aid allocated to each region would then be allocated to the underlying municipalities in proportion to each eligible municipality's population in the year of the payment as a percentage of the total population of municipalities in the region that are eligible for an entitlement. Require DOR to promulgate an administrative rule, by September 1, 2001, that defines growth-sharing region and divides the state into seven to 25

such regions. Require DOR to annually estimate the amount of state sales and use taxes collected within each region.

Modify the current definitions of municipality and population for purposes of calculating growth-sharing entitlements. Provide that if a municipality is in more than one growth-sharing region, the municipality's population would be divided between the regions according to where the population resides.

Allocate growth-sharing entitlements to all municipalities in 2002. Limit growth-sharing entitlements in 2003, and in each year thereafter, to municipalities that meet two eligibility criteria: (a) the municipality limits the growth in its budget for the year prior to the year of the payment to the percentage calculated for the municipality under the budget restraint provision of the expenditure restraint program; and (b) the municipality certifies to DOR in the year prior to the payment that it has entered into the required number of area cooperation compacts with counties or other municipalities.

Area Cooperation Compacts. Specify that an area cooperation compact provide a plan for any municipalities or counties that enter into the compact to collaborate to provide certain functions. Enumerate the following functions for inclusion in compacts: (a) housing; (b) emergency services; (c) fire protection; (d) solid waste collection and disposal; (e) recycling; (f) public health; (g) animal control; (h) transportation; (i) mass transit; (j) land use planning; (k) boundary agreements; (l) libraries; (m) parks and recreation; (n) culture; (o) purchasing; and (p) electronic government. Require compacts to provide benchmarks to measure the plan's progress and provide outcome-based performance measures to evaluate the plan's success. Require municipalities and counties that enter into compacts to structure the compact in a way that results in significant tax savings to taxpayers within those municipalities and counties.

Require municipalities to enter into a compact with at least two other municipalities or counties, or with any combination of at least two such entities, to perform at least two of the enumerated functions to receive growth-sharing entitlements in 2003 through 2005. Require municipalities to enter into a compact with at least four other municipalities or counties, or with any combination of at least four such entities, to provide law enforcement and to perform at least five of the other enumerated functions to receive growth-sharing entitlements in 2006 and thereafter. Waive the preceding requirement regarding the number of municipalities and counties that must enter into compacts for municipalities that are not adjacent to at least two other municipalities. Allow such municipalities to enter into a compact with any adjacent municipality or with the county in which the municipality is located to perform the number and type of functions specified above, as applicable to the year of the payment.

Direct the Legislative Audit Bureau to prepare a report on the performance of area cooperation compacts and submit copies of the report to the chief clerk of each house of the Legislature for distribution to the appropriate standing committees by June 30 of each year, beginning in 2004.

Require area cooperation compacts, to the extent that they affect land use, to be consistent with local government comprehensive plans, beginning on January 1, 2010.

Minimum Payments. Create a minimum payment provision for municipalities whose combined aidable expenditure and growth-sharing regions entitlements are less than 95% of their payments in the prior year. Set each eligible municipality's minimum payment at the amount necessary to bring its total payments to 95% of the prior-year level. Fund minimum payments from amounts withheld from other municipalities under the maximum payment provisions. Calculate prior-year payments in 2002 as the amounts received in 2001 under the per capita, aidable revenues and minimum/maximum payment provisions of the shared revenue program. Calculate prior-year payments in 2003, and thereafter, as the municipality's combined aidable expenditure and growth-sharing regions entitlements, as adjusted under the minimum/maximum payment provisions. Exclude growth-sharing regions entitlements from minimum calculations beginning in 2003 for municipalities that receive an entitlement in the current year, but did not receive an entitlement in the preceding year, and for municipalities that do not receive an entitlement in the current year, but received an entitlement in the preceding year.

Maximum Payments. Create a maximum payment provision for municipalities whose combined aidable expenditure and growth-sharing regions entitlements exceed the maximum allowable increase over their payments in the prior year. Reduce a municipality's combined entitlements by the amount that the sum of these entitlements exceeds the maximum allowable increase for the year. Define maximum allowable increase as a percentage such that the sum of the payment reductions for all municipalities in that year is equal to the sum of the minimum payments in that year. Calculate prior-year payments in 2002 as the amounts received in 2001 under the per capita, aidable revenues and minimum/maximum payment provisions of the shared revenue program. Calculate prior-year payments in 2003, and thereafter, as the municipality's combined aidable expenditure and growth-sharing regions entitlements, as adjusted under the minimum/maximum payment provisions. Exclude growth-sharing regions entitlements from maximum calculations beginning in 2003 for municipalities that receive an entitlement in the current year, but did not receive an entitlement in the preceding year, and for municipalities that do not receive an entitlement in the current year, but received an entitlement in the preceding year.

Joint Finance/Legislature: Delete provision.

2. SHARED REVENUE -- FUNDING LEVEL

GPR	\$9,304,600
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Senate/Legislature: Increase funding for the shared revenue program by \$9,304,600 in 2002-03. Set the distribution level for municipal payments at \$769,092,800 in 2002 and at \$776,783,700 in 2003 and thereafter. Set the distribution level for county payments at \$170,671,600 in 2002 and at \$172,378,300 in 2003 and thereafter. The additional funding

represents annual increases of 1%. Because the 2003 distribution occurs in 2003-04, no fiscal effect for that increase is reflected in the 2001-03 biennium.

[Act 16 Section: 2281d]

3. SHARED REVENUE AND COUNTY MANDATE RELIEF DISTRIBUTION FORMULAS [LFB Paper 827]

Joint Finance: Direct DOR to use the population amounts employed in the September, 2000, payment estimates to calculate the 2001 actual shared revenue and mandate relief payments in July and November, 2001. Direct DOA to provide DOR with 2001 and 2002 population estimates that are reconciled with the population figures from the 2000 census amounts, to the best of DOA's ability, by August 1, 2001, and direct DOR to use the reconciled figures when it provides estimates of 2002 payments in September, 2001. Direct DOA to provide DOR with 2000 and 2001 population estimates that are reconciled with the population figures from the 2000 census, to the best of DOA's ability, by August 1, 2002, and direct DOR to use the reconciled figures to calculate corrections to 2001 payments in 2002.

Senate/Legislature: Remove the Joint Committee on Finance provisions related to the use of census figures in shared revenue calculations as they relate to municipalities, but not to counties. Require DOR to use the population amounts that it employed in its November, 2000, calculations of municipal shared revenue payments when it calculates corrections to those payments in 2001. Require DOR to use the population amounts that it employed in the September, 2000, payment estimates to calculate actual and corrected 2001 municipal shared revenue payments. Direct DOR to calculate each municipality's shared revenue payment for 2002 and 2003 by increasing the municipality's prior year payment by 1%. Specify that each municipality's shared revenue payment for 2004 and each subsequent year be set at an amount equal to its payment in 2003.

Veto by Governor [F-17]: Delete the language that would "freeze" each municipality's payment, beginning in 2004, at the amount that was paid in 2003 and remove the phrase "under this section" from the provision that specifies the procedures for calculating payments in 2002 and 2003. This latter partial veto clarifies that the uniform, 1% payment increases extend to the combined amounts calculated under the utility aid, per capita, aidable revenues and minimum/maximum components of the shared revenue program, but not to amounts paid under the small municipalities shared revenue program. In 2004, shared revenue payments will be calculated according to the formulas used to calculate payments in 2001, provided there are no further law changes.

[Act 16 Sections: 2281e and 9144(2e)]

[Act 16 Vetoed Section: 2281e]

4. SHARED REVENUE PAYMENTS ON PROPERTY OF WHOLESALE MERCHANT PLANTS [LFB Papers 828 and 829]

Governor: Modify current utility aid provisions under the shared revenue program to specifically refer to property of light, heat and power companies subject to the proposed license fee for selling electricity at wholesale (see the section of this document for "General Fund Taxes -- Other General Fund Taxes" for information on this fee) and to property of wholesale merchant plants, effective with payments made as of January 1, 2002. Increase the shared revenue appropriation by any additional amount of utility aid resulting from the property of wholesale merchant plants if that property did not exist in the previous year, beginning in 2002.

Current law defines wholesale merchant plants as electric generating plants and facilities that do not provide service to retail customers and that are owned and operated by an affiliated interest of a public utility or by a person that is not a public utility. Under utility deregulation, merchant plants are expected to become a more common vehicle for power generation. For 2001, total utility aid payments are estimated at \$26.5 million, or 2.8% of the \$930.5 million in total shared revenue funding. Combined utility aid payments to counties and municipalities generally equal nine mills multiplied by the net book value of qualifying property. Under these provisions, when the formula used to calculate payments generates additional aid to counties and municipalities due to the location of merchant plants, the amount to be distributed from the shared revenue account would increase by an identical amount. Under other provisions in the bill, utility aid would be paid to municipalities from a newly-created municipal services aid account, rather than from the shared revenue account, beginning in 2002. To ensure that aid increases for municipalities would occur, a technical change to the bill would be necessary. Also, because the aid increase is contingent only on the location of merchant plants, an increase in the overall level of aid would not occur if a new plant is constructed by an investor-owned utility. DOA has estimated that the aid increase mechanism will not be triggered in 2002-03.

Joint Finance/Legislature: Delete provision. Change the definition of a qualified wholesale electric company under Chapter 76 of the statutes to clarify that a qualified wholesale electric company includes a wholesale merchant plant, as defined under Chapter 196 of the statutes, as long as the merchant plant has a minimum total power production capacity of 50 megawatts. This would have the effect of insuring that utility aid payments would be made on wholesale merchant plants.

[Act 16 Sections: 2234m, 2234n and 9444(2p)]

5. SHARED REVENUE -- MODIFICATIONS TO UTILITY AID PAYMENTS

Assembly: Make the following modifications to the utility aid formula.

Limitations on Payment Amounts. Increase the limits on the value of utility property in a municipality or county and the per capita payment limits for municipalities and counties for purposes of calculating utility aid under the shared revenue program, beginning with payments

for 2003. Set the limits on value at \$140,000,000 for payments in 2003, \$160,000,000 for payments in 2004, \$185,000,000 for payments in 2005 and \$250,000,000 for payments in 2006 and thereafter. Set the per capita limit at \$450 for municipalities and \$225 for counties for payments in 2003, \$650 for municipalities and \$325 for counties for payments in 2004, \$950 for municipalities and \$475 for counties for payments in 2005 and \$1,200 for municipalities and \$600 for counties for payments in 2006 and thereafter. Based on data used to calculate shared revenue payments for 2000 and information from DOR, this provision would increase utility aid payments to seven municipalities and six counties. For the 13 identified local governments, the effects of the higher limitations in the first year and final year are estimated below, on the basis of 2000 utility aid payments.

<u>Municipality or County</u>	<u>Current Payment</u>	<u>Estimated Change in:</u>	
		<u>First Year</u>	<u>Final Year</u>
City of Alma	\$278,700	\$139,350	\$462,454
Town of Christiana	378,600	45,000	203,385
City of Oak Creek	750,580	90,000	105,077
Village of Pleasant Prairie	753,243	90,000	750,000
City of Sheboygan	754,670	90,000	299,938
Town of Two Creeks	144,600	72,300	433,800
City of Whitewater	<u>750,513</u>	<u>90,000</u>	<u>124,367</u>
Municipal Total	\$3,810,906	\$616,650	\$2,379,020
Dane County	\$469,602	\$90,000	\$390,000
Jefferson County	969,431	45,000	62,184
Kenosha County	1,029,446	45,000	375,000
Manitowoc County	768,226	90,000	750,000
Milwaukee County	884,265	45,000	52,538
Sheboygan County	<u>495,120</u>	<u>45,000</u>	<u>149,969</u>
County Total	\$4,616,090	\$360,000	\$1,779,691

Aid for Newly-Constructed Production Plants. Provide for additional utility aid payments for counties and municipalities that contain newly-constructed production plants. Extend the payments for any production plant that is not nuclear-powered and meets the following conditions: (a) the plant is built either on the site of an existing or retired production plant or on the site of a brownfield, as defined under current law; (b) the plant is operating at a total power production capacity of at least 50 megawatts; and (c) the plant is built after the effective date of this act. Provide that the increases, both for counties and municipalities, equal one mill multiplied by the net book value of the plant, if the plant is not a nuclear-powered or coal-powered plant. Provide that the increase for municipalities equals two mills and the increase for counties equals one mill, both multiplied by the net book value of the plant, if the plant is a coal-powered plant.

Aid for Decommissioned Production Plants. Create an aid payment for municipalities and counties where a production plant is decommissioned. Extend the payment for property that meets the following conditions: (a) it was exempt from general property taxes because it was subject to the state utility tax; (b) it was used to generate power by a light, heat and power company, other than a municipal utility company; and (c) it is decommissioned. Calculate the payment as the amount determined by subtracting the amount of property taxes paid on the property to the municipality or the county in the current year from an amount determined by multiplying the aid that was paid to the municipality or county on the property in the last year the property was exempt from general property taxes by a percentage. Set the percentages at the following amounts based on the year the property becomes taxable: (a) 100% in the first year; (b) 80% in the second year; (c) 60% in the third year; (d) 40% in the fourth year; and (e) 20% in the fifth year. This payment would be in addition to the payments authorized under current law that municipalities receive for decommissioned plants. Each municipality and county is guaranteed a minimum payment of \$75,000 if a production plant with a rated capacity of 200 megawatts or greater is located within its borders. The \$75,000 minimum guarantee for municipalities is phased-out at a rate of 10% per year when plants over 200 megawatts are decommissioned. Because the payments are terminated when the plant is returned to the local property tax roll, the phase-out is unlikely to continue for the entire ten years.

Municipal and County Distribution Levels. Set the annual distribution under the municipal shared revenue program at \$761,478,000 plus the difference between the amount of municipal utility aid calculated under the distribution formula authorized under current law and the amount of municipal utility aid calculated under the distribution formula as modified by this proposal, beginning in 2003. Set the annual distribution under the county shared revenue program at \$168,981,800 plus the difference between the amount of county utility aid calculated under the distribution formula authorized under current law and the amount of county utility aid calculated under the distribution formula as modified by this proposal, beginning in 2003. This provision is intended to provide additional funding through the utility aid distribution to hold municipalities and counties harmless from the effects of the preceding formula changes.

Conference Committee/Legislature: Delete provision.

6. USE OF COUNTY SHARED REVENUE [LFB Paper 830]

Governor: Require counties to use aid payments received under the shared revenue and mandate relief programs to pay expenses related to certain programs that are not funded by other state or federal aid or a designated revenue source before the aid is used for other county costs that would otherwise be funded through the property tax, beginning with payments received after the effective date of the bill. Specify that this requirement would extend priority treatment to costs for the following programs: probation and parole holds in county jails, circuit courts and community and youth aids. Under current law, counties receive \$189,745,600 annually under the shared revenue and mandate relief programs.

Joint Finance/Legislature: Delete provision.

7. SHARED REVENUE -- EXCLUDE CERTAIN COUNTIES FROM MAXIMUM PAYMENT COMPONENT

Assembly: Exclude any county that was incorporated in 1846 and had a 1990 population that was greater than 16,000, but less than 17,000, as determined by the 1990 federal decennial census, from the maximum payment provision of the shared revenue program, beginning with the payment to be made in November, 2001. This provision would exclude Lafayette County from the shared revenue provision that limits the year-to-year increase in county shared revenue payments to a maximum percentage. It would have the effect of increasing Lafayette County's 2001 shared revenue payment by an estimated \$1,206,153, from \$235,710 to \$1,441,863. As a result, payment increases to other counties would be limited to a lower percentage amount (an estimated 1.55%, compared to 2.89% under current law). Since 1996, an identical provision has extended to counties that do not contain any incorporated municipalities and applies to Florence and Menominee Counties.

Conference Committee/Legislature: Modify the provision by replacing the reference to a county "incorporated in 1846" with a reference to a county "created in 1846 or 1847." The provision would continue to apply only to Lafayette County.

Veto by Governor [F-18]: Delete language that specifies that the law change "first applies to payments made in November 2001" so that the act reads that the law change "first applies November 20." November 20, 2001, is one day after the final payment date for 2001 payments, and the Governor's veto message indicates that the law change will first affect payments in 2002. However, the language, as vetoed, does not specify the year in which the law change should first apply.

[Act 16 Sections: 2287 and 9344(9m)]

[Act 16 Vetoed Section: 9344(9m)]

8. SHARED REVENUE STUDY

Assembly/Legislature: Direct DOR to conduct a study on restructuring the shared revenue program to encourage high-growth sectors of the economy and the creation of high-quality jobs. Require the study to contain elements addressing how the program could be modified to: (a) set aside up to 10% of the total distribution for purposes related to matching local efforts to encourage the creation of high-quality jobs; (b) incorporate smart growth planning concepts; and (c) allow towns to maintain their boundaries in exchange for their shared revenue payments. Require DOR to report the results of its study to the Secretary of DOA no later than January 1, 2003.

[Act 16 Section: 9144(1c)]

9. EXPENDITURE RESTRAINT -- FUNDING LEVEL [LFB Papers 825 and 826]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$6,000,000	-\$6,000,000	\$570,000	\$570,000

Governor: Increase funding for the expenditure restraint program by \$6,000,000 in 2002-03. Set the distribution level for calendar year 2002 and thereafter at \$63,000,000. The additional funding represents an increase of 10.5% over the current law funding level of \$57,000,000. When combined with aid proposed from the municipal services aid account and the municipal growth-sharing account, statewide aid to municipalities in 2002 would equal the amounts paid to municipalities under the expenditure restraint and shared revenue programs in 2001.

Joint Finance: Delete provision.

Senate/Legislature: Increase funding for the expenditure restraint program by \$570,000 in 2002-03. Set the distribution level for calendar year 2002 at \$57,570,000 and for calendar year 2003 and thereafter at \$58,145,700. The additional funding represents annual increases of 1%. Because the 2003 distribution occurs in 2003-04, no fiscal effect for that increase is reflected in the 2001-03 biennium.

[Act 16 Section: 2255d]

10. EXPENDITURE RESTRAINT -- BUDGET TEST

Senate: Exclude amounts paid by a municipality under a municipal revenue sharing agreement from the year-to-year comparison of municipal budgets for purposes of the budget test under the expenditure restraint program. Specify that this provision first applies to eligibility for an expenditure restraint payment in 2003. To qualify for an expenditure restraint payment, a municipality must have a local purpose tax rate in excess of five mills and must restrict the year-to-year growth in its budget to a percentage determined by statutory formula.

Assembly: Modify the budget test under the expenditure restraint program to provide for the following adjustments: (a) exclude amounts paid by a municipality under a municipal revenue sharing agreement, as provided by DOR rule; (b) increase the year-to-year allowable increase by 50% of the difference between the prior year's allowable and adopted budgets; and (c) exclude amounts paid from segregated accounts, as defined below. Authorize municipalities to accumulate cash or other liquid assets in nonlapsing reserve funds kept in segregated accounts in the municipal treasury for the following purposes: (a) the purchase of capital assets that are expected to last at least several years; (b) the construction or repair of public infrastructure; or (c) the payment or financing of recovery or building costs that are necessitated by a natural disaster. Provide that each reserve fund must have a designated,

specific purpose for which the cash or other assets are being accumulated and that the cash or other assets may be spent only for the specified purpose. Specify that these adjustments first apply to eligibility for an expenditure restraint payment in 2003. To qualify for an expenditure restraint payment, a municipality must have a local purpose tax rate in excess of five mills and must restrict the year-to-year growth in its general fund budget to a percentage determined by statutory formula.

Conference Committee/Legislature: Include the Senate provision.

[Act 16 Sections: 2285b and 9344(24p)]

11. COUNTY MANDATE RELIEF -- FUNDING LEVEL

GPR	\$207,600
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Senate/Legislature: Increase funding for the county mandate relief program by \$207,600 in 2002-03. Set the distribution level for calendar year 2002 at \$20,971,400 and for calendar year 2003 and thereafter at \$21,181,100. The additional funding represents annual increases of 1%. Because the 2003 distribution occurs in 2003-04, no fiscal effect for that increase is reflected in the 2001-03 biennium.

[Act 16 Sections: 2285d, 2285e and 2285f]

12. SMALL MUNICIPALITIES SHARED REVENUE -- FUNDING LEVEL

GPR	\$110,000
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Senate/Legislature: Increase funding for the small municipalities shared revenue program by \$110,000 in 2002-03. Set the distribution level for calendar year 2002 at \$11,110,000 and for calendar year 2003 and thereafter at \$11,221,100. The additional funding represents annual increases of 1%. Because the 2003 distribution occurs in 2003-04, no fiscal effect for that increase is reflected in the 2001-03 biennium.

[Act 16 Section: 2280m]

13. PAYMENTS FOR MUNICIPAL SERVICES -- FUNDING LEVEL

GPR-REV	\$298,600
GPR	\$649,200

Senate/Legislature: Increase funding for payments for municipal services by \$215,700 in 2001-02 and \$433,500 in 2002-03 to provide a 1% annual increase. Estimate additional GPR-Earned through agency chargebacks under the payments for municipal services program at \$99,200 in 2001-02 and \$199,400 in 2002-03.

14. STATE AID FOR EXEMPT COMPUTERS [LFB Paper 831]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg)	Net Change
GPR	\$16,187,000	-\$3,187,000	-\$1,117,500	\$1,117,500	\$13,000,000

Governor: Increase funding by \$6,016,000 in 2001-02 and \$10,171,000 in 2002-03 to reflect growth in the value of exempt computers. Total aid payments are estimated at \$77,016,000 in 2001-02 and \$81,171,000 in 2002-03. Payments are made from the sum sufficient appropriation to compensate local governments for the tax base lost due to the property tax exemption for computers and related equipment.

Joint Finance: Decrease funding by \$416,000 in 2001-02 and \$2,771,000 in 2002-03 to reestimate the sum sufficient appropriation at \$76,600,000 in 2001-02 and \$78,400,000 in 2002-03. Specify that computer aid will not be paid on property that is exempt both under the property tax exemption for computers and under any other provision in Chapter 70 of the statutes that exempts property from general property taxes. Modify the property tax exemption for computers by deleting the reference to custom software. Specify that these provisions would first apply to property assessed as of January 1, 2002.

Senate/Legislature: Decrease funding by an additional \$1,117,500 in 2002-03 to reflect the exclusion of automatic teller machines from the property tax exemption for computers (see Item #5 under Shared Revenue and Tax Relief -- Property Taxation).

Veto by Governor [F-20]: Increase the sum sufficient appropriation by an estimated \$1,117,500 in 2002-03 to reflect the Governor's partial veto of the provision that would have removed automatic teller machines from the definition of computers.

[Act 16 Sections: 2108q and 9344(28b)]

[Act 16 Vetoed Sections: 2108q and 9344(23k)]

15. DEPRECIATION SCHEDULE FOR EXEMPT COMPUTERS

Assembly: Establish a depreciation schedule for valuing exempt computer property under which computer property would be valued at 67% of its original cost in the year following its acquisition and at 33% of its original cost in the year two years following its acquisition. Specify that the value of exempt computers that are three or more years old be set at zero. Extend these provisions to the valuation of exempt computers as currently determined by owners of personal property on returns filed with assessors and by DOR with regard to its valuation of manufacturing property and its certification of exempt computer values for purposes of state aid calculations. Provide that these provisions first apply to values determined as of January 1, 2003.

This provision would change the depreciation schedule that is used to value exempt computers by shortening the schedule from eight years to two years. The current schedule is

based on a four-year useful life, since most of the value is depreciated after four years. The change in depreciation schedules would have the effect of reducing the amount of exempt computer value on which state aid is paid. Based on current year data, the value is estimated to decrease from \$3.2 billion to \$1.7 billion, and computer aid payments to local governments are estimated to decrease by \$37.3 million, beginning in 2003-04.

Conference Committee/Legislature: Delete provision.

Property Tax Credits

1. HOMESTEAD TAX CREDIT REESTIMATE [LFB Paper 835]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$14,600,000	\$2,900,000	-\$11,700,000

Governor: Decrease funding by \$5,800,000 in 2001-02 and \$8,800,000 in 2002-03 for the sum sufficient appropriation to reflect anticipated costs of the credit in the biennium. The estimated decline in expenditures primarily reflects the growth in household income compared to the constant formula factors. With these adjustments, estimated total funding would be decreased from an adjusted base level of \$96,800,000 to \$91,000,000 in 2001-02 and \$88,000,000 in 2002-03.

Joint Finance/Legislature: Increase funding by \$900,000 in 2001-02 and \$2,000,000 in 2002-03 to reestimate the sum sufficient appropriation at \$91,900,000 in 2001-02 and \$90,000,000 in 2002-03.

2. HOMESTEAD TAX CREDIT -- EXCLUSION OF INTEREST INCOME FROM SALE OF HOME

Assembly: Exclude from the definition of income under the homestead tax credit program the amount of interest income received from the installment sale of business, farm or rental real property, which includes a claimant's former homestead, up to the amount of interest that is paid by the claimant on a mortgage used for the purchase of another homestead. Specify that this change would first apply to claims filed for taxable years beginning on January 1 of the year the bill takes effect, except that if the bill takes effect after July 31, specify that this change would first apply to claims filed for taxable years beginning on January 1 of the year following the bill's effective date. The fiscal effect of this provision is estimated to be minimal.

Conference Committee/Legislature: Delete provision.

3. FARMLAND PRESERVATION TAX CREDIT REESTIMATE [LFB Paper 835]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$2,900,000	\$5,900,000	\$3,000,000

Governor: Decrease funding by \$1,400,000 in 2001-02 and \$1,500,000 in 2002-03 for the sum sufficient appropriation to reflect anticipated costs of the credit in the biennium. With these adjustments, estimated total funding would be decreased from an adjusted base level of \$16,000,000 to \$14,600,000 in 2001-02 and \$14,500,000 in 2002-03.

Joint Finance/Legislature: Increase funding by \$2,600,000 in 2001-02 and \$3,300,000 in 2002-03 to reestimate the sum sufficient appropriation at \$17,200,000 in 2001-02 and \$17,800,000 in 2002-03.

4. LOTTERY AND GAMING TAX CREDIT [LFB Paper 810]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG	\$4,353,800	-\$15,782,700	-\$300,000	-\$11,728,900

Governor: Increase funding by \$1,676,900 in 2001-02 and \$2,676,900 in 2002-03 for the sum sufficient appropriation to reflect reestimates of lottery and gaming proceeds available for distribution. As a result, tax credit distributions are estimated at \$107,400,000 in 2001-02 and \$108,400,000 in 2002-03. However, the lottery and gaming revenues under the bill would support credits of only \$102,735,200 in 2001-02 and \$102,672,100 in 2002-03.

Joint Finance: Decrease funding by \$6,240,100 in 2001-02 and \$9,542,600 in 2002-03 to reestimate the sum sufficient appropriation at \$101,159,900 in 2001-02 and \$98,857,400 in 2002-03.

Assembly/Legislature: Decrease funding by \$150,000 annually to reflect the creation of a separate appropriation to pay credits on certain properties where the credit did not appear on the property tax bill (see Item #6). As a result, the sum sufficient appropriation for the lottery and gaming credit would be estimated at \$101,009,900 in 2001-02 and \$98,707,400 in 2002-03.

5. MUNICIPAL LOTTERY AND GAMING CREDIT PAYMENT CORRECTIONS

Governor/Legislature: Modify the current law procedure for correcting errors in lottery and gaming credit payment notices submitted to the state by municipalities. If the municipality discovers an error in this notice, require the municipality to correct the error and notify DOR on a form prescribed by the Department. If DOA or DOR discover the error, require them to notify

the municipality and require the municipality to correct the error. In addition to the procedure under current law, authorize municipalities to immediately repay the state for any overpayments and allow DOA to collect overpayments as special charges if a municipality does not make a repayment. Also, in addition to the procedure under current law, authorize DOR to immediately pay municipalities the amount of any underpayments. Provide that all payment corrections be made without interest. Currently, municipalities inform DOR by March 1 of the amount of lottery and gaming credits extended on tax bills, and DOA pays the municipality that amount on the fourth Monday in March. If a payment error occurs, current law directs DOA or DOR to adjust the succeeding year's credit payment to the municipality by the amount of the error. This provision would allow corrections to be made earlier, but would not require such earlier corrections.

[Act 16 Sections: 933 and 2292 thru 2294]

6. APPLICATIONS FOR THE LOTTERY AND GAMING CREDIT

SEG	\$300,000
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Assembly/Legislature: Extend the lottery and gaming credit to properties eligible for the credit, but where the credit is not reflected on the property's tax bill and the owner applies for the credit after January 31, but no later than October 1, following the issuance of the tax bill. Require DOR to calculate the amount of the credit, issue a check to the owner for that amount and notify the county or municipal treasurer where the property is located that the property is eligible for the credit in the next year. Direct the treasurer to record the property as eligible for the credit on the next tax roll, unless the property has been transferred and the current owner attests that the property was previously used in a way that made it eligible for the credit. Create a sum sufficient appropriation to make payments from the lottery fund under this provision and estimate payments from this appropriation at \$150,000 SEG annually. The lottery credit appropriation would decrease by \$150,000 SEG annually to reflect the payment of late credits from the new appropriation (see Item #4). Specify that these provisions first apply to credits related to property assessed as of January 1, 2001. Extend the provisions to claims made by owners of otherwise eligible property for the 1999(00) or the 2000(01) tax years if the owner files a claim with DOR no later than October 1, 2001.

[Act 16 Sections: 933j, 2294ec thru 2294eh, 9144(4p) and 9344(2p)]

Property Taxation

1. TAXATION OF PROPERTY OF PUBLIC UTILITY HOLDING COMPANIES

Governor/Legislature: Provide that property, other than land, that is owned by a public utility holding company, as defined under federal law, would be assessed for purposes of general property taxes on the portion of the fair market value of the property that is not used to

provide services to an affiliated light, heat and power company that is subject to the state gross revenues license fee, effective with property assessed as of January 1, 2001. Under current law, public utility holding companies do not meet the definition of light, heat and power companies, so they are not subject to the state's gross revenue license fee, which is imposed in lieu of general property taxes. As a result, the property of public utility holding companies is subject to general property taxes. This provision would provide a property tax exemption for that portion of a public utility holding company's property that is used to provide services to the utility affiliated with the holding company.

[Act 16 Sections: 2103, 2111, 2112, 3749 and 9344(27)]

2. PROPERTY TAX EXEMPTION FOR TREATMENT PLANT AND POLLUTION ABATEMENT EQUIPMENT

Governor/Legislature: Eliminate the requirement that property owners apply for and DOR approve property tax exemptions for treatment plant and pollution abatement equipment. Remove the limitation of the income tax deduction for such property to only that approved for the property tax exemption by DOR. Eliminate related provisions regarding notification of local assessors, filing extensions and appeal procedures to the board of assessors and the tax appeals commission. Specify that taxpayers subject to state ad valorem taxation administered under Chapter 76 (air carriers, conservation and regulation companies, railroad companies, sleeping car companies, pipeline companies and telephone companies) would have to continue to file requests and be subject to DOR approval of a property tax exemption and that the income tax deduction for these taxpayers would remain contingent on DOR approval of the property tax exemption. Provide that these provisions would first apply to taxable years beginning on January 1 of the year the bill takes effect, except that if the bill takes effect after July 31, provide that the provisions would first apply to taxable years beginning on January 1 of the year following the effective date.

[Act 16 Sections: 2104 thru 2108, 2144, 2201, 2202 and 9344(6)]

3. PROPERTY TAX EXEMPTION FOR PROPERTY OF A YMCA AND A YWCA

Joint Finance/Legislature: Modify the property tax exemption for property owned by the Salvation Army, the Boy Scouts of America, the Boys' Clubs of America, the Girl Scouts or the Camp Fire Girls to include property owned by a Young Men's Christian Association and property owned by a Young Women's Christian Association. Limit the exemption for each to no more than 40 acres for property located in towns and to no more than ten acres for property located in cities or villages. Repeal the current property tax exemption for YMCA and YWCA summer training camps. Specify that these provisions would be effective with property assessed as of January 1, 2002.

Currently, YMCA and YWCA facilities are exempt under s. 70.11 (4) of the statutes as property owned and used exclusively by a benevolent organization. Therefore, this provision would have no fiscal effect on property owned and used by a YMCA or a YWCA. However, the proposed exemption would not retain the current requirement under s. 70.11(4) of the statutes that the property be used exclusively by a YMCA or a YWCA. As a result, this provision also would exempt all property that a YMCA or YWCA may acquire in the future that would not be used exclusively by the organization.

[Act 16 Sections: 2103g, 2103k and 9344(28w)]

4. PROPERTY TAX EXEMPTION FOR THE UNIVERSITY OF WISCONSIN MEDICAL FOUNDATION

Joint Finance: Modify the current property tax exemption for the University of Wisconsin Hospitals and Clinics Authority to extend to all property owned by and leased to the University of Wisconsin Medical Foundation. Provide that the use of the property must be primarily related to the purposes of the foundation. Specify that the exemption would first apply to property assessed as of January 1, 2002.

Senate/Legislature: Delete provision.

5. PROPERTY TAX EXEMPTION FOR AUTOMATIC TELLER MACHINES

Senate/Legislature: Modify the property tax exemption for computers to exclude automatic teller machines, effective with property assessed as of January 1, 2002. Decrease funding of state aid for exempt computers by \$1,117,500 in 2002-03. Under this provision, the tax status of an estimated \$45.5 million in value would be changed from exempt to taxable. Because the state pays aid to local governments to hold them harmless from the effects of the exemption, changing the property's tax status would reduce the amount of state aid paid to local governments. The fiscal effect for this item is shown under Item #14, Shared Revenue and Tax Relief -- Direct Aid Payments.

Veto by Governor [F-20]: Delete the provision, thereby retaining tax-exempt status for automatic teller machines. The Governor's veto message indicates that the sum sufficient appropriation to reimburse local governments for tax base lost due to the computer exemption will increase by an estimated \$1,117,500 in 2002-03, compared to the enrolled bill, as a result of this veto. The fiscal effect for this item is shown under Item #14, Shared Revenue and Tax Relief -- Direct Aid Payments.

[Act 16 Vetoed Sections: 2108q and 9344(23k)]

6. PROPERTY TAX EXEMPTION FOR RESTAURANT KITCHEN EQUIPMENT

Assembly: Provide a property tax exemption for machinery and equipment used primarily in the operation of a restaurant's kitchen to prepare or serve food or beverages, regardless of whether the machinery or equipment is attached to real property. Define machinery as a structure or assemblage of parts that transmits forces, motion or energy from one part to another in a predetermined way by electrical, mechanical or chemical means. Specify that machinery does not include a building. Specify that the exemption first applies to property assessed as of January 1, 2002. The value of affected restaurant machinery and equipment is estimated at \$220 million, and the taxes on that property are estimated at \$4.7 million. Those taxes would be shifted from the affected property to property that remains taxable. State forestry tax collections would be reduced by an estimated \$44,000 in 2002-03.

Conference Committee/Legislature: Delete provision.

7. PROPERTY TAX EXEMPTION FOR DIGITAL EQUIPMENT OF CABLE TELEVISION SYSTEMS

SEG-REV	- \$700
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Senate/Assembly/Legislature: Modify the property tax exemption for digital broadcasting equipment by removing the provision that excludes cable television systems from the current property tax exemption. Specify that the provision first applies to property assessed as of January 1, 2002. Reduce estimated state forestry tax collections by \$700 in 2002-03. This provision would exempt an estimated \$3.3 million in value from the property tax base on a statewide basis. Taxes on the affected property are estimated at \$86,000, of which \$700 are state forestry taxes. The remaining taxes would be shifted from the affected property to other property that remains taxable.

[Act 16 Sections: 2112m and 9344(10w)]

8. PROPERTY TAX EXEMPTION FOR PROPERTY HELD IN TRUST

Assembly: Modify the property tax exemption for property held in trust in public interest, which applies to property owned by, or held in trust for, a nonprofit organization, to extend to property that is used for community parks and is open to the public, at no charge to the public, effective with property assessed as of January 1, 2002.

Conference Committee/Legislature: Delete provision.

9. PROPERTY TAX EXEMPTION FOR REGIONAL PLANNING COMMISSIONS

Governor: Extend the current property tax exemption for property owned by local governments to property owned by regional planning commissions, effective with property assessed as of January 1, 2001. Authorize regional planning commissions to acquire and hold

real property for public use and to convey and dispose of such property. The current exemption applies to property of counties, municipalities, school districts, technical college districts, public inland lake protection and rehabilitation districts, metropolitan sewerage districts, municipal water districts, local joint water authorities, family care districts and town sanitary districts. Currently, there are nine regional planning commissions, eight serving multicounty areas and one serving Dane County. They are required to prepare comprehensive plans for the region, and they advise local governments on the planning and delivery of public services.

Joint Finance: Delete provision as non-fiscal policy.

Assembly: Restore provision.

Conference Committee/Legislature: Delete provision.

10. PROPERTY TAX EXEMPTION FOR JEWISH COMMUNITY CENTERS

Senate: Create a property tax exemption for property owned by a Jewish community center, if the property is used for moral, religious and educational purposes and is not used for pecuniary profit of any individual. Specify that the exemption would first apply to property assessed as of January 1, 2001.

Conference Committee/Legislature: Delete provision.

11. PROPERTY TAX EXEMPTION FOR FAX MACHINES AND CASH REGISTERS AND RELATED STATE AID

Conference Committee/Legislature: Create a property tax and state ad valorem tax exemption for fax machines, except those that are also copiers, and cash registers, effective with property assessed as of January 1, 2003. Extend the current reporting and state aid payment provisions for exempt computer property to these fax machines and cash registers. Under this provision, this property would become exempt for the 2003(04) property taxes. Local governments would receive increased state aid in 2003-04 to reimburse them for the loss of property tax base.

[Act 16 Sections: 931m, 1375d, 2108s, 2114p, 2114q, 2114s, 2130b, 2207m, 2231n, 2243, 2255m, 2291m, 2291n, 2291p, 2764L, 9344(17f) and 9444(3f)]

12. OBJECTIONS TO MANUFACTURING ASSESSMENTS

Governor/Legislature: Authorize manufacturers to appeal objections to their assessments filed by municipalities if the appeal is filed within 15 days from the day the municipality files the objection. Allow municipalities to appeal objections filed by manufacturers to assessments

for property in the municipality if the appeal is filed within 15 days from the day the manufacturer files the objection. These provisions would take effect upon enactment of the bill. Allow manufacturers to file supplemental information in support of their original objection if the information is filed within 60 days of their original objection. Require the state board of assessors to notify the municipality where the property is located of the supplemental information, if the municipality has filed an appeal to the objection. Specify that objections to manufacturing assessments must include the reasons for the objection, the objector's estimate of the correct assessment and the statutory basis for the objector's estimate of the correct assessment. Specify that these provisions first apply to objections filed with the state board of assessors on the first day of the third month beginning after the bill's effective date. Under current law, both manufacturers and municipalities may file objections to manufacturing assessments with DOR's board of assessors, but all objections must be filed within 60 days of when DOR notifies them of assessments. Objections may pertain to the property's value or taxability. Decisions of the board of assessors may be appealed to the tax appeals commission and then to circuit court.

Require assessors to distinguish in the tax roll between manufacturing property that is omitted property and manufacturing property that has been undertaxed as the result of an assessment appeal. Replace the current interest charge on tax underpayments of 0.0267% per day with a daily charge calculated between the date when the tax was due and the date when the tax is paid and based on an interest rate equal to the average, annual discount interest rate determined by the last auction before the objection of six-month U.S. treasury bills. These provisions would take effect upon passage of the bill. Provide that any additional taxes and interest paid by manufacturers on underpayments be shared with other taxing jurisdictions through the property tax settlement process. Provide that this provision first applies to taxes based on property assessments as of January 1, 2001. Under current law, taxes from prior years may be imposed because property was omitted from the tax roll or because property was underassessed. Underassessments may be discovered through municipal appeals of manufacturing assessments. Interest on both types of payments accrues at 0.0267% per day. The municipality containing the property imposes the tax and retains all taxes and interest. Under the bill, this treatment would continue for non-manufacturing property and for manufacturing property subject to omitted taxes. Under the bill, payments from manufacturers due to prior year underpayments would be subject to interest charges based on the yield of U.S. treasury bills. In addition, the resulting tax and interest payments would be shared with other taxing jurisdictions, in the same manner that these jurisdictions share in the cost of paying tax refunds to manufacturing property owners when property is found to be overtaxed.

[Act 16 Sections: 2122 thru 2128, 2209, 2213, 2218 and 9344(3)&(4)]

13. CLASSIFICATION OF MANUFACTURING PROPERTY

Governor/Legislature: Establish March 1 as the date by which DOR would have to annually determine what property is classified as manufacturing property and will be assessed by the Department. Authorize DOR to designate additional property as manufacturing

property at a later date if the property's owner has requested in writing on, or before, March 1 that DOR classify the property as manufacturing. Specify that a change in ownership, location or name of a manufacturing establishment would not necessitate a new request by the owner. Modify the current law provision that requires DOR to notify each municipality by February 15 of the property classified as manufacturing property in the municipality, to clarify that the notice applies to determinations made by DOR as of that date (February 15).

[Act 16 Sections: 2120 and 2121]

14. MANUFACTURING REPORT FORMS

Governor/Legislature: Change the date from "before March 1" to "on or before March 1" by which manufacturers may request an extension from DOR for filing the report forms that describe their property. Replace the current penalties on manufacturers that fail to file reports describing their properties with penalties equal to \$25 if the form is filed one to ten days late, the greater of \$50 or 0.05% of the previous year's assessment, but not more than \$250, if the form is filed 11 to 30 days late, and the greater of \$100 or 0.1% of the previous year's assessment, but not more than \$750, if the form is filed more than 30 days late. Under current law, manufacturers are required to file report forms describing their properties with DOR, which uses that information in assessing manufacturing property. The forms must be filed each year by March 1, although manufacturers may apply in writing for an extension until April 1. Failure to file the reports results in penalties equal to the greater of \$10 or 0.05% of the previous year's assessment, but not more than \$1,000. If forms are filed after 30 days of the filing date or the extension, a second penalty is imposed equal to the greater of \$10 or 0.05% of the previous year's assessment, but not more than \$1,000.

[Act 16 Sections: 2129 and 2130]

15. MANUFACTURING PROPERTY INDUSTRIAL CLASSIFICATION REFERENCE

Joint Finance: Replace statutory references relating to the Standard Industrial Classifications (SIC) manual with references to the North American Industry Classification System (NAICS) for purposes of manufacturing property assessment. Specify that the references to the NAICS manual would first be effective on January 1, 2002.

Replace the current 23 SIC codes for manufacturing property with the following 23 NAICS codes:

<u>NAICS Code</u>	<u>NAICS Title</u>
21	Mining.
311	Food manufacturing.
312	Beverage and tobacco product manufacturing.
313	Textile mills.
314	Textile product mills.
315	Apparel manufacturing.
316	Leather and allied product manufacturing.
321	Wood product manufacturing.
322	Paper manufacturing.
323	Printing and related support activities, including the printing of material by an establishment and the publishing of such material by the same establishment.
324	Petroleum and coal products manufacturing.
325	Chemical manufacturing.
326	Plastics and rubber products manufacturing.
327	Nonmetallic mineral product manufacturing.
331	Primary metal manufacturing.
332	Fabricated metal product manufacturing.
333	Machinery manufacturing.
334	Computer and electronic product manufacturing.
335	Electrical equipment, appliance and component manufacturing.
336	Transportation equipment manufacturing.
337	Furniture and related product manufacturing.
339	Miscellaneous manufacturing.
81292	Photofinishing.

Senate/Legislature: Delete provision.

16. PAYMENT OF REFUNDS ON MANUFACTURING PROPERTY

Governor: Require DOA to reimburse municipalities for interest payments that municipalities paid in the previous biennium on refunds of property taxes on manufacturing property. Specify that the state would be obligated for interest that accrues up to the date that the tax appeals commission determines that a refund is due. Create a sum sufficient, GPR appropriation from which interest payments would be made.

Authorize municipalities to pay refunds of taxes on manufacturing property in five annual installments if the following three conditions are met: (a) the municipality's general operations tax levy for the year for which the taxes to be refunded are due is less than \$100 million; (b) the refund is at least 0.0025% of the municipality's general operations tax levy for the year for which the taxes to be refunded are due; and (c) the refund is more than \$10,000. Specify that each annual payment, except the last, would have to equal at least 20% of the sum of the refund and the interest on the refund, as calculated on the date of the claim. Exclude refunds on manufacturing property from the current provision that specifies a 0.8% per month interest rate on tax refunds, and instead, establish the interest rate for refunds on manufacturing property as the lesser of 10% per year or the average, annual discount interest rate determined

by the last auction of six-month U.S. treasury bills prior to the date of filing the appeal or objection.

Specify that these provisions would first apply to refunds of taxes that were based on assessments as of January 1, 2001. As a result, the state would not incur any interest cost on manufacturing refunds during the 2001-03 biennium. Under current law, municipalities are required to pay refunds no later than January 31 of the year after the claim, if the taxpayer files the claim on or before November 1 following the date on which the appeal is decided. If the claim is filed after November 1, the claim must be paid by the second January 31 after the claim is filed.

Joint Finance: Delete provision as non-fiscal policy.

Assembly: Restore provision, but specify that the interest rate is based on the lesser of 10% or the yield on treasury bills if the refund is a recovery of unlawful taxes (s. 74.35) or a claim on an excessive assessment (s. 74.37).

Conference Committee/Legislature: Delete provision.

17. CORRECTING ASSESSMENT ROLL ERRORS

Governor/Legislature: Require municipal clerks and treasurers to correct the assessment roll for "palpable errors" discovered after adjournment of the board of review and to notify DOR of such corrections. Require DOR to consider corrections made under this provision when it determines adjustments to be made to equalized values. Provide that these provisions would first apply to property assessed as of January 1, 2001. Current law defines "palpable errors" as: (a) clerical errors in the property's description or in the computation of the tax; (b) including the value of real property improvements when the improvements did not exist on the January 1 assessment date; (c) valuing property that is exempt from taxation; (d) the property is not located in the municipality preparing the tax roll; (e) the property has been double-assessed; and (f) an arithmetic, transpositional or similar error. If such an error is discovered after the adjournment of the board of review, current law requires taxes on the erroneous assessment to be calculated and billed. Then, the owner may file a claim for an unlawful tax with the municipality, and the municipality's governing body may refund or rescind the tax. When a municipality makes such adjustments, DOR is directed to consider those adjustments and determine if the Department overstated or understated the municipality's equalized value. If so, DOR makes an offsetting adjustment to the municipality's equalized value for the following year.

[Act 16 Sections: 2119, 2226 and 9344(14)]

18. DEFINITION OF AGRICULTURAL LAND

Senate: Modify the definition of agricultural land to include all land, exclusive of buildings and improvements and the land necessary for their location and convenience, that is devoted primarily to an agricultural use, as defined by rule, and is located on a farm where the owner or lessee has filed a form, as required below. Define a farm as any business engaged in crop production or animal production, as set forth in the North American Industry Classification System, 1997 edition, if the business generated \$6,000 or more in gross receipts from this activity in the year preceding the date the form is filed or is likely to generate this amount in the year following that filing. Specify that a farm may include leased land, if that land is devoted primarily to an agricultural use.

Provide that the form, specified above, include a description of all land owned or leased that is part of the farm and a statement whereby the owner or lessee certifies that \$6,000 or more of agricultural products were sold during the preceding year or are likely to be sold in the current year. Specify that the amount of agricultural products sold is to be measured on a per farm basis, regardless of the number of municipalities where the land is located. Require the form to be filed by the property owner or lessee with the assessor where the property is located, on or before March 1, beginning in 2002. Specify that owners or lessees are not required to file forms in subsequent years unless additional agricultural land is acquired or leased.

Require owners or lessees of property classified as agricultural land to notify the clerk of the municipality where the property is located, on a form prescribed by DOR, if the use of the property no longer meets the definition of agricultural land. Provide that if owners or lessees of agricultural land fail to notify the clerk of property that no longer meets the definition of agricultural land, the difference between that property's value as agricultural land and its value in another class shall be treated as omitted property and the penalty for converting agricultural land shall be imposed from the date that the property no longer met the definition of agricultural land. Exempt property that is reclassified for the 2002 assessment year as a result of the change in the definition of agricultural land from the penalty for converting agricultural land to another use.

Provide that "other" property be defined as agricultural buildings and improvements and the land necessary for their location and convenience. Authorize the Department of Revenue to promulgate rules regarding these provisions and require the Department to prescribe the form on which owners and operators report the land included on their farm and the amount of agricultural products sold.

Specify that these provisions first apply to property assessed as of January 1, 2002.

Assembly: Modify the current law provision that defines agricultural land as land, exclusive of buildings and improvements, that is devoted primarily to agricultural use, as defined by rule, to also include land, exclusive of buildings and improvements, that is classified under the swamp and waste category or under the productive forest land category if that land

is contiguous to agricultural land, as currently defined, owned by the same person. Extend the definition to land that is separated from land devoted to an agricultural use only by a road. Limit the additional land to be classified as agricultural land to nine-tenths of an acre for each acre of land that meets the current definition of agricultural land. Direct assessors to value the swamp and waste land and productive forest land that is classified as agricultural land as pasture land. Specify that these provisions would first apply to property assessed as of January 1, 2002. This provision would result in up to 3.2 million acres of property classified as swamp and waste land or as forest land to be reclassified as agricultural property and valued as pasture land. A statewide tax base reduction of \$765 million is estimated. The taxes on that value are estimated at \$13.5 million, and those taxes would be shifted from the owners of the affected property to owners of other property. The taxes on a median-valued home taxed at the statewide average tax rate would increase by about \$6. State forestry taxes would decrease by an estimated \$153,000 in 2002-03.

Conference Committee/Legislature: Delete both Senate and Assembly provisions.

19. PENALTY FOR AGRICULTURAL LAND CONVERTED TO OTHER USES

Senate: Modify the current law provisions relating to the penalty on agricultural land that is converted to other uses as follows: (a) delete the requirement that municipalities administer the penalty and, instead, require the county where the land is located to administer the penalty; (b) require DOR to annually determine within each county the Department's estimate of the average, per acre fair market value of agricultural land sold in the county in the previous year and the average, per acre equalized value of agricultural land in the county in the previous year; (c) provide that a uniform penalty be extended within each county on a per acre basis equal to the difference between the average, per acre fair market value of agricultural land and the average, per acre equalized value of agricultural land in the county, both as determined by DOR, multiplied by 5% if the conversion is of more than 30 acres, 7.5% if the conversion is of 10 to 30 acres or 10% if the conversion is of less than 10 acres; (d) specify that the penalty be waived if the amount calculated under (c) is less than \$25 per acre; and (e) replace the provision that requires the penalty to be shared with overlying taxing jurisdictions and, instead, specify that the county retain 50% of the penalty and disburse the remainder of the penalty to the municipality where the property is located. Require the county to apportion the municipal share of the penalty in proportion to the land's equalized value if the land is located in more than one municipality. Require the municipality to share 50% of its proceeds from the penalty with an adjoining municipality, if the municipality where the property is located has annexed the property subject to the penalty from the adjoining municipality in either of the two preceding years. Require DOR to calculate the fair market value of agricultural land from sales of agricultural property of 38 acres or more where the buyer intends to continue the property's agricultural use.

Require the county treasurer to impose the penalty if the treasurer of the county where the property is located determines that the property has been converted to another use. Provide that agricultural land has been converted to another use if the property is used in a way where

it would not be classified as agricultural land for property tax purposes. Permit the county treasurer to defer the penalty if the owner of the property can demonstrate that the property will be employed in agricultural use for purposes of property taxation in the succeeding year. Require the treasurer to waive the penalty if the property is classified as agricultural property in the succeeding year. Provide that if the county treasurer has granted a deferral and the property is not used as agricultural property in the succeeding year, interest on the penalty shall be imposed at a rate of 1% per month, or a fraction of a month, from the date that the deferral was granted until the penalty is paid. Provide that penalties are payable within 30 days of when they are imposed and that amounts not paid shall be considered delinquent, shall bear interest at the rate of 1% per month, or fraction of a month, and shall be collected as a special charge under current law provisions. Modify the current law provision requiring sellers to notify buyers when land has been assessed as agricultural land to also require sellers to provide notice if the land is subject to a penalty or if a penalty has been deferred. Require the register of deeds to inform the county treasurer of all sales of agricultural property. Specify that these provisions first apply to penalties imposed beginning on January 1, 2002.

Conference Committee/Legislature: Delete provision.

20. CLASSIFICATION OF CERTAIN PROPERTY AS SWAMP AND WASTE

Joint Finance: Require property to be classified as "swamp and waste" for purposes of the property tax if the property is undeveloped, if the property is nonproductive forest land and if the property is part of a parcel, where the other part of the parcel is enrolled in the managed forest land program. Exclude property that is classified as agricultural property from this provision. Provide that this provision applies to property assessed as of January 1, 2002.

Assembly: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [F-23]: Delete provision.

[Act 16 Vetoed Sections: 2114m and 9344(28v)]

21. TAX INCREMENTAL FINANCING MODIFICATIONS

Senate: Make the following modifications to tax incremental financing law. Unless otherwise specified, the modifications would first apply to any TIF district created, or whose project plan is amended, on the effective date of the bill.

Eligible Project Costs. Specify that project costs may not include any expenditures made or estimated to be made by the city or village for a newly-platted residential development for any TIF district for which an amendment to a project plan is approved after the effective date of the bill (current law excludes such costs for new TIF districts).

Allowable Types of TIF Districts. Specify that the resolution creating a TIF district that is adopted by the local legislative body must declare that the district being created is either a blighted area district, a rehabilitation or conservation district or an industrial district, based on the identification and classification of the property included within the district. Specify that if the district is not exclusively blighted, rehabilitation or conservation, or industrial, the declaration would have to be based on which classification is predominant with regard to the area included within the boundaries of the district.

With regard to a tax incremental district that is declared an industrial district, specify the following:

a. The calculation of the tax increment and tax incremental base could not include the value of any residential property or the value of any improved property on which more than 35% of the improved square footage is devoted to retail operations, including any storage areas or warehouses that contain merchandise that could be sold on-site at retail as part of an on-site, retail operation;

b. Allow that during the 15th year of a TIF district's existence, the joint review board may recommend to DOR that a TIF district that is suitable for industrial sites be allowed to remain in existence for up to five years after the date on which it would otherwise be required to terminate, for a total of up to 10 years after the last expenditure in the district's project plan is made. Specify that the board would be allowed to make such a recommendation only after it reviews and reapproves the findings that the municipality is within the limitations on the amount of taxable value the municipality may have within TIF districts and after the board decides to reapprove the board's earlier decisions related to the need for the TIF district and the relative benefits and costs of the district.

c. If a TIF district is created on or after the effective date of the bill and if the district is suitable for an industrial site, the district would have to be terminated within five years after the last expenditure identified in the project plan is made. However, if the joint review board recommends to DOR, and DOR agrees, that the district be allowed to continue for up to an additional five years after the date on which the district would otherwise terminate, the district would have to be terminated up to 10 years after the last expenditure identified in the project plan is made.

Amended TIF District Project Plans. Require the clerk of the city or village creating a TIF district to submit an application form, requesting that DOR redetermine the district's tax incremental base, for an amended project plan to DOR on or before December 31 of the year in which the changes in the project plan take effect (similar requirements apply under current law to new TIF districts). Require that DOR, in recalculating the tax incremental base value, include the value of real property owned by the city or village, that is not used for police and fire buildings, administrative buildings, libraries, community and recreational buildings, parks, streets and improvements within any street right-of-way, parking facilities or utilities.

Specify that for TIF districts created before October 1, 1995, the planning commission would not be allowed to adopt an amendment to the district project plan that modifies the boundaries of the district more than once during the 10 years after the creation of the TIF district (current law allows this only once in the seven years after creation). Further, specify that amendments to a project plan could modify the district boundaries by subtracting territory from a district (current law only allows additions).

For a TIF district with an amended project plan that allocates positive tax increments generated by that district to another TIF district created by that planning commission, require that the donor TIF district have sufficient revenues in the district's special fund to pay all the project costs that have been incurred, or are expected to be incurred, under the project plan for that district.

Town TIF Districts. Specify that if a town is located in a county that does not have any cities or villages, the town may exercise all the powers of a city or village under tax incremental financing law. Specify that if a town exercises these powers, it would be subject to the same required duties under TIF law as a common council and the same duties and liabilities as a city or village. Modify Chapter 105, Laws of 1975, relating to the legislative findings associated with the TIF program to include a town located in a county that does not contain any cities or villages in those findings.

Annexed Property Within TIF Districts. Specify that the boundaries of a tax incremental district could not include any territory that was not within the boundaries of the city or village on January 1, 2000, unless three years have elapsed since the territory was annexed by the city or village or unless the city or village enters into a cooperative plan boundary agreement with the town from which the territory was annexed. Specify that if the city or village enters into a cooperative plan boundary agreement with the town, the city or village may compensate the town for the tax revenues lost by the town as a result of the annexation.

Limitations on Taxable Value Within TIF Districts. Specify that in calculating the current law limitations on the amount of taxable value a city or village may have in one or more TIF districts, the calculation would be based on the most recent values of taxable property of the proposed district, as certified by DOR as of the year in which a resolution is adopted creating the proposed district. Specify that DOR could not certify the tax incremental base of a TIF district before the Department reviews and approves the findings that the city or village creating the district is within these statutory limitations. Under current law, no new TID may be created once a municipality exceeds both of the following thresholds: (a) the equalized value of the proposed TID plus the equalized value of all existing TIDs within the municipality exceeds 7% of the municipality's total equalized value; and (b) the equalized value of the proposed TID plus the value increment of all existing TIDs (this excludes the base value) within the municipality exceeds 5% of the municipality's total equalized value

Allowable Periods for Allocation of Tax Increments. Amend the allowable period for which DOR could annually authorize the allocation of tax increments as follows: (a) specify that for TIF districts created after September 30, 1995, and before the effective of the bill, tax increments

could be allocated to the city or village that created the TIF district for 23 years after the district is created (this establishes an end point for current law treatment of new TIF districts); (b) specify that for a TIF district created on or after the effective date of the bill that is declared a blighted area district or a rehabilitation or conservation district, tax increments could be allocated to a city or village for 26 years after the district is created; and (c) specify that for a TIF district created on or after the effective date of the bill that is declared suitable for industrial sites, tax increments could be allocated to the city or village creating the TIF district for either 15 years or 20 years after the industrial TIF district is created, depending on whether the joint review board exercises the five-year extension option for such districts.

Allowable Expenditure Periods for TIF Districts. Make the following changes to the allowable expenditure periods for TIF districts: (a) specify that no expenditure may be made for a TIF district created after September 30, 1995, and before the effective of the bill, later than seven years after the district is created (this establishes an end point for current law treatment of new TIF districts); (b) specify that for a new TIF district that is declared an industrial TIF district, no expenditures may be made later than 10 years after the industrial TIF district is created; and (c) specify that for other TIF districts created on or after the effective date of the bill, all expenditures would have to be substantially completed no later than 10 years after the TIF district is created.

Joint Review Boards. Modify the current law provisions relating to the creation of TIF joint review boards as follows:

a. Provide cities and villages the power to create a standing joint review board that may remain in existence for the entire time that any tax incremental district exists in the city or village and specify that all the provisions that apply to the joint review board of a tax incremental district, which is made up of representatives from all the overlying taxing jurisdictions, would apply to the standing joint review board.

b. Allow a city or village to disband this standing joint review board at any time (temporary boards can be disbanded by majority vote).

c. Modify the current law references to a joint review board to refer, instead, to a temporary joint review board and specify that any city or village that seeks to create a TIF district would have to convene either a temporary joint review board or a standing joint review board.

d. Specify that if the proposed TIF district is made up of more than one union high school district or more than one elementary school district, the union high school district or elementary school district with the greatest value within the proposed TIF district would choose the representative to the temporary or standing joint review board.

e. Specify that if a proposed TIF district would be located in a union high school district, the school board representative seat on the board would be held by two representatives, each of whom would have one-half of a vote. Specify that one of the representatives would be

chosen by the union high school district and one by the elementary school district, both of which have the power to levy taxes on the property within the proposed TIF district.

f. Specify that the board would have to adopt a resolution to create a TIF district or amend a TIF district project plan within 14 days of receiving the corresponding resolution, rather than the ten to 30 days allowed under current law.

g. Specify that the board could not approve a resolution creating a TIF district or amending the project plan of an existing TIF district unless the board's approval contains a positive assertion that, in the board's judgment, the development described in the documents the board has reviewed would not occur without the creation of the TIF district.

h. Provide that, not later than five working days after submitting its decision on the creation of a TIF district or the amendment of an existing TIF district project plan, any member of the board may request that DOR review any documents relating to the district to determine whether the information submitted to the board complies with the statutory requirements or whether any of the information contains a factual inaccuracy. Specify that the request must be in writing and that it must specify which particular fact or item the member believes is incomplete or inaccurate. Require DOR, not later than five working days after receiving a request that meets these requirements, to investigate the issues identified in the request and send a written response to the board. Specify that if DOR determines that the information in the proposal adopted by the joint review board is not in compliance or contains a factual inaccuracy, the Department would have to return the proposal to the board. Require the board to request that the city or village resolve the problems in its proposal and resubmit the proposal to the board for review and approval.

i. Require the board to notify the governing body of every local governmental unit that is not represented on the board, and that has the power to levy taxes on the property within the proposed TIF district, prospectively of meetings of the board and of the agendas of each meeting for which notification is given.

TIF District Reporting Requirements. Specify that not later than 60 days after a city or village transmits the notice of termination of a TIF district to DOR, a city or village would have to send to DOR, on a form prepared by the Department, all of the following information related to the terminated TIF district: (a) a final accounting of all expenditures made by the city or village; (b) the total amount of project costs incurred by the city or village; and (c) the total amount of positive tax increments received by the city or village. Specify that if a city or village does not send the information to DOR within the specified time limit, DOR would not be allowed to certify the tax incremental base of any new or modified TIF district in the city or village until the form is sent. Under this circumstance, DOR would be exempted from the current law requirement that it certify the tax increment base as soon as reasonably possible after a TIF district is created or amended.

Local Compliance With TIF Law. Specify that substantial compliance by a city or a village with the statutory requirements relating to the creation of TIF districts and the powers of cities

or villages in creating TIF districts would be sufficient to give effect to any proceedings conducted by the city or village if, in DOR's opinion, any error, irregularity, or informality that exists in the city's or village's attempt to be in compliance does not affect substantial justice. Further, specify that if DOR determines that a city or village is in substantial compliance, DOR would have to determine the tax incremental base, allocate tax increments and treat the district in all other respects as if these statutory requirements have been complied with, based on the date that the resolution creating the TIF district is adopted.

DOR TIF Program Manual. Require DOR to create and update a manual on the TIF program. Specify that the manual would have to contain the rules relating to the program, common problems faced by cities and villages under the program, possible side effects associated with the use of tax incremental financing and any other information the Department determines to be appropriate. Specify that DOR may consult with, and solicit the views of, any interested person while preparing or updating the manual.

Conference Committee/Legislature: Delete provision.

22. TAX INCREMENTAL FINANCING -- VILLAGE OF FALL CREEK

Senate/Legislature: Specify that if a village clerk files the required forms and applications to DOR, not later than November, 2000, for a TIF district that was created, or whose creation was attempted by the village board before June, 2000, and whose boundaries were attempted to be amended in September, 2000, the TIF district would be exempt from the public hearing and joint review board action timeline requirements specified under current law. Require DOR to proceed with the creation of the TIF district as if the timelines for public hearings and joint review board action were complied with and as if the TIF district were created on January 1, 2001, except that DOR would not be allowed to certify a value increment for the district prior to 2002. This provision is intended to apply to the Village of Fall Creek in Eau Claire County.

[Act 16 Section: 2029ss]

23. TAX STABILIZATION FUND FOR MILWAUKEE COUNTY

Joint Finance/Legislature: Authorize county boards in counties with a population over 500,000 to create a tax stabilization fund. Require amounts from the following funding sources to be deposited into the fund: (a) the amount determined by subtracting the estimated nonproperty tax revenues from the corresponding actual receipts for the prior year, to be determined by the comptroller by April 15 of each year; (b) the amount determined by subtracting total adjusted operating budget appropriations from total expenditures, commitments and reserves for the prior year, to be determined by the comptroller by April 15 of each year; (c) any general surplus balance as of December 31 of the prior year, to be determined by the comptroller by April 15 of each year; and (d) any amounts included in the county's property tax levy that are designated for deposit in the fund. Authorize the county board to

withdraw amounts from the tax stabilization fund by three-quarters vote of the entire membership of the county board or by a majority vote of the county board if the county's total levy rate, as defined under current law, is projected to increase by more than 3% and the withdrawn funds would prevent an increase of more than 3%. Prohibit the tax stabilization fund from being used to offset any deficit that may occur between total estimated and total actual non-property tax revenue or between total appropriations and total expenditures. Require any uncommitted balance in the fund that is in excess of 5% of the current year's budget under the control of the county board, as of June 1 of the current year, to be applied to reduce the county's next property tax levy. This provision would authorize the county board for Milwaukee County to create a tax stabilization fund. State law authorizes the City of Milwaukee to create a tax stabilization fund. Provisions related to the operation of the City's fund would be extended to the County's fund.

[Act 16 Sections: 2002r, 2002s and 2002t]

Local Revenue Options

1. LOCAL EXPOSITION DISTRICT TAX ADMINISTRATION [LFB Paper 800]

Governor: Provide that the amount of local exposition district taxes that DOR retains for administrative purposes that is unencumbered at the end of the fiscal year and that exceeds 10% of the amount expended during the fiscal year be distributed to the local exposition district.

The City of Milwaukee has created a local exposition district called the Wisconsin Center Tax District for the purpose of acquiring and managing its exposition center facilities. The District is comprised of cities and villages wholly or partially in Milwaukee County. Under current law, DOR administers and collects the local exposition district taxes. The taxes are imposed at rates of 0.25% of the gross receipts from the sale of food and beverages and 3% of the gross receipts from car rentals within the District. The Department also administers the room tax collections of the District. DOR retains 2.55% of total collections to cover the costs of administering the taxes. Under the recommended provision, at the end of each fiscal year, the unencumbered balance in the administrative appropriation in excess of 10% of fiscal year expenditures would be distributed back to the District. It is estimated that the additional amounts distributed back to the District would be \$367,100 in 2001-02 and \$62,000 in 2002-03.

Joint Finance/Legislature: Reestimate the amount to be distributed back to the District at \$348,100 in 2001-02 and \$49,700 in 2002-03.

[Act 16 Sections: 917 and 934]

2. MERGE BRADLEY CENTER AND MIDWEST EXPRESS CENTER

Senate: Merge the existing, nine-member Bradley Center Sports and Entertainment Corporation Board and the 15-member Midwest Express Center Board into one, nine-member local exposition center district board. Specify that the Midwest Express Center Board and the Bradley Center Corporation would be dissolved on the first day of the second month beginning after the effective date of the bill, or the date on which the members of the newly-created exposition center district board are appointed and qualified, whichever is later. Specify that an exposition center that is governed by the newly-created local exposition center district board could include fixtures and equipment that are owned, operated or leased by a district and used for recreational and sporting activities. The authorities, powers and duties of a local exposition center under current law, including the authority to enact certain taxes and issue bonds for board facilities, would apply to the newly-created exposition center district board and its facilities. Specify that the newly-created exposition center district would not be allowed to change the name of the Bradley Center.

Specify that the newly-created local exposition center district board would be comprised of the following: (a) two members chosen by the Governor from among the current members of the existing Bradley Center Sports and Entertainment Corporation Board; (b) three members to be chosen by the Governor from among the current members of the existing Midwest Express Center Board; (c) one member to be chosen by the President of the Senate; (d) one member to be chosen by the Speaker of the Assembly; (e) one member, who must be a resident of the City of Milwaukee, to be chosen by the President of the Milwaukee Common Council; and (f) one member, who must be a resident of the City of Milwaukee, to be chosen by the Mayor of Milwaukee. Specify that the terms of the members of the newly-created board would be three years, and would be subject to the current law requirements for expiration, except as follows: (a) the terms of the members who were members of the Bradley Center Sports and Entertainment Corporation Board would be the same as the terms to which they were appointed to as members of that Board; (b) the terms of the members who were members of the Midwest Express Center Board would be the same as the terms to which they were appointed to as members of that Board; (c) the initial term of the members appointed by the President of the Senate and the Speaker of the Assembly would be two years; and (d) the initial term of the members appointed by the Mayor of Milwaukee and the Milwaukee Common Council would be three years. Specify that upon the expiration of the terms of the initial members appointed by the Governor, the Governor would not be required to appoint members that have any connection with the Bradley Center or the Midwest Express Center.

Specify that the two initial members appointed to the board who were members of the Bradley Center Sports and Entertainment Corporation would make up a subcommittee of the newly-created board and would be the only members of that board who could negotiate the terms and conditions of the next lease or the next extension of a lease relating to the continued tenancy of a professional basketball team that uses the Bradley Center as its home stadium on the effective date of the bill. Specify that any lease or extension of a lease that is negotiated by the subcommittee may not take effect until it is approved by a majority of the entire board. Specify that these provisions relating to the leasing of the Bradley Center facilities would not

apply after the sooner of the following: (a) a lease or extension of a lease between the new district board and the professional basketball team is entered into; or (b) the term of at least one of the initial board members who is a current member of the Bradley Center Sports and Entertainment Corporation expires.

Specify that upon its dissolution, all the assets, debts, liabilities, tangible personal property (including records), pending matters and obligations of the Bradley Center Sports and Entertainment Corporation, including any judgment, order or decree which may be entered against the corporation in any pending legal action, would be transferred to the newly-created local exposition district. Specify that the board of directors of the newly-created board would have to accept all the assets, debts, liabilities, tangible personal property, pending matters and obligations of the Bradley Center Sports and Entertainment Corporation and would have to accept the assignment of all contracts with other persons, with respect to the Bradley Center, that are in force at the time the corporation is dissolved.

Conference Committee/Legislature: Delete provision.

3. PREMIER RESORT AREA INDUSTRIAL CLASSIFICATION REFERENCES

Joint Finance: Replace statutory references relating to the Standard Industrial Classifications (SIC) manual with references to the North American Industry Classification System (NAICS) for purposes of identifying tourism-related businesses relating to the creation of a premier resort area and identifying those businesses subject to the premier resort area tax. Specify that the references to the NAICS manual would first be effective on January 1, 2002, and that any tax imposed by a premier resort area using the references under the SIC manual would apply to those businesses subject to the tax using the references under the NAICS manual.

Replace the current 21 SIC codes under the premier resort area statutes with the following 26 NAICS codes:

<u>NAICS Code</u>	<u>NAICS Title</u>
452990	All other merchandise stores.
445292	Confectionery and nut stores.
445299	All other specialty food stores.
311811	Retail bakeries.
447100	Gasoline stations (including convenience stores with gas).
722110	Full-service restaurants.
722210	Limited-service eating places.
722300	Special food services.
722410	Drinking places.
446110	Pharmacies and drug stores.
445310	Beer, wine, and liquor stores.
451110	Sporting goods stores.
443130	Camera and photographic supply stores.
453220	Gift, novelty, and souvenir stores.
721110	Hotels (except casino hotels) and motels.

<u>NAICS Code</u>	<u>NAICS Title</u>
721120	Casino hotels.
721191	Bed-and-breakfast inns.
721199	All other traveler accommodations.
721214	Recreational and vacation camps (except campgrounds).
721211	RV (recreational vehicle) parks and campgrounds.
711212	Racetracks.
713910	Golf courses and country clubs.
713100	Amusement parks and arcades.
713200	Gambling industries.
713920	Skiing facilities.
713990	All other amusement and recreation industries.

Senate/Legislature: Delete provision.

4. PREMIER RESORT AREA -- CITY OF EAGLE RIVER

Senate/Legislature: Exempt the City of Eagle River from the current law requirement that at least 40% of the equalized assessed value of taxable property within the political subdivision must be used by specified tourism-related retailers in order for the political subdivision to declare itself a premier resort area.

Further, specify that the Legislature finds the following with respect to the City of Eagle River: (a) the city has an atypical percentage of tax exempt land within its boundaries that is used for tourism-related purposes; and (b) the city is the site of national recreational competitions that draw tourism businesses to the entire northern region of the state.

[Act 16 Sections: 2049h and 2049i]

5. SPECIAL CHARGES FOR MUNICIPAL SERVICES

Governor: Modify current law provisions regarding special charges by deleting provisions that limit charges to "current" services and by permitting municipalities to impose charges for services that are available, regardless of whether the services are actually rendered, effective with charges imposed on the effective date of the bill. Specify that special charges may be imposed against any real property that is eligible to be served. Municipalities may impose special charges to recover all or part of the cost of providing the following services: snow and ice removal; weed elimination; street sprinkling, oiling and tarring; repair of sidewalks, curbs and gutters; garbage and refuse disposal; recycling; stormwater management; tree care; removal and disposition of dead animals; and soil conservation work. In return for services, municipalities may impose special charges against real property located in the municipality and against real property located in adjacent municipalities, if approved through resolution by the governing body of the adjacent municipality. If special charges are not paid, they become delinquent and are a lien against the property on which they were imposed.

Joint Finance: Delete provision as non-fiscal policy.

Senate: Restore provision.

Assembly: Replace the provision that allows municipalities to determine the manner of providing notice of a special charge and, instead, require municipalities to hold a public hearing on the proposed ordinance or amendment that would impose the charge. Require the publication, prior to the hearing, of a class 1 notice that specifies where a copy of the proposed ordinance or amendment may be obtained. Retain the current exception to the notice provision that requires the publication of a class 1 notice and the mailing of the notice to interested persons when the special charge involves street tarring or the repair of sidewalks, curbs or gutters.

Conference Committee/Legislature: Include both the Senate and Assembly provisions, modified to specify that the public hearing and notice requirements included in the Assembly provision extend to resolutions adopted by municipal governing bodies that allow special charges to be imposed in the municipality by an adjacent municipality.

Veto by Governor [F-19]: Delete provision.

[Act 16 Vetoed Sections: 2022tL, 2022w, 2022x, 2023 and 9359(8z)]

6. GROSS REVENUES TAX ON TELEPHONE COMPANIES

Senate: Authorize municipalities (defined as cities, villages or towns) to impose a tax on telephone companies based on each company's gross revenues attributable to intrastate telecommunications services that originate from or are received at a service address located in the municipality. Specify that the tax may be imposed upon passage of an authorizing ordinance adopted by the municipality's governing body and that the tax shall be effective on the first day of the calendar quarter beginning after the ordinance is adopted. Set the rate of taxation at 2%.

Define telephone company as a business that provides telecommunications services. Define telecommunications services as transmitting high quality two-way interactive switched voice or data communications or messages. Define service address as the location from which telecommunications services originate or terminate. Specify that for mobile telecommunications services, the service address is the location of the customer's place of primary use of mobile telecommunications services, as determined under federal law. Define mobile telecommunications services as commercial mobile radio service, as defined under federal law.

Define gross revenues as revenues derived from local and rural exchange service, toll business gross revenues, access revenues and all other operating revenues from providing telecommunications services. Specify that gross revenues does not include excise taxes on telephone service or facilities. Specify that gross revenues does not include uncollectable

telecommunications revenues actually written off during the year, but does include recoveries within the year of all telecommunications revenues written off in prior years as uncollectable. Define access revenues as revenues resulting from charges for telecommunications services and facilities, including charges to a telephone company, that permit subscriber telecommunications to originate or terminate between a point or points in one telephone exchange and a point or points in another telephone exchange. Specify that access revenues included in gross revenues does not include amounts derived from telecommunications services that originate or terminate from a point or points in this state to a point or points in the same local access and transport area and 14.5% of all other access revenues generated from intrastate service. Define local access and transport area as a geographic area encompassing one telephone exchange or two or more contiguous telephone exchanges. Define telephone exchange as the portion of an area served by a telephone company that is included in the exchange rate determined by the Public Service Commission.

Prohibit telephone companies from listing the tax separately on bills to customers.

Require telephone companies to pay the tax on the 15th day of January, April, July and October on the basis of revenues attributable to each municipality imposing the tax during the most recent calendar quarter. Require telephone companies to file a return with each payment, on a form prescribed by DOR, that reports the gross revenues of the company attributable to the municipality imposing the tax.

Authorize municipalities imposing the tax to examine the records, books, accounts and other documents of any telephone company with revenues attributable to the municipality and to take any action and conduct any proceedings to administer the tax. Authorize municipalities to impose penalties and interest on telephone companies for failure to file a report or make a payment.

Authorize municipalities to impose the fee on gross revenues received by telephone companies as of October 1, 2001.

Conference Committee/Legislature: Delete provision.

7. IMPACT FEES

Assembly: Remove counties from the definition of political subdivisions authorized to impose impact fees and repeal provisions prohibiting counties from imposing impact fees to recover costs related to transportation projects. Modify the definition of public facilities for which impact fees may be imposed by removing "other transportation facilities," "solid waste and recycling facilities," and "libraries" and by replacing "parks, playgrounds and other recreational facilities" with "lands for parks." Delete the current law provision that specifies that impact fees are payable before a building permit may be issued or other required approval may be given by the political subdivision and, instead, prohibit municipalities from requiring

developers to pay impact fees before building permits have been issued for the construction of a dwelling or other structure within the land development.

Conference Committee/Legislature: Delete provision.

8. SEWERAGE SYSTEM SERVICE CHARGES

Assembly: Prohibit any standby charges, connection fees or other charges that are not uniformly assessed against all users as part of the periodic sewerage service charges, unless the charges were adopted as part of an ordinance adopted in compliance with the impact fee statute.

Conference Committee/Legislature: Delete provision.

9. LOCAL PROFESSIONAL BASEBALL PARK DISTRICTS

Senate/Legislature: Increase the population threshold for a county that could create a local professional baseball park district from 500,000 to 600,000. Under current law, a local professional baseball park district could be created in any county with a population exceeding 500,000 and the district's jurisdiction would include all counties that are contiguous to that county. Currently, the Southeast Wisconsin Professional Baseball Park District, which is made up of Milwaukee, Ozaukee, Racine, Washington and Waukesha counties, is the state's only local professional baseball park district.

[Act 16 Sections: 3036e and 3036g]

Other Credits

Descriptions of the budget provisions related to the earned income tax credit, cigarette tax refunds and the development zones tax credits are provided under "General Fund Taxes."

STATE FAIR PARK

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$2,142,000	\$2,230,400	\$2,554,100	\$2,554,100	\$2,554,100	\$412,100	19.2%
PR	<u>29,843,400</u>	<u>33,586,300</u>	<u>33,012,700</u>	<u>33,012,700</u>	<u>33,012,700</u>	<u>3,169,300</u>	10.6
TOTAL	\$31,985,400	\$35,816,700	\$35,566,800	\$35,566,800	\$35,566,800	\$3,581,400	11.2%
BR		\$106,950,000	\$1,700,000	\$49,700,000	\$49,700,000		

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
PR	51.20	46.20	46.20	46.20	46.20	- 5.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Funding Positions		
PR	\$75,400	- 1.00

Governor/Legislature: Provide \$37,700 annually for adjustments to the base budget for: (a) turnover reduction (-\$57,700); (b) removal of noncontinuing items (-\$30,800 with -1.0 position); (c) full funding of salaries and fringe benefits (-\$253,400); (d) overtime (\$374,100); and (e) night and weekend pay rate differential (\$5,500).

2. STATE FAIR PARK MASTER PLAN [LFB Paper 258]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
BR-GPR	\$700,000	\$9,000,000	\$9,700,000
BR-PR	1,000,000	39,000,000	40,000,000
Donations	<u>57,000,000</u>	<u>- 7,000,000</u>	<u>50,000,000</u>
Total	\$58,700,000	\$41,000,000	\$99,700,000

Building Commission: Provide \$10,000,000 in general fund supported borrowing as follows: (a) \$7,000,000 for a new agricultural building; (b) \$2,000,000 for new barns; (c) \$700,000 for primary electrical system replacement; and (d) \$300,000 for parking, landscaping and demolition of existing exhibit halls.

Further, provide \$96,950,000 in PR supported bonding as follows: (a) \$50,000,000 for a Wisconsin heritage hall and youth area; (b) \$34,000,000 for an exposition hall; (c) \$6,500,000 for a new grandstand (in addition to \$14,500,000 enumerated in the 1999-01 budget); (d) \$2,000,000 for land acquisition; (e) \$2,000,000 for a great lawn and fountain area; (f) \$1,000,000 for a perimeter fence and gates; (g) \$800,000 for parking, landscaping and demolition of existing exhibit halls; and (h) \$650,000 for lot paving and landscaping at the north gate.

In addition, require the Department of Natural Resources (DNR) to earmark \$2 million for infrastructure projects approved by the State Fair Park Board from the property development and local assistance subprogram of stewardship 2000 program bonding.

The additional general fund and program revenue payments that would be expected after issuance of bonds recommended by the Building Commission are shown below. Due to the timing of bond issuance and construction schedules, actual debt service on new bonds would be considerably lower in 2001-03. Further, the table shows that another \$22.65 million in GPR supported borrowing is anticipated to be needed in future biennia to complete implementation of the State Fair Park's redevelopment master plan.

Additional Bonding Request and Annualized Debt Service

	2001-03 <u>BR</u>	<u>Annualized Debt</u>	Future Biennia <u>GPR supported BR</u>	Total <u>Masterplan</u>
Agricultural Buildings	\$9,000,000	\$717,100 GPR	\$5,000,000	\$14.0 M
Exposition Hall Demolition	300,000	23,900 GPR	500,000	0.8 M
Exposition Hall Infrastructure	2,000,000	159,300 GPR*		2.0 M
Electric System Replacement	<u>700,000</u>	<u>55,800</u> GPR		0.7 M
Subtotal	\$12,000,000	\$956,100 GPR		
Heritage Hall and Youth Area	\$50,000,000	\$3,983,600 PR		50.0 M
Exposition Hall	34,800,000	2,772,600 PR		34.8 M
Grandstand	6,500,000**	517,900 PR		6.5 M
Major Utilities and Safety			9,500,000	9.5 M
Land Acquisition	2,000,000	159,300 PR	4,000,000	6.0 M
Great Lawn	2,000,000	159,300 PR	2,000,000	4.0 M
Fencing, Landscaping and Paving	<u>1,650,000</u>	<u>131,500</u> PR	<u>1,650,000</u>	<u>3.3 M</u>
Subtotal	\$96,950,000	\$7,724,200 PR	\$22,650,000	
TOTAL	\$108,950,000	\$8,680,300		\$131,600,000

*Designated from existing stewardship 2000 bonding authority (DNR would pay the debt service).

**Excludes \$14.5 million in currently authorized bonding.

Joint Finance: Delete new bonding authorizations, except the \$700,000 BR-GPR for primary electrical system replacement and \$1,000,000 BR-PR for a great lawn and fountain area. Instead, enumerate (a) \$50,000,000 in gifts, grants or donations for a Wisconsin heritage hall and youth area (to reflect anticipated donations for this project); (b) \$6,000,000 in gifts, grants or donations for a new grandstand (to reflect anticipated revenues from Haas Racing Teams or donations); and (c) \$1,000,000 in gifts, grants or donations for a great lawn and fountain area (to reflect anticipated donation levels for this project).

In addition, modify the required \$2 million earmark of stewardship 2000 program bonding to allow DNR to determine from which subprograms the stewardship funds are allocated.

Senate: Delete the earmark of \$2 million for infrastructure projects approved by the State Fair Park Board from DNR-determined subprograms of stewardship 2000 program bonding.

Assembly: Provide \$9,000,000 in general fund supported borrowing for agricultural buildings. Further, provide \$34,000,000 in PR supported borrowing for an exposition hall and \$12,000,000 in PR supported borrowing for grandstand replacement (in addition to \$14,500,000 enumerated for grandstand replacement in the 1999-01 budget). Delete new bonding authorizations of \$1,000,000 BR-PR for a great lawn and fountain area. In addition, delete the enumeration of \$6,000,000 in gifts, grants or donations for grandstand replacement and \$1,000,000 in gifts, grants or donations for a great lawn and fountain area.

Conference Committee/Legislature: Delete the Senate provision. Include the Assembly provision as modified to provide \$6,000,000 (rather than \$12,000,000) in PR supported borrowing for grandstand replacement.

Under Act 16 the following projects are authorized:

<u>Project</u>	<u>Funding Source</u>	<u>Amount</u>
Electrical System Replacement	BR-GPR	\$700,000
Agricultural Buildings	BR-GPR	9,000,000
Exposition Hall	BR-PR	34,000,000
Grandstand	BR-PR	6,000,000*
Heritage Hall and Youth Area	Donations	50,000,000
Exposition Hall Infrastructure	Stewardship BR	<u>2,000,000</u>
Total		\$101,700,000

*Excludes \$14.5 million in previously authorized bonding.

[Act 16 Sections: 394 and 9107(1)]

3. DEBT SERVICE REESTIMATE [LFB Paper 266]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$88,400	\$323,700	\$412,100
PR	1,980,400	0	1,980,400
Total	\$2,068,800	\$323,700	\$2,392,500

Governor: Reestimate debt service by \$17,900 GPR and \$711,600 PR in 2001-02 and by \$70,500 GPR and \$1,268,800 PR in 2002-03 to reflect principal and interest payments on bonds. GPR debt service is associated with the construction of a youth housing facility on park grounds as well as some infrastructure improvements and the purchase of land. PR debt service, paid for by park revenue, is associated with the construction, remodeling and maintenance of numerous other park facilities including the Pettit National Ice Center and the race track.

Joint Finance/Legislature: Further reestimate debt service by providing \$28,600 GPR in 2001-02 and \$295,100 GPR in 2002-03.

4. POLICE FORCE TRANSFER [LFB Paper 128]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$0	- 6.50	-\$125,600	0.00	-\$125,600	- 6.50

Governor: Transfer 6.5 police officer positions to the State Capitol Police in the Department of Administration. Salary, limited-term employee and fringe benefits related funding of \$449,100 in 2001-02 and \$465,300 in 2002-03 instead would be available for State Fair Park to contract with DOA for police services at the Park. Provide the transferred employees the same rights and status as state employees, including state employment labor relations rights, as they had attained immediately before the transfer. Further, provide that employees who had already attained permanent status before the transfer need not serve a probationary period. Further, remove the State Fair Park Police from the list of employees who continue to receive pay if they suffer injuries due to their performance of duties in a hazardous occupation. While the incumbents would continue to receive this benefit, the statutes are unclear as to what performance of duties would qualify new employees, as State Capitol Police, to continue to receive pay while injured.

Joint Finance/Legislature: Modify the Governor's recommendation by deleting \$62,800 PR annually of excess base level funding under the State Fair Park to recognize the efficiencies that will occur under the arrangement and shift an additional \$431,300 PR in 2001-02 and \$415,100 PR in 2002-03 of base level law enforcement-related salary and fringe benefits funds at the State Fair Park to the agency's supplies and services line (to provide total funding of \$1,063,900 PR annually) to support the DOA police services contract.

Further, modify the Governor's recommendation by also including a specific statutory reference to "state facilities police officers" under the current definition of "performance of duties" to clarify that these employees are entitled to receive the same injury benefits as other employees with hazardous duties who are injured in the performance of duties.

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

[Act 16 Sections: 3081, 3082 and 9146(1)]

5. LIMITED-TERM EMPLOYEE SALARIES

PR	\$1,120,300
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Governor/Legislature: Provide \$559,000 in 2001-02 and \$561,300 in 2002-03 in unallotted reserve for release by DOA for LTE salaries. In the past, funds have been transferred from supplies and services to supplement designated funding for limited-term employee salaries. Further, a 3% increase for wages of new and existing limited-term employees is included (\$70,800 in 2001-02 and \$72,900 in 2002-03). Including the unallotted reserve, the act provides LTE salary funding of \$2,092,800 in 2001-02 and \$2,098,200 in 2002-03.

6. STAFF INCREASES

	Funding Positions	
PR	\$70,600	2.50

Governor/Legislature: Provide \$34,700 in 2001-02 and \$35,900 in 2002-03 to (a) convert a limited-term program assistant position to permanent status, (b) turn a half-time information technology position into a full-time position and (c) replace an expiring project position with 1.0 permanent program assistant position (two half-time positions). The request includes converting a limited-term employee position to permanent status as a box office manager using existing funding for salary costs and using existing overtime funding for the expansion of the information technology position.

7. TRANSFER OF STAFF TO UNCLASSIFIED POSITIONS [LFB Paper 850]

Governor: Transfer 22.0 State Fair Park positions from the classified service to the unclassified service. Allow all State Fair Park employees who had reached permanent status in the classified service prior to October 29, 1999 (the effective date of 1999 Act 9) to be eligible for position transfer rights as granted to persons in the classified service while serving in the unclassified service at State Fair Park. In addition, give these employees reinstatement privileges for five years following their appointment to the unclassified service or for one year after termination of the unclassified appointment, whichever is longer. These reinstatement privileges would be forfeited if the reason for termination of the unclassified appointment would also be reason for discharge from their former position in the classified service.

Further, allow State Fair Park employees who had reached permanent status prior to October 29, 1999, in a classified career executive position to continue receiving the vacation

benefits of a classified career executive. Generally, career executive employees are entitled to an extra week of vacation over that provided most state employees.

While the 1999-01 biennial budget act unclassified all positions at State Fair Park, the Department of Employee Relations later determined that 25.85 of the positions were more appropriately included in the classified service. Further, while unclassifying positions in fact, 1999 Act 9 did not unclassify positions in the budget system (except for the Executive Director who was previously unclassified), which this provision attempts to correct for 22.0 of the positions. Under the bill, 23.2 staff would remain classified and 23.0 staff would be unclassified. However, DOA officials indicate that 19.85 rather than 22.0 positions were intended to be transferred to the unclassified service in the budget system.

Joint Finance/Legislature: Transfer 19.85 rather than 22.0 positions to the unclassified services.

[Act 16 Sections: 1405 and 3079]

8. STAFF OVERTIME

PR	\$257,200
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Governor/Legislature: Provide an additional \$128,600 each year for total annual staff overtime funding of \$502,700.

9. STATE FAIR PARK INFORMATION TECHNOLOGY SUPPORT

PR	\$174,600
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Governor/Legislature: Provide \$87,300 annually for desktop information technology support that would be available from the Department of Electronic Government. The funding would cover user fees for such services as desktop application and hardware, help desk support, network infrastructure and security, centralized storage, back up and disaster recovery, dialup connectivity and e-mail services.

10. ADVERTISING COST INCREASE

PR	\$64,400
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Governor/Legislature: Provide \$21,200 in 2001-02 and \$43,200 in 2002-03 for advertising associated with events at State Fair Park. Approximately \$537,000 was spent on advertising in 1999-00.

11. CAPITAL EXPENSES [LFB Paper 258]

PR	- \$448,000
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Joint Finance/Legislature: Delete \$224,000 from the State Fair Park capital budget in each fiscal year in order to maintain an adequate balance in the capital improvement fund (\$224,000 in annual authority would remain in the continuing appropriation). The capital improvement

fund has been used to finance renovation and repair projects related to the Park's existing facilities. It is estimated the June 30, 2003 balance of the capital improvement fund would be \$478,000 (State Fair Park officials have stated that good management practice requires that a minimum balance of \$500,000 be maintained in the capital improvement fund for emergency repairs).

12. STATE FAIR PARK BOARD MEMBERSHIP

Assembly/Legislature: Eliminate the June 30, 2003 sunset for the four Legislative members (a majority and minority member from each house) on the State Fair Park Board.

Veto by Governor [B-87]: Delete provision.

[Act 16 Vetoed Sections: 183h and 183i]

STATE TREASURER

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$326,800	\$244,700	\$83,500	\$83,500	\$83,500	-\$243,300	-74.4%
PR	3,170,200	3,529,200	3,529,200	3,529,200	3,529,200	359,000	11.3
SEG	<u>331,800</u>	<u>815,000</u>	<u>611,000</u>	<u>611,000</u>	<u>611,000</u>	<u>279,200</u>	84.1
TOTAL	\$3,828,800	\$4,588,900	\$4,223,700	\$4,223,700	\$4,233,700	\$394,900	10.3%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	1.00	0.00	0.00	0.00	0.00	-1.00
PR	15.50	15.50	15.50	15.50	15.50	0.00
SEG	<u>2.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>1.00</u>
TOTAL	18.50	18.50	18.50	18.50	18.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$3,200
PR	62,400
SEG	<u>-4,600</u>
Total	\$54,600

Governor/Legislature: Provide adjustments to the base budget for:

(a) full funding of continuing salaries and fringe benefits (-\$1,600 GPR, \$6,000 PR and -\$3,800 SEG annually); reclassifications (\$13,200 PR annually); (c) BadgerNet increases (\$5,500 PR and \$1,000 SEG annually); (d) fifth week vacation as cash (\$3,800 PR annually); and (e) full funding of lease costs (\$2,700 PR and \$500 SEG annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	-\$12,700
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Governor/Legislature: Reduce the agency's two GPR state operations appropriations (for the college tuition and expenses and the college savings programs) by 5% of the combined

adjusted base in 2001-02 and by 5% of the reduced base under the Governor's recommendations in 2002-03 (-\$8,100 in 2001-02 and -\$ 4,600 in 2002-03).

3. SASI COSTS

Governor/Legislature: Provide \$47,600 (\$2,600 GPR, \$38,300 PR and \$6,700 SEG) annually for basic desktop information technology support as part of a small agency support infrastructure (SASI) program.

GPR	\$5,200
PR	82,800
SEG	<u>16,400</u>
Total	\$104,400

This support is currently provided to small agencies by DOA. The proposed funding for the SASI initiative would support DOA user fee charges of \$2,200 per year for each user account at the State Treasurer's Office (\$35,700 annually) and new BadgerNet connections (\$11,900 annually). The services supported at DOA include desktop applications and hardware; continuous help desk support; network infrastructure and security; centralized data storage, backup and disaster recovery; dialup service; and E-mail/messaging services. In addition, provide \$3,100 PR and \$1,500 SEG annually for full funding of base level charges for SASI costs.

4. IVR UPGRADE

PR	\$21,800
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Governor/Legislature: Provide \$14,400 in 2001-02 and \$7,400 in 2002-03 to provide for an upgrade to the interactive voice response (IVR) system for the local government investment pool program. The funding would be used to replace the existing computer that supports the system and to provide programming support to maintain the software which operates the system.

5. COLLEGE SAVINGS PROGRAM -- POSITION FUNDING CHANGE

Governor/Legislature: Shift 1.0 GPR position authorized for the college savings program created under 1999 Wisconsin Act 44 from GPR funding to SEG funding (trust fund revenues).

	Funding Positions	
GPR	-\$142,800	- 1.00
SEG	<u>142,800</u>	<u>1.00</u>
Total	\$0	0.00

6. COLLEGE SAVINGS PROGRAM -- INCREASED SUPPLIES AND SERVICES FUNDING

Governor/Legislature: Provide \$71,400 GPR and \$78,600 SEG in 2001-02 and \$250,000 SEG in 2002-03 for increased supplies and services expenditures for operation of the new program.

GPR	\$71,400
SEG	<u>328,600</u>
Total	\$400,000

7. FUNDING FOR ADMINISTRATIVE EXPENSES - COLLEGE SAVINGS AND COLLEGE TUITION AND EXPENSES PROGRAMS [LFB Paper 856]

GPR	- \$161,200
SEG	- 204,000
Total	- \$365,200

Joint Finance/Legislature: Based on a re-estimate of total funding needs for the two programs which takes into account the finalized arrangement with the outside vendor for the college savings program and updated estimates of amounts to be received from program fees charged participants in the two programs, reduce GPR funding by \$101,900 in 2001-02 and by \$59,300 in 2002-03 and reduce SEG funding by \$30,700 in 2002-03 and by \$173,300 in 2002-03. Total funding for the two programs under these changes is shown in the table below:

Apportionment of Alternative Funding Level by Program and Appropriation

<u>Appropriation Purpose</u>	<u>Fund</u>	<u>2001-02</u>	<u>2002-03</u>
College Tuition and Expenses Program			
Net GPR subsidy for administrative expenses	GPR	\$54,400	\$29,100
Net funding for administrative expenses from the college tuition and expenses trust fund	SEG	56,200	62,000
Total		\$110,600	\$91,100
College Savings Program			
Net GPR subsidy for administrative expenses	GPR	\$0	\$0
Net funding for administrative expenses from the college savings program trust fund	SEG	234,900	257,900
Total		\$234,900	\$257,900

In addition, based on changes in appropriations made by 2001 Wisconsin Act 7, allocate the above SEG funding levels between the two separate administrative appropriations for the two programs.

8. REPAYMENT OF GPR START-UP FUNDING [LFB Paper 855]

GPR-REV	\$80,000
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Joint Finance/Legislature: Modify current law to require that the Secretary of the Department of Administration transfer from the tuition trust fund or the college savings program trust fund to the general fund an amount equal to the total of all GPR funds expended for start-up operations of the college savings program and the college tuition and expenses program when the Secretary determines that revenues in either fund are sufficient to make a transfer to the general fund. Currently, such repayment requirement exists only for college tuition and expenses program. Further, specify that the amounts to be repaid are only the GPR amounts actually expended on the two programs. Require that the State Treasurer report by June 1st of each year - until all required repayments have been made - to the Secretary of Administration and the Joint Committee on Finance on the amounts available in both of the

trust funds to make repayments, the amounts repaid to date and the balances outstanding. Estimate repayments of \$80,000 (GPR-Earned) under these provisions in 2002-03.

[Act 16 Sections: 124m and 126m]

9. CHANGES IN STATUTORY APPROPRIATIONS [LFB Paper 857]

Governor: Make the following changes regarding appropriations for the college tuition and expenses and college savings programs: (a) specify that the existing GPR appropriation for the administrative expenses of the college savings program is only for such initial expenses and expand the stated purpose of the tuition trust fund administrative expenses appropriation to cover the administrative expenses of the college savings program as those of the college tuition and expenses program; (b) repeal the separate appropriation under the college tuition and expenses program for refunds under that program and instead expand the stated purpose of the appropriation under that program for payment of tuition to include the payment of refunds under the program; (c) for the college savings program, create new appropriations from the tuition trust fund to allow for: (1) the transfer of contributions under the program to the contracted vendor who will actually invest the monies until needed; and (2) payments to beneficiaries of college savings accounts under this program and refunds to account owners.

Joint Finance/Legislature: Modify the new administrative expenses appropriation for the college savings program that was created by 2001 Wisconsin Act 7 to change the appropriation from a continuing appropriation to a sum certain annual appropriation. In addition, delete the new appropriations for these programs as proposed by the Governor and re-title the existing appropriations (as affected by Act 7) as shown in the table below:

<u>Appn.</u>	<u>Current Title*</u>	<u>Proposed Title</u>
(2)(a)	Administrative expenses; general fund	Administrative expenses; college tuition and expenses program
(2)(am)	Administrative expenses for college savings program; general fund	Administrative expenses; college savings program
(2)(q)	Payment of qualified higher education expenses and refunds	Payment of qualified higher education expenses and refunds; college tuition and expenses program
(2)(t)	College savings program; payment of qualified higher education expenses and refunds	Payment of qualified higher education expenses and refunds; college savings program
(2)(tm)	General program operations; reimbursement	Administrative expenses; college savings program
(2)(s)	Administrative expenses; tuition trust fund	Administrative expenses; college tuition and expenses program

*Current law as amended by 2001 Act 7.

Veto by Governor [F-24]: Delete the change of the administrative expenses appropriation for the college savings program to a sum certain appropriation so that it remains a continuing appropriation.

[Act 16 Sections: 920i thru 920x]

[Act 16 Vetoes Sections: 395 (as it relates to s. 20.585(2)(tm)) and 920x]

10. UNCLAIMED PROPERTY PROGRAM -- FUNDING CHANGES

PR	\$192,000
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Governor/Legislature: Provide \$96,000 annually for the unclaimed property program (the annual amount consists of \$23,000 for improvements to the program's management software system, \$12,000 for use of a telephone interviewing service during abandoned property public notification periods and \$61,000 for increased services from a contracted securities custody and auditing provider).

11. UNCLAIMED PROPERTY PROGRAM -- STATUTORY CHANGES

Governor/Legislature: Modify current statutory provisions relating to abandoned property transferred to the unclaimed property program as follows: (a) change the current requirement for a biennial report and transfer of unclaimed property from holders of such property to an annual report requirement; (b) change the calendar deadline date for such report submittal and transfer of property reported abandoned in the prior calendar year to the Treasurer's Office from May 1st to November 1st; (c) change the date for publication of a notice of new abandoned property transferred to the unclaimed property program since the last such report from the September 20th following the reporting deadline to the July 1st following the reporting deadline; (d) reduce the elapsed time period involved before a presumption of an abandonment of stocks and other intangible ownership interests in a business association is to be made from the current seven years to five years; and (e) provide that if the change in the date for reporting of abandoned property from May 1st to November 1st does not become law until after October 31, 2001, then the first report due under this change would not be due until November 1, 2002, and would have to cover the two preceding years and holders of abandoned property would be allowed to assess service charges under the old law time period until the new reporting requirements and restrictions become effective.

Further, repeal the provisions that: (a) securities transferred to the State Treasurer's Office under the unclaimed property program must generally be held for a period of at least three years before being sold by the administrator of the program; and (b) any person making a claim of interest for securities transferred under this program, if awarded a claim, would be entitled to the greater of the actual proceeds from of any securities sold before the end of the three year period or the market value of the sold securities at the time of submittal of the claim. Under these changes, securities transferred to the unclaimed property program would generally have to be held for a minimum of one year and any person making a claim of interest for securities

transferred under the program would, if awarded a claim, be entitled to the securities, if unsold, or the net proceeds received from the sale of the securities if they have been sold.

[Act 16 Sections: 2883 thru 2901, 2904, 2905, 2911, 9153(1)&(2) and 9353(1)&(2)]

SUPREME COURT

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$20,680,200	\$22,410,300	\$21,872,200	\$22,277,600	\$22,079,000	\$1,398,800	6.8%
FED	806,400	806,400	806,400	806,400	806,400	0	0.0
PR	22,460,400	23,355,000	23,355,000	23,355,000	23,355,000	894,600	4.0
SEG	<u>1,339,200</u>	<u>1,418,200</u>	<u>1,418,200</u>	<u>1,418,200</u>	<u>1,418,200</u>	<u>79,000</u>	<u>5.9</u>
TOTAL	<u>\$45,286,200</u>	<u>\$47,989,900</u>	<u>\$47,451,800</u>	<u>\$47,857,200</u>	<u>\$47,658,600</u>	<u>\$2,372,400</u>	<u>5.2%</u>

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	111.50	111.50	111.50	112.50	111.50	0.00
FED	1.00	1.00	1.00	1.00	1.00	0.00
PR	85.50	86.00	86.00	86.00	86.00	0.50
SEG	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.00</u>
TOTAL	<u>203.00</u>	<u>203.50</u>	<u>203.50</u>	<u>204.50</u>	<u>203.50</u>	<u>0.50</u>

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 622]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$2,764,100	-\$538,100	\$2,226,000
PR	114,200	0	114,200
SEG	<u>79,000</u>	<u>0</u>	<u>79,000</u>
Total	<u>\$2,957,300</u>	<u>-\$538,100</u>	<u>\$2,419,200</u>

Governor: Provide \$1,366,500 GPR, \$57,100 PR and \$39,500 SEG in 2001-02 and \$1,397,600 GPR, \$57,100 PR and \$39,500 SEG in 2002-03 for the following: (a) removal of noncontinuing elements from the base (-\$24,000 GPR and -\$528,600 PR annually); (b) full funding of continuing salaries and fringe benefits (\$342,000 GPR, \$532,700 PR and \$38,000 SEG annually); (c) BadgerNet increases (\$53,000 PR annually); (d) fifth week of vacation as cash

(\$10,400 GPR and \$1,500 SEG annually); and (e) full funding of lease costs and directed moves (\$1,038,100 GPR in 2001-02 and \$1,069,200 GPR in 2002-03). Funding for lease costs and directed moves is provided for the State Law Library's move to the new Justice Center Building, scheduled for December, 2002.

Joint Finance/Legislature: Reduce funding for Law Library rent at the new Justice Center by \$253,500 GPR in 2001-02 and by \$284,600 GPR in 2002-03.

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	-\$1,034,000	\$206,800	-\$827,200

Governor: Make the following reductions to GPR appropriations: (a) the Director of State Courts general program operations appropriation (-\$252,800 annually); (b) the Supreme Court's sum sufficient general program operations appropriation (-\$211,700 annually); and (c) the State Law Library's general program operations appropriation (-\$52,500 annually). These amounts represent a reduction of 5% of the Court's total GPR adjusted base for state operations.

Senate: Reduce the Supreme Court's total GPR adjusted base for state operations by 1% annually, rather than 5% annually. Restore the following amounts to the following Court GPR appropriations: (a) the Director of State Courts' general program operations appropriation (\$202,200 annually); (b) the Supreme Court's sum sufficient general program operations appropriation (\$169,400 annually); and (c) the State Law Library's general program operations appropriation (\$42,000 annually).

Conference Committee/Legislature: Reduce the Supreme Court's total GPR adjusted base for state operations by 4% annually, rather than 5% annually. Restore the following amounts to the following Court GPR appropriations: (a) the Director of State Courts' general program operations appropriation (\$50,500 annually); (b) the Supreme Court's sum sufficient general program operations appropriation (\$42,400 annually); and (c) the State Law Library's general program operations appropriation (\$10,500 annually).

3. STATE LAW LIBRARY GIFTS AND GRANTS APPROPRIATION

PR	\$450,000
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Governor/Legislature: Provide \$225,000 annually to increase the Wisconsin State Law Library's (WSLL) gifts and grants appropriation to reflect the contracts entered into between the Supreme Court and Milwaukee and Dane Counties for law library services. Under these contracts, the WSLL operates the Milwaukee Legal Resource Center, the Dane County Law Library and provides assistance for Milwaukee County Circuit Court judges' staff. The WSLL

also provides books for the Milwaukee judges' chamber collection, whose costs are reimbursed by Milwaukee County and deposited in this appropriation.

4. OFFICE OF LAWYER REGULATION APPROPRIATION

PR	\$211,200
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Governor/Legislature: Provide \$105,600 annually to increase the Office of Lawyer Regulation (OLR) appropriation to reflect its 2000-01 budget as approved by the Supreme Court. The funds would be primarily used to support the reorganized structure of OLR as well as for master lease payments to upgrade OLR information technology equipment. Program revenue is generated from a portion of the annual dues that Wisconsin attorneys pay to the State Bar of Wisconsin.

5. JUDICIAL EDUCATION FOR COURT COMMISSIONERS

	Funding Positions	
PR	\$99,200	0.50

Governor: Provide \$42,700 in 2001-02 and \$56,500 in 2002-03 and a 0.5 education manager position annually and create a court commissioner training program revenue appropriation to provide training programs for circuit court commissioners. According to recently revised Supreme Court Rules, court commissioners are required to fulfill continuing education requirements. Program revenue would be generated by fees charged for the court commissioner training programs. Statutory language would, however, need to be added to the bill authorizing the court commissioner training fee. In its budget request, the Court estimated that fees of \$500 per year per full-time court commissioner and \$250 per year per part-time court commissioner would generate \$63,000 in program revenue annually.

Joint Finance/Legislature: Provide that the Supreme Court must charge court commissioners a fee for the costs of the training programs provided by the Supreme Court.

Veto by Governor [D-27]: Delete the requirement that court commissioners be charged the fee. In his veto message, the Governor indicates that this will maintain the current billing practice, with the fee assessed to the county where the court commissioner is employed.

[Act 16 Sections: 927 and 3780q]

[Act 16 Vetoed Section: 3780q]

6. MATERIALS AND SERVICES APPROPRIATION

PR	\$20,000
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Governor/Legislature: Provide \$10,000 annually to increase the materials and services appropriation to reflect anticipated 2000-01 expenditures. This appropriation funds the activities of court forms development and the production of citation forms. Program revenue is generated from photocopy fees as well as the sale of uniform court forms, pamphlets and computer-generated special reports of court information data.

7. COURT INTERPRETERS [LFB Paper 275]

	Legislature (Chg. to Base)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$198,600	1.00	-\$198,600	- 1.00	\$0	0.00

Senate/Assembly/Legislature: Provide \$97,800 in 2001-02 and \$100,800 in 2002-03 and 1.0 two-year project interpreter coordinator position annually to the Court's Director of State Courts Office to develop a court interpreter certification and education and training program. [See "Circuit Courts" for additional court interpreter changes.]

Veto by Governor [D-25]: Delete provision.

[Act 16 Vetoes Sections: 395 (as it relates to s. 20.680(2)(a)) and 9147(1n)]

8. DIRECTOR OF STATE COURTS' GENERAL PROGRAM OPERATIONS APPROPRIATION

Senate/Legislature: Convert the Director of State Courts' GPR general program operations appropriation from an annual to a biennial appropriation.

Veto by Governor [D-28]: Delete provision.

[Act 16 Vetoes Section: 926r]

9. PRISON IMPACT ASSESSMENTS

Senate: Provide \$101,500 GPR and \$141,900 PR and 2.25 GPR positions and 2.0 PR positions (1.5 one-year project and 0.5 permanent) in 2001-02 and \$113,300 GPR and \$30,800 PR and 2.25 GPR positions and 0.5 PR position in 2002-03 and require the Director of State Courts to prepare a prison impact assessment for any bill or, if requested, for any bill draft that creates a felony or modifies the period of imprisonment for a felony. Specify that except as otherwise provided by the joint rules of the Legislature, the Director is required to prepare the assessment within 21 calendar days after the date on which the Director receives a copy of a bill or the date on which the Director receives a request to prepare the assessment from the requester of the bill draft, whichever occurs first.

Require that the assessment contain all of the following: (a) projections of the impact on statewide populations of prisoners, probationers, parolees and persons on extended supervision; (b) an estimate of the fiscal impact of population changes on state expenditures, including expenditures for the construction and operation of state prisons for the current fiscal year and the five succeeding fiscal years; (c) an analysis of any significant factor, not covered in complying with the previous two requirements, affecting the cost of the bill or bill draft and the

factor's impact on prosecutors, the state public defender and courts; and (d) a statement of the methodologies and assumptions that the Director used in preparing the assessment.

Specify that the Legislature reproduce and distribute assessments in the same manner as it reproduces and distributes amendments. Require that a bill draft that requires an assessment by the Director of State Courts must have that requirement noted on its jacket when the jacket is prepared. Specify that when a bill that requires an assessment is introduced, the Legislative Reference Bureau must submit a copy of the bill to the Director. Specify that no public hearing before a standing committee may be held and no committee vote may be taken regarding any bill or bill draft that requires a prison impact assessment unless the assessment has been prepared.

Require the Director of State Courts to annually, by March 1, submit to the Legislature a prison impact assessment reflecting the cumulative effect of all relevant changes in the statutes taking effect during the preceding calendar year.

Require the Department of Corrections to provide the Director of State Courts with information on current and past admissions and on length of time served as needed by the Director to prepare the assessments. Require the Circuit Courts and the Office of Justice Assistance in the Department of Administration to provide the Director of State Courts with information to assist the Director in preparing the assessments.

Specify that the provision applies to bills introduced or requests for assessments for bill drafts made on or after July 1, 2002. Require DOA to transfer all records of the Sentencing Commission to the Director of State Courts as soon as possible after the effective date of the bill.

Conference Committee/Legislature: Modify the Senate provision as follows: (a) provide that the Legislative Fiscal Bureau, rather than the Director of State Courts, be responsible for the preparation of prison impact statements; (b) delete \$141,900 PR and 2.0 PR positions in 2001-02 and \$30,800 PR and 0.5 PR position in 2002-03; (c) provide GPR funding and positions to the Legislative Fiscal Bureau rather than the Director of State Courts; (d) specify that prison impact statements estimate the fiscal impact of population changes on state expenditures for the current fiscal year and on an annualized basis, rather than for the current fiscal year and the succeeding five fiscal years; (e) delete the provision that requires an analysis of any significant factor affecting the cost of a bill or bill draft and the factor's impact on prosecutors, the State Public Defender and courts; (f) delete the requirement that annually, by March 1, a prison impact assessment reflecting the cumulative effect of all relevant changes in the statutes taking effect during the preceding calendar year be submitted to the Legislature; (g) delete the requirement that DOA transfer all records of the Sentencing Commission as soon as possible after the effective date of the bill; and (h) in addition to requiring that Corrections provide the Fiscal Bureau with information on current and past admissions and on length of time served, require Corrections to provide any other information needed by the Fiscal Bureau in order to prepare the assessments.

Veto by Governor [D-26]: Delete provision. [See "Legislature."]

[Act 16 Vetoes Sections: 97m, 114v and 395 (as it relates to s. 20.765(3)(d))]

**TECHNOLOGY FOR EDUCATIONAL ACHIEVEMENT
IN WISCONSIN BOARD**

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$85,248,200	\$89,256,200	\$86,370,800	\$86,370,800	\$86,370,800	\$1,122,600	1.3%
FED	528,000	2,028,000	688,000	7,928,000	7,928,000	7,400,000	1401.5
PR	10,995,600	5,695,500	14,746,100	7,128,400	7,128,400	-3,867,200	-35.2
SEG	<u>20,537,200</u>	<u>27,397,100</u>	<u>29,523,100</u>	<u>29,873,100</u>	<u>29,873,100</u>	<u>9,335,900</u>	45.5
TOTAL	\$117,309,000	\$124,376,800	\$131,328,000	\$131,300,300	\$131,300,300	\$13,991,300	11.9%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	6.00	5.00	5.00	5.00	5.00	- 1.00
FED	0.00	0.00	1.00	1.00	1.00	1.00
PR	<u>2.00</u>	<u>2.00</u>	<u>4.00</u>	<u>2.00</u>	<u>2.00</u>	<u>0.00</u>
TOTAL	8.00	7.00	10.00	8.00	8.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget by -\$4,000 GPR and \$344,800 SEG in 2001-02 and -\$27,400 GPR and \$344,800 SEG in 2002-03 for: (a) removal of noncontinuing elements from base (-\$23,400 GPR and -1.0 GPR position in 2002-03); (b) full funding of salaries and fringe benefits (-\$5,900 GPR annually); (c) BadgerNet increases (\$344,800 SEG annually); and (d) fifth week of vacation as cash (\$1,900 GPR annually).

Funding Positions		
GPR	-\$31,400	- 1.00
SEG	<u>689,600</u>	<u>0.00</u>
Total	\$658,200	- 1.00

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- \$70,200
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Governor/Legislature: Reduce the TEACH state operations appropriation by \$35,100 in each year. The total reduction amount was derived by making a reduction of 5% to the adjusted base of \$702,200 for this appropriation.

3. DEBT SERVICE REESTIMATE [LFB Paper 266]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$4,109,600	-\$2,885,400	\$1,224,200
PR	<u>-5,797,300</u>	<u>0</u>	<u>-5,797,300</u>
Total	-\$1,687,700	-\$2,885,400	-\$4,573,100

Governor: Reestimate debt service costs by \$53,000 GPR in 2001-02 and \$403,800 GPR in 2002-03 and -\$609,300 PR annually for public library boards from a base level of \$206,800 GPR and \$633,100 PR. Reestimate debt service costs by \$948,000 GPR in 2001-02 and \$2,704,800 GPR in 2002-03 and -\$2,291,100 PR in 2001-02 and -\$2,287,600 PR in 2002-03 for school districts from a base level of \$2,715,100 GPR and \$4,709,400 PR.

Joint Finance/Legislature: Reestimate debt service by -\$916,100 GPR in 2001-02 and -\$1,381,900 GPR in 2002-03 for school districts and by -\$226,400 GPR in 2001-02 and -\$361,000 GPR in 2002-03 for public library boards.

4. EDUCATIONAL TELECOMMUNICATIONS ACCESS

SEG	\$5,435,800
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Governor/Legislature: Provide \$2,592,900 in 2001-02 and \$2,842,900 in 2002-03 for the current educational telecommunications access program, which provides eligible entities with subsidized access to new data lines and video links or grants for data lines and video links for service contracts in effect on October 14, 1997. The program is funded from the universal service fund (USF) that receives its revenues through assessments on annual gross operating receipts from intrastate telecommunications providers, which they are allowed to fully recover through an adjustment applied to subscribers' local exchange service rates.

This funding would be utilized for the following purposes:

- a. *School Districts and CESAs.* \$941,300 in 2001-02 and \$161,700 in 2002-03 above base level funding of \$7,195,700 for the estimated additional costs of providing telecommunications access to school districts and CESAs.

b. *Private Colleges, Technical Colleges, and Libraries.* \$1,762,200 in 2001-02 and \$2,454,200 in 2002-03 above base level funding of \$2,014,600 for the estimated additional costs of providing telecommunications access to private colleges, technical colleges, and libraries.

c. *Private K-12 Schools.* -\$120,300 in 2001-02 and \$212,200 in 2002-03 above base level funding of \$1,003,100 for funding additional estimated costs of providing telecommunications access to private K-12 schools.

d. *State residential schools.* \$9,700 in 2001-02 and \$14,800 in 2002-03 above base level funding of \$55,200 for funding additional estimated costs of providing telecommunications access to state residential schools.

5. GRANTS FOR PUPIL TECHNOLOGY SUPPORT [LFB Paper 871]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$1,000,000	-\$1,000,000	\$0

Governor: Provide \$500,000 annually from federal E-rate monies. Require the TEACH Board to award grants to school districts to train pupils to provide educational technology support services to the school districts in which they are enrolled. Specify that the TEACH Board could award no more than \$500,000 in grants in each fiscal year. Require TEACH to award grants in consultation with the Board of Regents of the UW System and the Wisconsin Technical College System Board.

Joint Finance/Legislature: Delete provision.

6. ALTERNATIVE TECHNOLOGY STUDY [LFB Paper 871]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$500,000	-\$500,000	\$0
SEG	250,000	- 250,000	0
Total	\$750,000	-\$750,000	\$0

Governor: Provide \$500,000 FED from federal e-rate monies and \$250,000 SEG from the universal service fund in 2001-02. Require the TEACH Board to conduct a study of emerging technology products, services, and applications for distance learning in primary and secondary schools. Specify that the TEACH Board would have to conduct approximately six pilot projects and could expend up to \$500,000 FED and \$250,000 SEG for the study. Authorize the use of monies from the universal service fund for this purpose. Require the TEACH Board to report the findings of its study to the Governor and to the Legislature by January 31, 2003.

Joint Finance/Legislature: Delete provision.

7. E-RATE MONIES [LFB Paper 871]

	Jt. Finance (Chg. to Base)		Legislature (Chg. to JFC)		Net Change	
	Funding Positions		Funding Positions		Funding Positions	
GPR-Lapse	\$7,240,000		\$7,240,000		\$7,240,000	
FED	\$160,000	1.00	\$7,240,000	0.00	\$7,400,000	1.00
PR	<u>7,240,000</u>	<u>0.00</u>	<u>-7,240,000</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
Total	\$7,400,000	1.00	\$0	0.00	\$7,400,000	1.00

Joint Finance: Provide \$4,040,000 PR in 2001-02 and \$3,200,000 PR in 2002-03 in a new, continuing PR appropriation under TEACH designated for the receipt of E-rate monies received by the TEACH Board. Specify that \$840,000 from the available balance of E-rate monies in a TEACH FED appropriation would be transferred to this appropriation. Specify that any monies expended from this PR appropriation would be for TEACH block grants and would offset GPR expenditures for this program, so that an estimated GPR lapse of \$4,040,000 in 2001-02 and \$3,200,000 in 2002-03 would occur. Provide \$80,000 FED and 1.0 FED position annually to provide staff for TEACH E-rate related activities.

Legislature: Specify that appropriation for this purpose is FED rather than PR, so that \$4,040,000 in 2001-02 and \$3,200,000 in 2002-03 would be considered FED and not PR funding.

[Act 16 Sections: 567, 571m, 571r and 9249(1f)]

8. DISSOLUTION OF WATF

GPR-Lapse \$8,826,700

Senate/Assembly/Legislature: Increase estimated GPR-lapses in 2001-02 by \$8,826,700 to reflect the dissolution of the Wisconsin Advanced Telecommunications Foundation (WATF). Under the provisions of Act 16, these unallocated WATF proceeds would be used for TEACH block grants and would offset GPR expenditures for this purpose.

9. WATF EXISTING GRANTS [LFB Paper 146]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
PR	\$566,200	-\$67,100	\$499,100

Governor: Provide \$566,200 in 2001-02 to meet the existing grant commitments of the Wisconsin Advanced Telecommunications Foundation. Funding for this item will come from the dissolution of the Foundation's endowment fund. This funding would be provided in a new PR appropriation allowing the expenditure of funds received from other state agencies.

Assembly/Legislature: Reduce the amount provided for the closeout of existing contracts of WATF from \$566,200 to \$499,100 to reflect a reestimate of the funding required for this purpose. Under the provisions of Act 16, the \$67,100 of unallocated WATF proceeds attributable to reduced funding for the closeout of existing contracts would be used for TEACH block grants and would offset GPR expenditures for this purpose.

[Act 16 Sections: 570 and 9101(10)]

10. DELETE CURRENT WATF POSITIONS [LFB Paper 147]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
PR	-\$310,600	-2.00	\$310,600	2.00	-\$310,600	-2.00	-\$310,600	-2.00

Governor: Delete \$155,300 and 2.0 positions annually to reflect the dissolution of the Wisconsin Advanced Telecommunications Foundation and the dispersal of its accrued endowment fund to the state. Eliminate statutory authority for the TEACH Board to provide administrative services to the Foundation.

Joint Finance: Delete provision, which would restore the positions and funding.

Assembly/Legislature: Delete \$155,300 annually and 2.0 positions provided under the Joint Finance version related to TEACH administrative services to WATF, which has since dissolved.

[Act 16 Sections: 567m and 1420m]

11. WATF EXISTING GRANT ADMINISTRATION

	Funding Positions	
PR	\$136,200	1.00

Governor: Provide \$68,100 and 1.0 position annually to continue administration of existing Wisconsin Advanced Telecommunications Foundation grants and to perform other duties as determined by the Secretary of the TEACH Board. Funding for this item would come from the dissolution of the foundation's endowment fund. This funding would be provided in a new PR appropriation allowing the expenditure of funds received from other state agencies.

Joint Finance/Legislature: Include the Governor's provision, and clarify that the TEACH Board would have authority to administer, modify or rescind any WATF grant or award to the extent allowed for under the contract for making the grant or award.

[Act 16 Sections: 570, 1420m and 9101(10)]

12. WATF ADDITIONAL PROCEEDS

Joint Finance/Legislature: Create a PR appropriation for the receipt of any additional proceeds if the WATF dissolves that would not already be allocated under the bill or by the WATF upon dissolution. Specify that any monies expended from this appropriation would be for TEACH block grants and would offset GPR expenditures for this purpose. If additional proceeds would accrue to this PR appropriation, a corresponding GPR lapse would occur.

[Act 16 Section: 567 and 569o]

13. GOVERNOR'S WISCONSIN EDUCATIONAL TECHNOLOGY CONFERENCE

	Funding	Position
PR	\$105,400	1.00

Governor: Provide \$52,700 and 1.0 position annually to organize the annual Governor's Wisconsin Educational Technology Conference. A corresponding reduction in funding and authorized positions is made to the Educational Communications Board.

Senate: Transfer from TEACH to DPI \$52,700 annually and 1.0 position to organize the educational technology conference and perform other duties as assigned in the Division for Libraries, Technology and Community Learning within DPI.

Assembly/Legislature: Include the Governor's recommendation.

14. TEACH ELIGIBILITY FOR SECURED CORRECTIONAL FACILITIES [LFB Paper 872]

SEG	\$484,500
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Governor: Provide \$251,100 in 2001-02 and \$233,400 in 2002-03 to fund telecommunications access services from the TEACH Board for three secured correctional facilities. Specify that the secured correctional facilities would be the Southern Oaks Girls School, the Ethan Allen School and the Lincoln Hills School. Provide that these facilities would also be eligible to apply for educational technology training and technical assistance grants as members of consortia. Require the Secretary of Corrections submit a written request to TEACH in order for those facilities to be eligible for educational technology block grants. Limit the amount the Department of Corrections (DOC) would receive in block grants for each facility to \$5,000 annually, and allow DOC to allocate the funds received through this program among the eligible facilities as it deems appropriate, although the monies would have to be deposited in a separate fund. Create an appropriation to fund subsidized telecommunications access for those facilities. Require TEACH to promulgate rules to ensure that secured correctional facilities that receive access to data lines and video links use them only for educational purposes. Require the DOC to submit a report to DOA by June 30, 2002, that specifies any cost savings by the DOC due to secured correctional facilities' receipt of grants or subsidies from TEACH.

Under current law, CESAs and consortia of school districts, CESAs, and public library boards are eligible to receive training and technical assistance grants. School districts are eligible to receive block grants, and school districts, private schools, CESAs, technical colleges, private colleges, public library systems and boards and the state residential schools are eligible to receive telecommunications access funding.

Joint Finance/Legislature: Modify the Governor's recommendation to make the Youth Leadership Training Center eligible for the same programs. Provide that DOC would not be eligible for assistance under the educational telecommunications access program unless the DOC blocks access to material on the Internet that is harmful to minors. Specify that "harmful to minors" would be defined as that quality of any description, narrative account, or representation, in whatever form, of nudity, sexually explicit conduct, sexual enticement, sadomasochistic abuse, physical torture, or brutality, that does all of the following: (1) predominantly appeals to the prurient, shameful, or morbid interest of children; (2) is patently offensive to prevailing standards in the adult community as a whole with respect to what is suitable for children; and (3) lacks serious literary, artistic, political, scientific, or educational value for children, when taken as a whole.

[Act 16 Sections: 370, 566, 567, 576, 1416, 1418, 1422, 1424 thru 1426, 1435, 1436 and 9111(2)]

15. TEACH ELIGIBILITY FOR CHARTER SCHOOL SPONSORS [LFB Paper 873]

Governor: Extend eligibility for TEACH programs to charter school sponsors, as follows:

a. *Educational technology block grants.* Require TEACH to calculate block grants for charter school sponsors by dividing the statewide average equalized valuation per member by the Milwaukee Public Schools' equalized valuation per member and multiplying the result by the number of pupils attending the charter school on the third Friday of September. Specify that a charter school sponsor could use these monies for any purpose related to educational technology that benefits pupils attending the charter school, except to pay salary or benefits of any charter school employee;

b. *Infrastructure financial assistance.* Require TEACH to include a condition requiring charter school sponsors to use any financial assistance under the program for wiring upgrading and installation that benefits pupils attending the charter school;

c. *Telecommunications access.* Require TEACH in establishing eligibility requirements to require that charter school sponsors use data lines or video links under the program to benefit pupils attending the charter school;

d. *Training and technical assistance grants.* Include charter school sponsors as eligible participants in consortia that apply for grants.

Under current law, the City of Milwaukee, UW-Milwaukee, and Milwaukee Area Technical College District Board are the only entities that would qualify as charter school sponsors.

Joint Finance/Legislature: Modify the Governor's recommendation to calculate block grants for charter school sponsors in proportion to their membership, rather than to weighted membership, which is used for school districts under the program.

[Act 16 Sections: 565, 567, 568, 1415, 1416, 1422, 1424, 1425, 1426, 1428b, 1430b, 1431 and 1435]

16. PUBLIC LIBRARY BOARDS FINANCIAL ASSISTANCE FOR COMMUNICATIONS HARDWARE [LFB Paper 870]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	\$0	-\$7,000,000	-\$7,000,000

Governor: Authorize the TEACH Board to grant infrastructure financial assistance to public library boards for the purchase of communications hardware, 50% of which would be in the form of a loan and 50% of which would be in the form of a grant. Specify that any financial assistance could only be used to purchase communications servers, routers, hubs or switches that enable a computer network in a library building to be directly connected to the Internet, and could not be used to purchase personal computers. Require the Board to establish, on a per building basis, the maximum amount of financial assistance available under this provision. Require that loan terms under this provision could not exceed four years. Authorize \$5,000,000 of general obligation bonding for this purpose.

Reduce the current general obligation bonding authorized for public library wiring loans from \$10,000,000 to \$5,000,000.

Require public library boards receiving infrastructure assistance for communications hardware to apply for a federal E-rate discount for any hardware purchased with the assistance.

Joint Finance/Legislature: Delete the Governor's recommendation. Instead, reduce general obligation bonding authorized for wiring loans for public libraries from \$10 million to \$3 million.

[Act 16 Section: 975]

17. PUBLIC LIBRARY BOARDS TELECOMMUNICATIONS ACCESS

Governor/Legislature: Allow public library boards that operate more than one library facility to request access to both a data line and a video link and access to more than one data line or video link under the telecommunications access program.

[Act 16 Section: 1434]

18. PUBLIC LIBRARY BOARDS TELECOMMUNICATIONS ACCESS SHARED SERVICE AGREEMENTS

Governor/Legislature: Authorize a public library board that is provided access to a data line under the telecommunications access program to enter into a shared service agreement with a political subdivision, defined as a city, village, town, or county, that provides the political subdivision with access to any excess bandwidth on the data line that is not used by the library board. Prohibit a library board from selling, reselling, or transferring in consideration for money or anything of value to a political subdivision access to any excess bandwidth. Specify that such an agreement would not be valid unless the library board could cancel the agreement at any time after providing notice to the political subdivision.

Prohibit educational agencies that receive access to data lines from providing access to the data line to any business entity and from requesting access to an additional data line for purposes of providing access to bandwidth to a political subdivision under a shared service agreement.

Prohibit a political subdivision that obtains access to bandwidth under a shared service agreement with a library board from receiving compensation for providing any other person with access to the bandwidth.

Require a library board within 30 days of entering into or modifying a shared service agreement with a political subdivision to provide the TEACH Board with written notice.

Prohibit monies in the universal service fund from being used to pay installation costs for a political subdivision to obtain access to bandwidth under a shared service agreement with a library board.

[Act 16 Sections: 1417, 1437, 1438 and 2982]

19. AMERITECH SETTLEMENT [LFB Paper 874]

GPR-Lapse	\$1,500,000
PR	\$1,500,000

Joint Finance/Legislature: Require the TEACH Board to award grants to public libraries that did not have access to high-speed Internet data lines as of May 1, 2001, in consultation with the Department of Public Instruction (DPI). Specify that the grants could be used for infrastructure, wiring, communications hardware,

computer and access costs associated with the installation and use of high-speed Internet data lines in libraries. Specify that the first \$500,000 received would be deposited in a new PR annual appropriation under TEACH with no monies in the schedule for the proposed library grant program. Require DPI to expend \$100,000 FED between May 1, 2001 and June 30, 2002, for this grant program. Provide \$1,500,000 PR in 2001-02 in a new continuing PR appropriation under TEACH designated for the receipt of all Ameritech settlement monies in excess of \$500,000. Specify that any monies expended from this PR appropriation would be for TEACH block grants and would offset GPR expenditures for this purpose, so that an estimated GPR lapse of \$1,500,000 would occur in 2001-02.

[Act 16 Sections: 567, 569g, 569m, 9140(6mk) and 9149(3mk)]

20. EXISTING CONTRACT GRANTS -- MORE THAN ONE HIGH SCHOOL

SEG	\$276,000
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Joint Finance/Legislature: Provide \$138,000 SEG annually to the school district telecommunications access appropriation from the universal service fund and modify current law governing the existing contract grants portion of the educational telecommunications access program. Allow the TEACH Board to award annual grants for each high school to school districts that operate more than one high school and that had in effect on October 14, 1997, contracts for access to more than one data line or video link involving those additional high schools. Delete \$46,000 GPR in 2001-02 from general school aids to adjust two-thirds funding of partial school revenues. The fiscal effect of this reduction to general school aids is reflected in the summary item for general school aids under "Public Instruction -- General School Aids."

[Act 16 Section: 1440c]

21. EXISTING CONTRACT GRANTS -- EXTEND SUNSET DATE

SEG	\$2,100,000
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Joint Finance/Legislature: Extend the sunset date on current law directing the TEACH Board to provide grants to school districts and private schools for data lines and video links in existence on October 14, 1997, from June 30, 2002 to December 31, 2005. Provide \$2,000,000 SEG for school districts and \$100,000 SEG for private schools for telecommunications access in 2002-03 from the segregated universal service fund. Delete \$666,700 GPR in 2002-03 from general school aids to adjust two-thirds funding of partial school revenues. The fiscal effect of this reduction to general school aids is reflected in the summary item for general school aids under "Public Instruction -- General School Aids."

[Act 16 Sections: 572, 574 and 1440b]

22. PEGASUS PARTNERSHIP

SEG	\$350,000
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Senate: Require the TEACH Board to allocate \$175,000 GPR annually as a first draw from the educational technology training and technical assistance grant program to the Racine Unified School District to participate in the Pegasus Partnership, which would provide training to teachers and pupils in computers, use of the Internet, Web design, computer animation, graphic design and video skills.

Conference Committee/Legislature: Modify the Senate provision to provide \$175,000 SEG annually under the telecommunications access program, funded through the universal service fund rather than allocate training grant monies.

[Act 16 Sections: 571t, 1426m and 2983m]

23. TEACH FUNDS FOR PRIVATE SCHOOLS

Assembly: Allow private schools to access TEACH funding and provide retroactive payments for those schools that were denied funding due to a lawsuit. Provide \$138,000 in 2001-02 for this purpose under the telecommunications access program, funded through the universal service fund, and require TEACH to distribute these funds by June 30, 2002. Specify that private schools receiving telecommunications access funding could use the funds only for educational technology purposes, as defined by the TEACH Board by rule. Specify that funds could not be used for sectarian worship, sectarian instruction or proselytization. Specify that if a private school used TEACH grant funds for prohibited purposes, then the school would be required to reimburse TEACH for the funds used for the prohibited purpose and would be ineligible for future grants. Require private schools receiving grants to file an expenditure report with TEACH by January 15 of the calendar year following the year the grant is awarded. Require private schools receiving grants to segregate grant funds in a separate account that TEACH or the Legislative Audit Bureau may audit.

Conference Committee/Legislature: Delete provision.

24. EDUCATIONAL TECHNOLOGY TRAINING AND TECHNICAL ASSISTANCE GRANTS

Senate: Require that recipients who received grants in 2000-01 would receive the same amount in 2001-02 and in 2002-03. If the appropriation in 2001-02 and 2002-03 would be insufficient to fully fund these grants, specify that the TEACH Board would prorate the grants.

Conference Committee/Legislature: Delete provision.

25. PUBLIC MUSEUMS ELIGIBLE FOR TELECOMMUNICATIONS ACCESS PROGRAM

Senate/Legislature: Specify that museums would be eligible for the TEACH telecommunications access program.

Under this program, eligible educational agencies receive subsidized access to data lines and video links. Currently, school districts, private schools, CESAs, technical college districts, private colleges, public library systems, public library boards and the Wisconsin Center for the Blind and Visually Impaired and the Wisconsin School for the Deaf are considered educational agencies and are eligible for this program. State costs for providing access are paid from the universal service fund, which receives its revenues through pass-through assessments on intrastate telecommunications providers.

Veto by Governor [A-19]: Delete provision.

[Act 16 Vetoed Section: 1416 (as it relates to museums)]

TOBACCO CONTROL BOARD

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
SEG	\$42,433,200	\$33,175,600	\$21,527,400	\$21,527,400	\$21,527,400	-\$20,905,800	- 49.3%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
SEG	2.00	4.00	4.00	4.00	4.00	2.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

SEG	-\$117,600
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Governor/Legislature: Delete \$58,800 annually to reflect full funding of continuing salaries and fringe benefit costs.

2. GRANT FUNDING [LFB Paper 880]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$9,154,000	-\$11,616,000	-\$20,770,000

Governor: Modify grant funding as follows.

Amount. Reduce funding by \$9,154,000 SEG in 2001-02 to reflect that half of the total 2000-01 funding authorized in Act 9 for competitive grants (\$18,308,000) will not be expended in 2000-01 and instead, will be carried forward and available for expenditure in 2001-02. 1999 Wisconsin Act 9 authorized the Board to award grants for activities to reduce and prevent tobacco use in the state, beginning July 1, 2000. However, the Board began awarding

competitive grants on a calendar year basis, beginning January, 2001. Therefore, a one-time surplus will be carried forward to support grants in the 2001-03 biennium.

Funding Earmarked for the Thomas T. Melvin Youth Tobacco Prevention and Education Program. Increase from \$1.0 million to \$1.5 million in 2001-02 and from \$1.0 million to \$2.0 million in 2002-03 the amount of grant funding the Board is required to provide to support the Thomas T. Melvin youth tobacco prevention and education program. Reduce GPR funding budgeted for the program in the Department of Health and Family Services by corresponding amounts, so that the program would be entirely funded from SEG tobacco control funds by 2002-03, but total funding earmarked for the program in each year of the 2001-03 biennium would remain the same, \$2 million per year (all funds). The GPR effect of this change is reflected under "Health and Family Services -- Public Health." The effect of this provision for the Board would be to reduce the amount of funds available for competitive grants by \$500,000 in 2001-02 and \$1,000,000 in 2002-03, so that \$17,808,000 in 2001-02 and \$17,308,000 in 2002-03 would be available to fund competitive grants.

Under current law, of the total annual funding budgeted for grants, the Board is required to provide at least \$2.5 million for: (a) research, prevention and cessation activities conducted by the University of Wisconsin-Madison tobacco research and intervention center (\$1.0 million); (b) the Thomas T. Melvin youth tobacco prevention and education program (\$1.0 million); and (c) the Medical College of Wisconsin (\$500,000). The remainder of the funding is available for competitive grants.

Joint Finance/Legislature: Modify the Governor's recommendations as follows: (a) reduce funding for grants by \$5,808,000 SEG annually; (b) increase from \$1,500,000 to \$2,000,000 in 2001-02, the amount of funding the Board would be required to provide to support the Thomas T. Melvin youth tobacco and prevention education program; and (c) reduce GPR funding for the Thomas T. Melvin program budgeted under DHFS by \$500,000 in 2001-02. (The fiscal effect of the reduction of GPR support for the Thomas T. Melvin program is summarized under "Health and Family Services -- Public Health.")

Under the amended bill, \$15,000,000 annually would be available for grants, of which \$3,500,000 annually would be earmarked for specific purposes and \$11,500,000 annually would be available for competitive grants. The following table compares total funding available for Tobacco Control Board grants for 2001-03 biennium under the Governor's recommendation and under Act 16.

Tobacco Control Board Grant Funds 2001-03

	<u>Governor's Recommendation</u>	<u>Act 16</u>
Thomas T. Melvin Youth Tobacco Prevention and Education Program	\$3,500,000	\$4,000,000
University of Wisconsin-Madison Tobacco Research and Intervention Center	2,000,000	2,000,000
Medical College of Wisconsin	1,000,000	1,000,000
Competitive Grants*	<u>35,116,000</u>	<u>23,000,000</u>
Total	\$41,616,000	\$30,000,000

*Includes the \$9,154,000 carried over from state fiscal year 2000-01.

[Act 16 Sections: 3159 and 3160]

3. STAFF [LFB Paper 881]

	Funding Positions	
SEG	\$14,000	2.00

Governor/Legislature: Provide \$2,600 in 2001-02 and \$11,400 in 2002-03 and 2.0 positions, beginning in 2001-02, to support the Board's activities. The bill would provide 1.0 contract specialist position to increase monitoring of grants awarded by the Board and 1.0 program assistant position to provide clerical support to the Board. The cost of these positions (\$62,600 in 2001-02 and \$71,400 in 2002-2003) would be partially offset by reducing base funding budgeted for limited-term employees (-\$50,000 annually) and permanent property (-\$10,000 annually). The Board is currently authorized 2.0 positions, including 1.0 staff coordinator position that serves as the Executive Director and 1.0 program and planning analyst position.

4. TRANSFER TO TOBACCO CONTROL FUND [LFB Papers 880 and 881]

	Governor (Chg. to Base)	Jt. Finance/Leg (Chg. to Gov)	Net Change
GPR-REV	-\$33,175,600	\$11,798,200	-\$21,377,400
SEG-REV	\$33,175,600	-\$11,798,200	\$21,377,400

Governor: Specify that the first \$12,006,400 in 2001-02 and the first \$21,169,200 in 2002-03 received from the Attorney General Master Tobacco Settlement Agreement of November 23, 1998, be transferred from the general fund and deposited in the tobacco control fund to

continue to fund the Board's grants and activities. These amounts equal the total budget recommended for the Board in the 2001-03 biennium.

Specify that, if the state has not received at least these amounts in each fiscal year from the settlement because the DOA Secretary has sold the state's right to receive payments under the agreement, the DOA Secretary would transfer these amounts from the general fund, less any payments received under the settlement agreement and deposited in the tobacco control fund in that fiscal year.

The Governor's proposal to sell the state's right to receive revenues under the tobacco settlement agreement is described under "Tobacco Settlement Securitization."

1999 Wisconsin Act 9 required that the first \$23,500,000 of the moneys received under the agreement be transferred from the general fund to the segregated tobacco control fund in 1999-00. This amount equaled the total budget for the Board in the 1999-01 biennium. No transfer occurred in 2000-01.

Joint Finance: Reduce funding transferred to the tobacco control fund from the general fund by \$5,974,100 in 2001-02 and \$5,824,100 to reflect reductions in funding for grants and administrative expenses as follows: (a) -\$5,808,000 annually to reduce funding for tobacco control grants; (b) -\$150,000 in 2001-02 to reflect additional tobacco control funds that will be carried over from the 1999-01 biennium and will be available to support administrative expenses in 2001-02; and (c) -\$16,100 annually to reduce administrative expenses associated with Board members' travel and meeting expenses (see Item #5).

In addition, specify that the same amount of funding that would be transferred from the general fund to the segregated tobacco control fund in 2002-03 would be transferred in each subsequent fiscal year. Finally, modify the deadline for the Board's annual report from July 1 to April 15, beginning in 2002.

Conference Committee/Legislature: Modify the Joint Finance provision to provide that annually, after June 1, but no later than June 15, beginning in 2004, the Joint Committee on Finance would transfer from the permanent endowment fund to the tobacco control fund the lesser of \$25,000,000 or 8.5% of the market value of the investments in the permanent endowment fund on June 1 in that year.

[Act 16 Sections: 100m, 246, 1111, 1134, 1135, 1136, 1136g, 1137, 3159, 3160, 3160c and 9423(12x)]

5. TOBACCO CONTROL BOARD MEMBERSHIP [LFB Paper 881]

SEG	- \$32,200
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Joint Finance/Legislature: Reduce funding by \$16,100 annually and limit the membership on the Tobacco Control Board to 15 members, effective on the first day of the third month following the enactment of the bill. In addition, require membership of the Board to include at least one majority party senator, one minority party senator, one majority party representative

to the Assembly, one minority party representative to the Assembly and the state Attorney General, or his or her designee. Under current law, the Governor appoints members of the Board, and there is no limitation on the number of members. There are currently 22 members. The reduction in funding reflects reduced meeting and travel expenses associated with fewer Board members.

Veto by Governor [C-43]: Delete the provisions that would limit the membership on the Tobacco Control Board and specify who is to be included on the Board.

[Act 16 Vetoed Sections: 173p thru 173s and 9423(12mk)]

TOBACCO SETTLEMENT SECURITIZATION

1. TOBACCO SETTLEMENT SECURITIZATION-- OVERVIEW OF TRANSACTION [LFB Paper 885]

This item provides a brief overview of the proposed tobacco settlement transaction as modified by actions of the Legislature. A summary of the provisions of the bill relating to this proposal is provided in the following item.

Details of the proposed transaction relating to the sale of the state's rights to tobacco settlement agreement revenues are not included in the bill. The bill would establish statutory authority for the transaction, but the structure of the financing would be determined by the Secretary of Administration.

There are many ways the proposed transaction could be structured. Preliminary information from executive budget documents and DOA staff indicate that the transaction could involve the following elements. Under this scenario, an estimated \$1.26 billion in bonds or other obligations would be issued by the Wisconsin Health and Educational Facilities Authority or by a nonstock, nonprofit corporation formed for that purpose. Bond proceeds would be deposited in a statutory segregated permanent endowment fund.

From the permanent endowment fund, \$450 million would be transferred to the general fund to provide increased revenue in the 2001-03 biennium compared to current law. Under this scenario, bond proceeds would also be used to: (a) fund a debt service reserve of approximately \$137 million; (b) pay capitalized interest of \$188 million; (c) pay \$13 million of issuance costs; and (d) deposit \$470 million in the permanent endowment fund for long-term investment. The permanent endowment fund would be invested by the Investment Board.

The general fund would also receive \$155.5 million in 2001-02 and \$157.6 million in 2002-03 from tobacco settlement monies, which equal the estimated amounts to be received under current law. These monies could either be directly deposited into the general fund or flow through the permanent endowment fund, depending on the timing of the proposed sale.

Once bonds would be issued, debt payments to bondholders would be the first draw on the stream of tobacco settlement payments, while the state would retain a right to any revenues in excess of debt service required for the bond issue. Each year, once debt service payments on the bonds are paid, the remaining tobacco settlement revenue for that year would be transferred to the general fund. After the bonds would be paid off, all tobacco settlement revenue would flow through to the general fund.

Beginning in 2003-04, annual transfers would be made from the permanent endowment fund to the general fund and tobacco control fund. In general, these transfers would equal 8.5% of the balance in the fund.

2. TOBACCO SETTLEMENT SECURITIZATION -- ENABLING PROVISIONS [LFB Papers 885, 886 and 887]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$350,000,000	\$104,274,000	\$454,274,000
SEG-REV	658,854,800	104,274,000	763,128,800
SEG	\$658,854,800	\$104,274,000	\$763,128,800

Governor: Create the following provisions related to the sale of the state's rights to the Attorneys General Master Tobacco Settlement Agreement.

Sale, Assignment and Transfer of Tobacco Settlement Revenues. Establish a separate, non-lapsable trust fund designated as the permanent endowment fund, consisting of all of the proceeds from the sale of the state's right to receive payments under the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998, and all investment earnings on the proceeds. Moneys in the permanent endowment fund would be used only to make the transfers to the general fund.

Create the following appropriations from the permanent endowment fund:

- a. an annual appropriation for the transfer of \$350,000,000 SEG in 2001-02 to the general fund (\$350,000,000 GPR-REV). Specify that this appropriation would be repealed on July 1, 2003;
- b. an annual appropriation for the transfer to the general fund of \$153,414,000 SEG in 2001-02, less any amounts received by the state under the tobacco settlement agreement in 2001-02. Specify that this transfer could occur no later than June 30, 2002, and the appropriation would be repealed on July 1, 2003. This transfer would ensure that the general fund would continue to receive the estimated amount of revenue in 2001-02 from the tobacco settlement (\$153,414,000) that is projected under current law, regardless of the timing of the proposed sale of the state's rights to these monies;
- c. an annual appropriation for the transfer to the general fund of \$155,440,800 SEG in 2002-03, less any amounts received by the state under the tobacco settlement agreement in 2002-03. Specify that this transfer could occur no later than June 30, 2003, and appropriation would be repealed on July 1, 2003. This transfer would ensure that the general fund would continue to receive the estimated amount of revenue in 2002-03 from the tobacco settlement (\$155,440,800) that is projected under current law, regardless of the timing of the proposed sale of the state's rights to these monies; and

d. a sum sufficient appropriation from the segregated permanent endowment fund for the amounts to be transferred annually to general fund beginning on June 15, 2004. No funding would be transferred in the 2001-03 biennium and this would be the only appropriation from which endowment fund revenues could be transferred to the general fund after the 2001-03 biennium.

In relation to the sale of the state's right to tobacco settlement agreement payments, provide the DOA Secretary the authority to do the following: (a) sell for cash or other consideration the state's right to receive any of the payments under the tobacco settlement agreement; (b) organize one or more nonstock corporations or limited liability companies in accordance with state statutes for any purpose related to the sale of the state's right to receive any of the payments under the tobacco settlement agreement; and (c) take any action necessary to facilitate and complete the sale.

The bill would provide \$500,000 GPR in 2001-02 from a sum sufficient appropriation created under the bill to pay the costs incurred by the DOA Secretary in any sale of the state's rights to receive any payments under the tobacco settlement agreement and in organizing and initially capitalizing any corporation or company relating to sale of the state's rights to tobacco settlement payments. The fiscal effect of this funding is indicated under the "Administration".

The DOA Secretary would be allowed to enter into a contract with any firm or individual engaged in providing financial services for the performance of any of his or her functions relating to the sale, assignment or transfer of the state's tobacco settlement rights using selection and procurement procedures established by the Secretary. The awarding of any such contract would not be subject to the state's competitive, public notice and minority-owned business bidding requirements for state contracts. Further, such contracts would not be subject to the requirements for state contracts for contractual services, including the requirement that DOA prepare a written justification that the contract for services are necessary and the Department of Employee Relations review the contracts to ensure that the services of state employees are being utilized and to review the possible use of the limited-term employees of the state in lieu of the contract.

Specify the following related to the sale of the state's right to tobacco settlement revenues: (a) tobacco settlement revenues would mean the right to receive payments arising from, or pursuant to, the tobacco settlement agreement and all direct or indirect proceeds of that right; (b) the tobacco settlement agreement would mean the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998; and (c) purchaser would mean any person who has purchased the state's right to receive any of the payments under the tobacco settlement agreement.

Specify that a sale, assignment, or transfer of tobacco settlement revenues would be an absolute transfer of, and not a pledge of or secured transaction relating to, the seller's right, title, and interest in, to, and under the tobacco settlement revenues, if the documents governing the transaction expressly state that the transaction is a sale or other absolute transfer. After such a transaction, the tobacco settlement revenues would not be subject to any claims of the seller or

the seller's creditors, other than creditors holding a prior security interest in the tobacco settlement revenues that is perfected in relation to the sale of tobacco settlement revenues.

The characterization of the sale, assignment, or transfer as an absolute transfer and the corresponding characterization of the purchaser's property interest would not be affected by any of the following factors:

- a. commingling of amounts arising with respect to the tobacco settlement revenues with other amounts;
- b. the retention by the seller of a partial or residual interest, including an equity interest, in the tobacco settlement revenues, whether direct or indirect, or whether subordinate or otherwise;
- c. the sale, assignment, or transfer of only a portion of the tobacco settlement revenues or an undivided interest in the tobacco settlement revenues;
- d. any recourse that the purchaser or its assignees may have against the seller;
- e. whether the seller is responsible for collecting payments due under the tobacco settlement revenues or for otherwise enforcing any of the tobacco settlement revenues or retains legal title to the tobacco settlement revenues for the purpose of these collection activities; and
- f. the treatment of the sale, assignment, or transfer for tax purposes.

Consideration could be given to these factors in determining whether the sale, assignment, or transfer is a sale for tax purposes. However, the characterization of such a transaction as an absolute transfer under the bill could not be considered in determining whether the sale, assignment, or transfer is a sale for tax purposes. The sale, assignment, or transfer would be perfected automatically as against third parties, including any third parties with liens created by operation of law or otherwise, upon attachment under the state's uniform commercial code for secured transactions.

Priority of Security Interests. Specify that a security interest relating to tobacco settlement revenues would be enforceable against the debtor, any assignee or grantee, and all third parties, including creditors under any lien obtained by judicial proceedings. The enforceability of the security interest would be subject only to the rights of any third parties holding a previously perfected security interest in the tobacco settlement revenues. Unless the applicable security agreement provides otherwise, a perfected security interest in the tobacco settlement revenues would be a continuously perfected security interest in such revenues that exist on the date of the agreement or that arise after that date. The security interest would priority over any other lien created by operation of law or otherwise, which subsequently attaches to the tobacco settlement revenues. Specify that that the priority of a security interest would not be affected by the commingling of proceeds arising from the tobacco settlement revenues with other amounts.

Specify that creation, perfection, and enforcement of security interests in tobacco settlement revenues would be governed state by the state uniform commercial code for secured transactions unless otherwise specified. Tobacco settlement revenues would be considered general intangibles for purposes of the state's uniform commercial code for secured transactions. Further, specify that the tobacco settlement revenues would not be deemed proceeds of any property that is not tobacco settlement revenues.

State Pledges Relating to the Sale. If the DOA Secretary sells the state's right to receive any of the payments under the tobacco settlement agreement, the state would pledge and agree to the following with any purchaser or subsequent transferee of the state's right to receive any of the payments under the tobacco settlement agreement:

a. the state would not limit or alter its powers to fulfill the terms of the tobacco settlement agreement, nor would the state in any way impair the rights and remedies provided under the tobacco settlement agreement;

b. the state would pay all costs and expenses in connection with any action or proceeding brought by or on behalf of the purchaser or any subsequent transferee related to the state's not fulfilling the terms of the tobacco settlement agreement; and

c. the state would not limit or alter the powers of the DOA Secretary relating to the sale, assignment or transfer of the state's right to the tobacco settlement revenues until any contract that is entered into is fully performed, unless adequate provision is made by law for the protection of the rights and remedies of the purchaser or any subsequent transferee under the contract.

The DOA Secretary would be allowed to include these pledges and agreements of the state in any contract that would be entered into by the DOA Secretary.

Claims Against the State. If the state fails to comply with the statutes or the terms of any agreement relating to the sale of the state's right to receive any of the payments under the tobacco settlement agreement, an action to compel compliance could be commenced against the state. If the recovery of a money judgment against the state would be necessary to give the plaintiff complete relief in such an action, a claim for the money damages could be joined with the claim commenced against the state. State statutes and rules governing claims made through the state Claims Board, or through the filing of a surety bond through a clerk of court and the preauditing of claims against the state by the DOA Secretary would not apply to claims against the state that relate to the sale of the state's right to the tobacco settlement revenues. If there is a final judgment against the state in a such claims action, the clerk of court would be required to furnish a duly certified copy of the transcript of the judgment to DOA. DOA would be required to audit the amount of damages and the costs awarded and pay those same amounts from the state treasury. In addition, the state would be required to pay interest, at the rate of 10% per year from the date such payment was judged to have been due until the date of payment of the judgment. These provisions would govern all civil claims, suits, proceedings, and actions

brought against the state relating to the sale of the state's right to receive any of the payments under the tobacco settlement agreement.

The bill would affirm the state's participation in the tobacco settlement agreement and would specify that all payments received and to be received by the state under the tobacco settlement agreement would be property of the state, to be used as provided by law, including a sale, assignment, or transfer of the right to receive such payments. No political subdivision of the state, and no officer or agent of any political subdivision of the state, would be allowed to have or seek to maintain any claim related to the tobacco settlement agreement or any claim against any party that was released from liability by the state under the tobacco settlement agreement.

State of Wisconsin Investment Board Investment Authority. Under a general provision of current law, specify that the State of Wisconsin Investment Board (SWIB), subject to certain prohibited investments under current law, would have exclusive control of the investment and collection of the principal and interest of all moneys loaned or invested from the permanent endowment fund, which would consist of all proceeds from sale of the state's right to tobacco settlement revenues. Specify that the endowment fund assets would not be part of the state investment fund. SWIB would be provided the authority to invest any of the assets of the permanent endowment fund in any investment that is an authorized investment for assets in the fixed retirement investment trust or assets in the variable retirement investment trust.

Specify that SWIB, if directed by the DOA Secretary, a statutory member of SWIB, would have authority to invest any of the assets in the permanent endowment fund in any of the following: (a) evidences of indebtedness, including subordinated obligations, that are secured by tobacco settlement revenues, and that are issued by any nonstock corporations or limited liability companies or by the Wisconsin Health and Educational Facilities Authority (WHEFA); and (b) certificates or other evidences of ownership interest in all or any portion of tobacco settlement revenues. The Board would be required to invest these assets subject to any terms and conditions specified by the DOA Secretary. In investing these assets, SWIB would not be subject the general standards of fiduciary responsibility that apply to the Board when it otherwise invests money or property.

Beginning in 2004, require SWIB, after June 1 but not later than June 15, to annually calculate the amount of moneys that are available in the permanent endowment fund for transfer to the general fund. For the purpose of this calculation, moneys that are available in the permanent endowment fund for transfer to the general fund would equal the sum of the following:

a. an amount that equals 8.5% of the market value of the investments in the permanent endowment fund on June 1. The bill would specify that this calculation would not include any amounts or investments under (b) or (c);

b. all proceeds of, and investment earnings on, investments of the permanent endowment fund made at the direction the DOA Secretary that are received in the fiscal year; and

c. all other amounts identified by the DOA Secretary as payments of residual interests to the state from the sale of the state's right to receive payments under the tobacco settlement agreement that are received in the fiscal year.

Require SWIB to annually, beginning in 2004, submit a report that specifies the amount of funds that are available in the permanent endowment fund for transfer to the general fund to the DOA Secretary and to the Legislature.

WHEFA Authority. Authorize WHEFA to purchase the state's right to receive any of the payments under the tobacco settlement agreement, or make a loan to be secured by the state's right to receive any of the payments under the tobacco settlement agreement, upon such terms and at such prices as the authority considers reasonable and as can be agreed upon between the authority and the other party to the transaction. WHEFA would be allowed to issue certificates or other evidences of ownership interest in tobacco settlement revenues upon such terms and conditions as specified by the Authority in the authorizing resolution under which the certificates or other evidences are issued or in a related trust agreement or trust indenture.

Authorize WHEFA, or its executive director, to organize one or more nonstock corporations or limited liability companies, in accordance with state statutes, for any purpose related to purchasing or selling the state's right to receive any of the payments under the tobacco settlement agreement. The Authority, or its executive director, would be allowed to take any action necessary to facilitate and complete the purchase or sale.

Specify that WHEFA would have authority to issue bonds, and could only refuse to issue bonds if it determines the issuance would not be financially feasible, to finance a purchase, or make a loan relating to the purchase of the state's right to tobacco settlement payments. Any bonds issued would be payable from, or secured by interests in, tobacco settlement revenues and such other property pledged under the bond resolution. The bonds would be exempt from the current law requirement that bonds issued by WHEFA must mature in 30 years or less from the date of issue. The bill would include the tobacco settlement agreement revenues identified in the bond resolution for such bonds in the definition of revenues under the statutes that govern the Authority

Specify that any refunding bonds issued for purposes related to the purchase of the state's rights to payments from the tobacco settlement agreement would not be subject to the current law requirement that WHEFA enter into an agreement with a participating health institution, participating educational institution, or participating child care provider to provide sufficient revenues to pay the costs of bond issuance, including principal and interest, and to establish required reserves. Provide that refunding bonds issued would be treated the same as other bonds issued by WHEFA, except the current law limitation that bonds must mature within 30 years or less would not apply.

Financing Statements. Specify that if the state or the WHEFA is the debtor in any transaction for the sale and purchase of the state's right to tobacco settlement revenues, the Department of Financial Institutions would be the proper place to file the required financing statement to perfect the security interest. The required financing statement would be required to include a description of collateral that describes the collateral as general intangibles consisting of the right to receive settlement payments arising from or pursuant to the tobacco settlement agreement and all proceeds of that right. The required financing statement could include any additional description of collateral that is legally sufficient under the laws of the state.

Joint Finance: Modify the Governor's recommendations to securitize the state's annual tobacco settlement payments and deposit the proceeds from the transaction into a newly-created segregated permanent endowment fund and transfer \$450 million SEG from the endowment fund to the general fund, rather than \$350 million under the bill. Modify various provisions related to the securitization transaction as follows:

a. Require that after any bonds secured by the state's tobacco payments are issued, the DOA Secretary must submit a report to the Committee on the transaction and on the distribution of the bond proceeds;

b. Delete the authority provided to the DOA Secretary to annually direct SWIB to transfer amounts from the permanent endowment fund and, instead, beginning in 2003-04, require the Joint Committee on Finance to transfer these amounts at its fourth quarter meeting under s. 13.10 of the statutes.

c. Delete the authority of the DOA Secretary to direct SWIB on the types of assets in which the Board could invest the permanent endowment fund and the exemption of SWIB's fiduciary responsibilities in the investments of those assets. Specify that SWIB could hold: (a) evidences of indebtedness, including subordinated obligations, that are secured by tobacco settlement revenues, and that are issued by nonstock corporations or limited liability companies or by the Wisconsin Health and Educational Facilities Authority (WHEFA); and (b) certificates or other evidences of ownership interest in all or any portion of tobacco settlement revenues.

d. Reestimate the tobacco settlement payment revenues to be received under the tobacco settlement agreement and deposited into the general fund or flowing through the permanent endowment fund, depending on the timing of the sale of bonds, by an additional \$2,112,000 in 2001-02 and \$2,162,000 in 2002-03.

e. Delete the Governor's recommendation to provide \$500,000 GPR in 2001-02 for contracting for financial services related to tobacco securitization, but retain the appropriation for this purpose modified to be an annual, sum certain appropriation; and

f. Delete the provisions that would exempt the contracting of financial services related to the tobacco securitization transaction from the state's competitive, public notice and minority-owned business bidding requirements for state contracts.

Senate: Create a Thomas T. Melvin Tobacco Control endowment fund to which \$313 million in proceeds from revenue bonds secured by the state's tobacco settlement payment revenues would be deposited. Specify that the \$15,345,100 GPR transfer to the tobacco control fund under the Joint Finance version for appropriation from the tobacco control fund would be deleted after 2002-03. Specify the following related to the newly-created endowment fund:

a. Provide the Investment Board authority to invest the assets of the fund, and specify that the assets of the endowment fund could not be invested in a parent company of a tobacco manufacturer or a subsidiary of a tobacco manufacturer.

b. Beginning in 2003-04, require that the first \$31 million in earnings on the endowment fund would be transferred to the segregated tobacco control fund each year to fund the Tobacco Control Board activities and that, of this amount, all but \$30.5 million annually would be deposited to an all moneys received appropriation for grants to be distributed by the Tobacco Control Board in 2003-04 and each subsequent year.

c. Specify that if the annual earnings to the endowment fund would not generate \$31 million in a given year, the difference could be taken from the principal balance of the endowment fund, which would not be allowed to have a balance of less than \$313 million.

d. Specify that any earnings in excess of \$31 million in a year would be added to the principal balance of the endowment fund until the principal balance in the fund exceeds \$500 million; and

e. Specify that when the principal in the endowment fund exceeds \$500 million, any earnings in excess of \$31 million in a year would be deposited to the general fund.

Conference Committee/Legislature: Modify the Joint Finance provision to provide that, annually, beginning on June 15, 2004, the Joint Finance Committee would transfer from the permanent endowment fund to the tobacco control fund the lesser of \$25,000,000 or 8.5% of the market value of the investments in the permanent endowment fund on June 1 in that year.

Under the Joint Finance provision, beginning in 2002-03 and each year thereafter, \$15,345,100 would be transferred from the general fund to the tobacco control fund. This provision would increase the transfer to \$25,000,000 in 2003-04, and provide that the funds would be transferred from the permanent endowment fund instead of the general fund. [For more information on the tobacco control fund, see the "Tobacco Control Board."]

Veto by Governor [F-25]: The Governor's partial veto deletes a provision relating to transfer of these funds that cross references a statutory section that existed in the bill as originally introduced, but was deleted by subsequent actions of the Legislature.

[Act 16 Sections: 100m, 266, 801, 938 thru 944, 1102, 1109, 1111, 1112, 1113, 1136g, 1137, 1140, 1141, 3087 thru 3095, 3492, 3863 and 9459(1)]

[Act 16 Vetoed Section: 940]

3. MINORITY INVESTMENT FIRMS AND FINANCIAL ADVISORS

Senate: Specify that the Secretary of Administration could not enter into a contract with a nonstock corporation relating to the sale of the state's rights to tobacco settlement monies under the proposed tobacco securitization transaction unless the corporation complies with the following requirements: (a) if bonds would be issued by the corporation secured by tobacco settlement revenues, at least six percent of the bonds are underwritten by minority investment firms; and (b) if such bonds would be issued, at least six percent of the total monies expended for the services of financial advisors are expended for the services of minority financial advisors.

Conference Committee/Legislature: Delete provision.

TOURISM

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$23,914,200	\$22,756,400	\$22,507,000	\$22,507,000	\$22,507,000	-\$1,407,200	- 5.9%
PR	8,215,200	8,404,400	8,477,500	8,477,500	8,467,000	251,800	3.1
SEG	<u>494,400</u>	<u>1,044,700</u>	<u>934,200</u>	<u>934,200</u>	<u>934,200</u>	<u>439,800</u>	89.0
TOTAL	\$32,623,800	\$32,205,500	\$31,918,700	\$31,918,700	\$31,908,200	-\$715,600	- 2.2%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	58.25	58.25	57.25	57.25	57.25	- 1.00
PR	1.00	1.00	1.00	2.00	2.00	1.00
SEG	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>0.00</u>
TOTAL	62.25	62.25	61.25	62.25	62.25	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$38,000
PR	21,200
SEG	<u>11,200</u>
Total	<u>\$70,400</u>

Governor/Legislature: Provide \$35,200 annually for adjustments to the base budget for: (a) turnover reduction (-\$65,500 GPR annually); (b) full funding of salaries and fringe benefits (\$78,700 GPR, \$10,600 PR and \$5,600 SEG annually); and (c) night and weekend differential (\$5,800 GPR annually).

2. BASE BUDGET REDUCTION [LFB Paper 245]

GPR	-\$1,195,800
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Governor: Reduce the Tourism GPR marketing appropriation by \$597,900 in each year. The total reduction amount was derived by making a reduction of 5% to the adjusted base level of Tourism GPR state operations appropriations. Include session law language permitting the agency to submit an alternative plan to the Secretary of Administration for allocating the

required reduction among its sum certain GPR appropriations for state operations purposes. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of Administration does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated. The reduction is made from the staff salary portion of the marketing appropriation, but since no positions are funded out of this appropriation DOA officials indicate the reduction should come from the general marketing portion of the appropriation.

Joint Finance/Legislature: Modify the Governor's recommendation to provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency. Further, take the reduction from the general marketing portion of the appropriation.

[Act 16 Section: 9159(1)]

3. KICKAPOO VALLEY RESERVE AIDS IN LIEU OF TAXES

SEG	\$428,600
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Governor/Legislature: Convert a GPR, sum sufficient appropriation to SEG and provide \$204,100 in 2001-02 and \$224,500 in 2002-03 from the forestry account of the conservation fund for aids in lieu of property taxes for the Kickapoo Valley Reserve. The Kickapoo Valley Reserve refers to approximately 8,500 acres of land north of La Farge in Vernon County. The U.S. Army Corps of Engineers transferred ownership of approximately 7,300 acres to the State of Wisconsin in December, 2000. Additionally, 1,200 acres were transferred to the Bureau of Indian Affairs in trust for sites sacred to the Ho-Chunk tribe.

[Act 16 Section: 632]

4. KICKAPOO RESERVE MANAGEMENT BOARD VISITOR CENTER [LFB Paper 263]

Building Commission: Provide \$2,370,000 SEG in 2001-02 from a new, continuing appropriation from the segregated forestry account of the conservation fund under the Department of Tourism to fund the construction of a visitor center and administration building at the Kickapoo Valley Reserve.

Joint Finance: Delete provision.

Assembly: Provide SEG supported general obligation bonding of \$2,370,000 and create a sum sufficient debt retirement appropriation from the forestry account of the conservation fund under the Department of Tourism for the construction of a visitor center and administration building at the Kickapoo Valley Reserve. Estimate debt service of \$94,500 SEG in 2002-03.

Senate/Legislature: Instead of the Assembly provision, require DNR to earmark \$2,370,000 from stewardship 2000 program bonding for the construction of a visitor center and

administration building at the Kickapoo Valley Reserve. Allow DNR to determine from which stewardship categories funding would be allocated.

[Act 16 Sections: 1034pm and 1039bm]

5. KICKAPOO VALLEY RESERVE LAW ENFORCEMENT FUNDING [LFB Paper 890]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
PR	\$0	\$73,100	-\$10,500	\$62,600
SEG	<u>73,100</u>	<u>-73,100</u>	<u>0</u>	<u>0</u>
Total	\$73,100	\$0	-\$10,500	\$62,600

Governor: Provide \$31,300 in 2001-02 and \$41,800 in 2002-03 from the forestry account of the conservation fund for 1.0 FTE of limited-term employee staff to provide law enforcement at the Kickapoo Valley Reserve.

Joint Finance/Legislature: Provide funding from a new, annual PR appropriation from tribal gaming revenues instead of from forestry account SEG. Provide that any unencumbered balance on June 30 of each year would revert to the tribal gaming receipts appropriation from which the tribal gaming revenue is transferred.

Veto by Governor [F-30]: Delete \$10,500 in the second year by deleting the \$41,800 amount in the schedule and writing in a lower amount (\$31,300).

[Act 16 Sections: 632c and 881r]

[Act 16 Vetoed Section: 395 (as it relates to s. 20.380(2)(kc))]

6. KICKAPOO VALLEY RESERVE INFORMATION TECHNOLOGY SUPPORT

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	\$37,400	\$37,400
SEG	<u>37,400</u>	<u>-37,400</u>	<u>0</u>
Total	\$37,400	\$0	\$37,400

Governor: Provide \$18,700 annually from the forestry account of the conservation fund for basic desktop information technology support as part of a small agency support infrastructure (SASI) program. DOA currently provides this support to small agencies. The proposed funding would support new BadgerNet line charges and DOA user fee charges of \$2,200 per year for each user account for the Kickapoo Valley Reserve. The services supported at DOA include desktop applications and hardware; continuous help desk support; network infrastructure and security; centralized data storage, backup and disaster recovery; dialup service; and E-mail/messaging services.

Joint Finance/Legislature: Provide funding from a new, annual GPR appropriation instead of from forestry account SEG.

[Act 16 Section: 631r]

7. KICKAPOO RESERVE MANAGEMENT BOARD REPORT

Joint Finance/Legislature: Require the Kickapoo Reserve Management Board and the Lower Wisconsin State Riverway Board to jointly submit a report to the Building Commission and the Joint Committee on Finance, after consulting with the tribal governments with whom they have signed memorandums of understanding and the Department of Natural Resources Parks Director. Require that the report include a recommendation on how revenue may be generated through hunting, camping, parking or other fees in order to cover operational costs of the two Boards and resubmit plans for building facilities, which, given their close proximity, have their own individual emphases.

Veto by Governor [B-89]: Delete provision.

[Act 16 Vetoed Sections: 1263h and 1404f]

8. TRAVEL INFORMATION CENTER LTE FUNDING [LFB Paper 170]

PR	\$168,000
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Governor/Legislature: Provide \$84,000 annually from tribal gaming revenues for 8,000 hours of limited-term employees to operate the Wisconsin travel information center located in the Minnesota Mall of America. The 1999-01 biennial budget bill provided 1.0 PR position from tribal gaming revenues to staff the center, which opened in June, 2000.

[Act 16 Sections: 631, 881k and 9251(1mk)]

9. HERITAGE TOURISM GRANT PROGRAM [LFB Paper 891]

	Jt. Finance (Chg. to Base)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$286,800	- 1.00	\$0	0.00	-\$286,800	- 1.00
PR	0	0.00	0	1.00	0	1.00
Total	-\$286,800	- 1.00	\$0	1.00	-\$286,800	0.00

Governor: Require Tourism to provide an original heritage tourism grant to an applicant in the biennium in which the applicant is selected. Further, allow the Department to award annual grants of up to \$5,000 each in any fiscal year following the fiscal biennium in which the area was selected to participate in the heritage tourism program. Grants may be awarded to any nonprofit organization (as defined under 501 (c) (3) of the internal revenue code) located within

a heritage tourism area for the promotion of historic or prehistoric attractions in that area. A nonprofit organization that received an original heritage tourism grant would be eligible for the continued funding. The grants could be used for interpretive or directional signs, website development, advertising and public relations. Tourism has designated twelve heritage tourism regions around the state. Under current law, heritage tourism areas are only eligible for state funding in their first two years of participation (up to \$25,000 in the first year and \$15,000 in the second).

Joint Finance: Delete \$143,400 GPR annually with 1.0 heritage tourism program coordinator position and eliminate the state heritage tourism program. (Heritage tourism areas could continue to seek funding through Tourism's JEM grants).

Assembly/Legislature: Restore 1.0 heritage tourism program coordinator position and the state heritage tourism program. To fund the program, eliminate \$43,400 annually from the Tourism GPR marketing appropriation and provide \$43,400 GPR annually in a biennial appropriation for heritage tourism. Further, fund the heritage tourism program coordinator position (\$53,100 annually) and allow Tourism to use additional monies from its tribal gaming tourism marketing appropriation for the heritage tourism program. In addition, restore the Governor's recommendation to expand the heritage tourism program.

[Act 16 Sections: 630, 1401 thru 1404 and 9151(2ht)]

10. TRIBAL GAMING REVENUE FOR TOURISM MARKETING [LFB Paper 167]

Joint Finance/Legislature: Change the tribal gaming tourism marketing appropriation from continuing to biennial. Under the act, a total of \$10,966,100 would be appropriated annually for tourism marketing (\$7,049,700 GPR and \$3,916,400 PR from tribal gaming revenue allocations).

[Act 16 Sections: 630, 881i and 9251(1mk)]

11. MILWAUKEE PUBLIC MUSEUM

Assembly: Delete the current law requirement that Tourism allocate \$200,000 in each biennium from the Department's PR tribal gaming marketing appropriation for grants to the Milwaukee Public Museum for Native American exhibits and activities.

Conference Committee/Legislature: Delete provision (maintain current law).

12. BADGER STATE GAMES PROMOTION [LFB Paper 133]

Joint Finance: Require Tourism to earmark \$50,000 in each fiscal year from its GPR marketing appropriation to provide assistance to the Badger State Games.

Assembly/Legislature: Delete provision.

13. THEODORA WINTON YOUMANS HOME

Joint Finance/Legislature: Require Tourism to provide \$35,000 in 2001-02 from Tourism's GPR marketing appropriation to the New Berlin Historical Society for costs associated with moving the Theodora Winton Youmans Home to the New Berlin Historic Park. Further, require Tourism to enter into an agreement with the New Berlin Historical Society that specifies the uses for the grant proceeds and reporting and auditing requirements. The house was built in 1845 and was the childhood home of this Wisconsin suffrage leader.

Veto by Governor [B-88]: Delete provision.

[Act 16 Vetoed Sections: 629n and 9151(1mk)]

14. STATE HISTORICAL SOCIETY JOINT EFFORT MARKETING ELIGIBILITY

Joint Finance/Legislature: Allow the State Historical Society to fund any portion of a project related to a state historic site from program revenues (other than Tourism funds) and maintain eligibility under the Joint Effort Marketing (JEM) grant program to receive Tourism funding for up to 50% of the cost of the project.

Veto by Governor [B-90]: Delete provision.

[Act 16 Vetoed Section: 1400r]

15. STATE HISTORICAL SOCIETY PROMOTION

Assembly/Legislature: Require Tourism to advertise historic sites and state parks using the appropriations Tourism uses for other advertising activities (primarily its GPR and PR tribal gaming marketing appropriations). While not statutorily required to do so, the Department currently promotes these sites as part of its marketing efforts.

Veto by Governor [B-90]: Delete provision.

[Act 16 Vetoed Section: 1400n]

16. WILD RIVERS INTERPRETIVE CENTER

Senate/Legislature: Require Tourism to provide \$20,000 in each fiscal year from Tourism's PR tribal gaming marketing appropriation to the Florence County Forestry and Park Department for distribution of state tourism materials at the Wild Rivers Interpretive Center.

Veto by Governor [B-88]: Delete provision.

[Act 16 Vetoed Sections: 630 and 1400q]

TRANSPORTATION

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$0	\$1,266,300	\$233,600	\$233,600	\$233,600	\$233,600	N.A.
FED	1,221,135,200	1,376,387,700	1,404,099,800	1,404,099,800	1,404,099,800	182,964,600	15.0%
PR	3,456,600	12,322,200	12,322,200	10,322,200	9,822,200	6,365,600	184.2
SEG	2,350,921,000	2,494,510,900	2,486,412,600	2,491,059,400	2,489,719,400	138,798,400	5.9
SEG-L	136,442,200	150,515,400	144,821,500	145,071,500	145,071,500	8,629,300	6.3
SEG-S	<u>301,771,200</u>	<u>326,064,600</u>	<u>324,035,500</u>	<u>324,035,500</u>	<u>324,035,500</u>	<u>22,264,300</u>	7.4
TOTAL	\$4,013,726,200	\$4,361,067,100	\$4,371,925,200	\$4,374,822,000	\$4,372,982,000	\$359,255,800	9.0%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
FED	951.05	951.55	951.55	951.55	951.55	0.50
PR	16.00	16.00	16.00	16.00	16.00	0.00
SEG	2,936.78	2,935.78	2,935.78	2,935.78	2,935.78	- 1.00
SEG-S	<u>16.00</u>	<u>16.00</u>	<u>16.00</u>	<u>16.00</u>	<u>16.00</u>	<u>0.00</u>
TOTAL	3,919.83	3,919.33	3,919.33	3,919.33	3,919.33	- 0.50

Budget Change Items

Transportation Finance

1. TRANSPORTATION FUND CONDITION STATEMENT [LFB Paper 895]

The following fund condition statement is based on transportation fund revenues and appropriations under Act 16 and the estimate that motor fuel tax rates will increase under statutory indexing provisions from 27.3 cents per gallon to 28.2 cents per gallon on April 1, 2002, and 28.8 cents per gallon on April 1, 2003.

	<u>2001-02</u>	<u>2002-03</u>
Unappropriated Balance, July 1	\$40,820,700*	\$29,647,600
Revenues		
Motor Fuel Tax	\$848,308,500	\$890,704,600
Vehicle Registration Fees	388,758,900	392,868,500
Less Revenue Bond Debt Service	-105,524,400	-117,429,800
Driver's License Fees	33,849,200	32,113,800
Miscellaneous Motor Vehicle Fees	16,840,500	19,347,600
Aeronautical Fees and Taxes	7,569,600	9,040,300
Railroad Property Taxes	12,139,200	12,710,600
Motor Carrier Fees	3,204,900	3,236,900
Investment Earnings	9,687,200	11,218,200
Miscellaneous Departmental Revenues	<u>13,404,000</u>	<u>13,477,600</u>
Total Annual Revenues	\$1,228,237,600	\$1,267,288,300
Total Available	\$1,269,058,300	\$1,296,935,900
Appropriations and Reserves		
DOT Appropriations	\$1,224,722,000	\$1,264,384,600
Other Agency Appropriations	18,840,100	20,060,800
Less Estimated Lapses	-7,364,700	-3,833,900
Compensation and Other Reserves	<u>3,213,300</u>	<u>8,175,700</u>
Net Appropriations and Reserves	\$1,239,410,700	\$1,288,787,200
Unappropriated Balance, June 30	\$29,647,600	\$8,148,700

*Actual opening balance. Enrolled Senate Bill 55 assumed an opening balance of \$33,614,600.

2. FEDERAL HIGHWAY FORMULA AID [LFB Paper 896]

Governor: Reestimate federal highway formula aid at \$545,556,900 in 2001-02 and \$560,681,000 in 2002-03. These amounts represent increases of \$14,668,100 in 2001-02 and \$29,792,200 in 2002-03 over the \$530,888,800 that the state is estimated to receive for federal fiscal year 2001. The following table shows, by appropriation, how the bill would allocate federal aid during 2001-03. The first column shows the base level for each appropriation, doubled to provide a biennial comparison. The base includes amounts appropriated by 1999 Act 9, totaling \$503,600,000, plus \$19,288,800 in additional 2001 federal highway aid that was allocated among these appropriations by the Joint Committee on Finance in December. The base does not include \$8,000,000 in additional 2001 federal highway aid that the Committee allocated to the local roads for job preservation program for making a grant to the City of Janesville, since this was a one-time expenditure. The second and third columns show the funding recommended by the Governor and the change to the base.

<u>Appropriation</u>	<u>Appropriation Base Doubled</u>	<u>2001-03 Governor</u>	<u>Change to Base Doubled</u>
Rail Passenger Service	\$7,350,800	\$6,654,500	-\$696,300
Local Bridge Improvement	52,576,400	0	-52,576,400
Local Transportation Facility Improvement	151,439,400	204,015,800	52,576,400
Transportation Enhancements Grants	13,460,400	13,460,400	0
Railroad Crossing Improvement	7,098,600	7,098,600	0
Surface Transportation Grants	5,440,000	5,440,000	0
Congestion Mitigation/Air Quality Improvement	24,997,000	24,997,000	0
Major Highway Development	115,897,000	115,897,000	0
State Highway Rehabilitation	631,364,200	648,060,500	16,696,300
Marquette Interchange Reconstruction	0	42,735,200	42,735,200
Highway Maintenance and Traffic Operations	2,388,000	2,388,000	0
Highway Administration and Planning	10,600,000	8,110,000	-2,490,000
Departmental Management and Operations	17,456,200	20,510,300	3,054,100
Motor Vehicle Emission Inspection and Maintenance	<u>5,709,600</u>	<u>6,870,600</u>	<u>1,161,000</u>
TOTAL	\$1,045,777,600	\$1,106,237,900	\$60,460,300

The changes shown in the third column reflect the following proposals: (a) adjustments to base and standard budget adjustments; (b) a reduction in the cost of funding the Hiawatha train service; (c) the combination of the local bridge improvement assistance program with the local transportation facility improvement assistance program; (d) the partial funding of inflationary increases for the state highway rehabilitation program with federal funds; (e) the funding of a portion of the costs of preliminary work for the reconstruction of the Marquette Interchange with federal highway formula funds; (f) the transfer of the responsibility for funding certain programs from DOT's Division of Transportation Infrastructure Development to the Division of Transportation Investment Management; and (g) the increase provided for the vehicle emission inspection and maintenance program to fund contract cost increases.

In some cases, the actual appropriation amounts are higher than the amounts shown in the table because certain programs receive federal funds other than federal highway formula funds. In the table, the amounts shown for the following appropriations are lower than the amounts in the appropriation schedule for this reason: (a) state highway rehabilitation program (in the second column only); (b) Marquette Interchange reconstruction (in the second column only); (c) highway administration and planning (in both the first and second columns); and (d) departmental management and operations (in both the first and second columns).

Joint Finance: Increase estimated federal highway aid by \$21,443,100 in 2001-02 and \$6,319,000 in 2002-03, based on a reestimate of federal highway trust fund revenues. Total federal highway formula aid would be estimated at \$567,000,000 annually.

Require DOT to submit a plan for adjusting the Department's appropriations if actual federal transportation aid received by the state differs from amounts estimated for the state biennial budget by more than 3%, instead of, under current law, more than 5%.

The following table shows the biennial distribution of federal highway aid under the Joint Committee on Finance's substitute amendment and compares this allocation to the appropriation base (doubled for purposes of comparison) and the Governor's recommendations. The changes to the Governor's allocation reflect the following: (a) a decision to provide additional federal aid for the Marquette Interchange project in the appropriation for southeast Wisconsin freeway reconstruction (\$21,443,100 in 2001-02 and \$6,319,000 in 2002-03); and (b) a decision to transfer FED funds from the appropriation for southeast Wisconsin freeway reconstruction to the appropriation for state highway rehabilitation in exchange for an equal amount of SEG funds to provide sufficient nonfederal funds for the Marquette Interchange reconstruction project to match all available federal funds for that project (\$5,700,900 in 2001-02 and \$7,010,900 in 2002-03).

<u>Appropriation</u>	<u>Joint Finance</u>	<u>Joint Finance Change to Base</u>	<u>Joint Finance Change to Governor</u>
Rail Passenger Service	\$6,654,500	-\$696,300	\$0
Local Bridge Improvement	0	-52,576,400	0
Local Transportation Facility Improvement	204,015,800	52,576,400	0
Transportation Enhancements Grants	13,460,400	0	0
Railroad Crossing Improvement	7,098,600	0	0
Surface Transportation Grants	5,440,000	0	0
Congestion Mitigation/Air Quality Improvement	24,997,000	0	0
Major Highway Development	115,897,000	0	0
State Highway Rehabilitation	660,772,300	29,408,100	12,711,800
Southeast Wisconsin Freeway Reconstruction*	57,785,500	57,785,500	15,050,300
Highway Maintenance and Traffic Operations	2,388,000	0	0
Highway Administration and Planning	8,110,000	-2,490,000	0
Departmental Management and Operations	20,510,300	3,054,100	0
Motor Vehicle Emission Inspection and Maintenance	<u>6,870,600</u>	<u>1,161,000</u>	<u>0</u>
TOTAL	\$1,134,000,000	\$88,222,400	\$27,762,100

* The appropriation in the Governor's bill for Marquette Interchange reconstruction was renamed "southeast Wisconsin freeway reconstruction" by the Joint Committee on Finance's substitute amendment.

Conference Committee/Legislature: The following table shows the distribution of federal highway aid in Act 16. Although the total estimated federal aid is the same as under the Joint Committee on Finance's substitute amendment, the distribution was modified slightly to reflect

a decision, adopted by the Assembly and included by the Conference Committee, to delete an item included in the Governor's budget that would have combined the local transportation facility improvement and local bridge improvement programs into one set of appropriations. In addition, a change adopted by the Assembly and included by the Conference Committee would change the name and purpose of the southeast Wisconsin freeway reconstruction appropriation to southeast Wisconsin freeway rehabilitation, which is also reflected in the table.

<u>Appropriation</u>	<u>Conf. Comm.</u>	<u>Conf. Comm. Change to Base</u>	<u>Conf. Comm. Change to Joint Finance</u>
Rail Passenger Service	\$6,654,500	-\$696,300	\$0
Local Bridge Improvement	52,576,400	0	52,576,400
Local Transportation Facility Improvement	151,439,400	0	-52,576,400
Transportation Enhancements Grants	13,460,400	0	0
Railroad Crossing Improvement	7,098,600	0	0
Surface Transportation Grants	5,440,000	0	0
Congestion Mitigation/Air Quality Improvement	24,997,000	0	0
Major Highway Development	115,897,000	0	0
State Highway Rehabilitation	660,772,300	29,408,100	0
Southeast Wisconsin Freeway Rehabilitation	57,785,500	57,785,500	0
Highway Maintenance and Traffic Operations	2,388,000	0	0
Highway Administration and Planning	8,110,000	-2,490,000	0
Departmental Management and Operations	20,510,300	3,054,100	0
Motor Vehicle Emission Inspection and Maintenance	<u>6,870,600</u>	<u>1,161,000</u>	<u>0</u>
TOTAL	\$1,134,000,000	\$88,222,400	\$0

Veto by Governor [B-103]: Delete the provision that would have required DOT to submit a plan for adjusting appropriations if the amount of federal transportation aid received by the state differs from estimated amounts by more than 3%, instead of, under current law, more than 5%.

[Act 16 Vetoed Section: 2305m]

3. REVENUE BONDING INCREASES [LFB Paper 897]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	\$303,482,000	\$2,500,000	\$305,982,000

Governor: Provide increased revenue bonding authority of \$296,485,400 for major highway projects and administrative facilities. The increased authorization, along with \$94,670,600 in existing, unused bonding authorization, would be available for projects in the next two biennia. The amount provided reflects the intended use of bond proceeds under the major highway development program (\$122,270,800 in 2001-02 and \$125,406,800 in 2002-03) and for improvements to administrative facilities (\$4,377,300 in 2001-02 and \$6,000,000 in 2002-03). In addition, provide increased revenue bonding authority of \$6,996,600 for the reconstruction of the Marquette Interchange (with proposed uses of \$2,264,300 in 2001-02 and \$4,732,300 in 2002-03).

Specify that the amount of revenue bond proceeds used in the major highway development program may not exceed 53% of the total funds expended in each fiscal year, beginning in 2002-03. The bill would provide 53.9% of the program's funding with revenue bond proceeds in 2002-03, although the amount of bond funds used as a percentage of the amount of funds actually expended in any year may vary from the budgeted amounts. DOA indicates that the Governor intended that \$125,406,800 in revenue bond proceeds be used for the major highway development program in 2002-03, which is the basis for the amount of bonding authorized under this item. However, the bill would provide \$129,935,900 in that year. If the lower amount is used, then bonding proceeds would provide 53% of the program's funding in 2002-03.

Joint Finance/Legislature: Provide increased revenue bonding authority of \$9,496,600 for major highway projects and administrative facilities and delete \$6,996,600 in bonding authority for the Marquette Interchange reconstruction project to provide a total increase in bonding authority compared to the bill of \$2,500,000. These adjustments reflect decisions to transfer the total amount of bonding authority provided by the bill for the Marquette Interchange reconstruction project to the major highway development program and to increase the amount of bonding authority provided for the major highway development program.

Modify the Governor's provision related to bonding limits in the major highway development program by setting the limit at 55%, instead of 53%, and specifying that the limit would apply to encumbrances over any three consecutive fiscal years, beginning with the three-year period between 2002-03 and 2004-05, instead of applying to expenditures in each fiscal year, beginning in 2002-03.

Veto by Governor [B-104]: Delete the provision that would have established a bonding limit for the major highway development program of 55% of total encumbrances in the program for any three consecutive fiscal years.

[Act 16 Section: 2310]

[Act 16 Vetoed Sections: 2297 and 2309]

4. TRANSPORTATION FUND DEBT SERVICE REESTIMATE [LFB Paper 895]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	-\$51,348,300	\$4,186,100	-\$47,162,200
SEG	-\$2,287,300	-\$1,236,600	-\$3,523,900

Governor: Decrease funding by \$1,085,700 SEG in 2001-02 and \$1,201,600 SEG in 2002-03 to reflect a reestimate of the level of funding needed for payment of principal and interest on existing transportation-related, general obligation bonds at \$5,595,400 in 2001-02 and \$5,479,500 in 2002-03.

In addition, estimate that gross vehicle registration revenue will be reduced by \$107,829,000 in 2001-02 and \$119,311,300 in 2002-03 in order to repay principal and interest on revenue bonds and associated short-term debt. These amounts represent increases of \$19,933,000 in 2001-02 and \$31,415,300 in 2002-03 from the estimated revenue reduction in the base year for revenue bond debt service. This estimate is based on the use of \$125,406,800 in revenue bond proceeds in the major highway development program in 2002-03, which is the amount that the Governor intended to be used for the program in that year, according to DOA. The actual amount provided by the bill for the program in that year is \$129,935,900. The statutes require that debt service payments on transportation-related, revenue bonds be deducted from vehicle registration revenues prior to their deposit in the transportation fund. Consequently, revenue bond debt service is shown as a reduction in revenues, not as an appropriation.

Joint Finance/Legislature: Decrease funding by an additional \$506,000 SEG in 2001-02 and \$730,600 SEG in 2002-03 to reflect a reestimate of the amount needed for debt service payments on existing transportation-related general obligation bonds.

Increase estimated transportation fund revenue by \$2,304,600 in 2001-02 and \$1,881,500 in 2002-03 to reflect a reduction in the amount of estimated transportation fund revenue bond debt service. This modification reflects a reestimate of the debt service on previously issued bonds and bonding provided for in the bill (revenue increases of \$2,332,100 in 2001-02 and \$1,981,700 in 2002-03) and a decision to adjust the amount of bonding used in the major highway development program (revenue decreases of \$27,500 in 2001-02 and \$100,200 in 2002-03).

5. DRIVER'S LICENSE AND VEHICLE REGISTRATION ABSTRACT FEES [LFB Paper 898]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG-REV	\$6,883,400	\$460,000	-\$460,000	\$6,883,400

Governor: Increase the fee for driver record abstracts from \$3 to \$5 for each file search and each computerized search and from \$4 to \$6 for each search requested by telephone. Increase the amount that DOT must charge for copies of the operating record data base, or a portion of the data base, on a computer tape or other electronic media, from \$3 to \$5 for each file of vehicle operators' records contained in the tape or other electronic media. Increase the limit on the fee that DOT must charge for each file of uniform traffic citations or motor vehicle accidents contained in the tape or media from not more than \$3 to not more than \$5. Increase the fee for a notification under the employer notification program (for employers of commercial truck drivers) of any conviction or suspension, revocation, cancellation, disqualification or out-of-service order entered onto an employee's driver record file from \$3 to \$5. Specify that these increases would become effective on the first day of the seventh month beginning after the effective date of the bill. Increase estimated transportation fund revenue by \$2,283,200 in 2001-02 and \$4,600,200 in 2002-03 to reflect these fee increases and to reflect a planned increase in the fee for vehicle registration abstracts, which is established by administrative rule, from \$3 to \$5.

Joint Finance: Change the effective date of the fee increases recommended by the Governor from the first day of the seventh month beginning after the effective date of the bill to the first day of the sixth month beginning after the effective date of the bill.

Increase these fees by an additional \$0.20, effective on July 1, 2002. Increase estimated transportation fund revenue by \$460,000 in 2002-03 to reflect this additional increase.

Assembly: Modify the Joint Finance provision to increase the record abstract fees by only \$1 (from \$3 to \$4 in most cases), effective on the first day of the sixth month beginning after the effective date of the bill. Reduce estimated transportation fund revenue by \$1,141,600 in 2001-02 and \$2,760,100 in 2002-03.

Conference Committee/Legislature: Include the Joint Finance provision.

Veto by Governor [B-122]: Delete the provision that would have increased abstract fees by \$0.20, effective July 1, 2002. Reduce estimated transportation fund revenue by \$460,000 in 2002-03 to reflect this veto.

[Act 16 Sections: 3410, 3411, 3412, 3413, 3414 and 9452(2f)]

[Act 16 Vetoed Sections: 3410k, 3411k, 3412k, 3413k, 3414k and 9452(2f)]

6. TAX EXEMPTION FOR AIR CARRIERS WITH HUB TERMINAL FACILITIES [LFB Papers 899 and 900]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	-\$3,750,000	-\$2,500,000	-\$6,250,000

Governor: Provide an exemption from Chapter 70 property taxes and from Chapter 76 state ad valorem taxes for all property owned by an air carrier company that operates a hub facility in Wisconsin, if the property is used in the operation of the air carrier company, effective with property assessed as of January 1, 2002.

Define an air carrier company as any person engaged in the business of transporting persons or property in aircraft for hire on regularly scheduled flights. Define a hub facility as either one of the following: (a) a facility from which an air carrier company operated at least 45 common carrier departing flights each weekday in the prior year and from which it transported passengers to at least 15 nonstop destinations or transported cargo to nonstop destinations; or (b) an airport or any combination of airports in Wisconsin from which an air carrier company cumulatively operated at least 20 common carrier departing flights each weekday in the prior year, if the air carrier company's headquarters is in the state. Require the Department of Revenue to promulgate an administrative rule defining "nonstop destinations" and "company headquarters" for the purposes of this provision. This provision would currently only apply to Midwest Express (including Skyway) and Air Wisconsin Airlines.

Repeal the existing, sum certain aeronautics assistance SEG appropriation and replace it with the following aeronautics activities appropriations, effective July 1, 2004: (a) a SEG appropriation of all moneys received from aeronautics taxes and fees; (b) a sum sufficient, SEG appropriation of not more than \$650,000 to supplement the funding under the all-moneys-received appropriation; and (c) a sum sufficient, GPR appropriation of not more than \$650,000 to supplement the funding under the all-moneys-received appropriation. Specify that revenue generated by the following taxes and fees would be credited to the all-moneys-received appropriation, effective July 1, 2004: (a) the ad valorem tax on air carriers; (b) aircraft registration fees; (c) the general aviation fuel tax; (d) sales and use taxes on noncommercial aircraft; and (e) any other tax or fee received from an aeronautical activity and deposited in the transportation fund. Specify that this appropriation would exclude those amounts appropriated from the following: (a) aeronautical assistance funds provided to the state by local units of government or other sources; (b) federal aeronautical assistance funds; and (c) funds received by DOT as payment for services associated with the Department's aircraft fleet. Transfer any unencumbered amounts in the current, sum certain appropriation for aeronautics assistance to the all-moneys-received appropriation immediately before July 1, 2004.

Require DOR, beginning by July 1, 2004, and every July 1 thereafter, to determine the total amount of sales and use taxes on noncommercial aircraft paid in the preceding calendar year and transfer that amount to the transportation fund. Currently, tax collections on the sale and use of noncommercial aircraft are deposited in the general fund.

Specify that an equal amount shall be appropriated in each of the two sum sufficient, supplemental aeronautical activities appropriations and that the sum of these amounts shall be equal to the difference between \$11.8 million and the amount of aeronautical taxes and fees credited to the all-moneys-received appropriation during the previous fiscal year, if the amount credited to the all-moneys-received appropriation was not more than \$11.8 million. In total, no

more than \$1.3 million could be provided in any fiscal year (\$650,000 GPR and \$650,000 SEG) to supplement the all-moneys-received appropriation. In the first year this funding mechanism is in place (2004-05), \$650,000 GPR and \$650,000 SEG would be appropriated in the supplemental appropriations, since no moneys would have been deposited in the all-moneys-received appropriation in 2003-04.

Create an Airport Financing Committee, with members appointed by the Governor representing: (a) the Department of Transportation; (b) the Department of Commerce; (c) airport managers; (d) airlines serving Wisconsin; (e) the general aviation community; (f) the people of Wisconsin; and (g) private businesses having an interest in transportation policy and financing. Specify that the Committee shall select its officers and that the person appointed chairperson shall call the Committee's first meeting. Require the Committee to review and evaluate the state's airport system needs and the current system of funding those needs and to recommend changes, if any, to better meet those needs. Require the Committee to review, among other things: (a) aircraft registration fees; (b) aviation fuel taxes and fees; (c) allocation of sales tax receipts from the sale of aircraft, parts and services to the aeronautical activities appropriation created by the bill; and (d) the allocation of other moneys to this appropriation. Specify that the Committee's recommendations would be required, if enacted, to generate revenue in amounts equal to or greater than the sum of moneys appropriated for aeronautical activities in 2001-02. Require the Committee to submit a report containing its evaluation, findings and recommendations to the Governor and Legislature not later than December 31, 2002.

Reduce estimated transportation fund revenue by \$1,250,000 in 2001-02 and \$2,500,000 in 2002-03 to reflect the ad valorem tax exemption. The ongoing, annualized transportation fund revenue loss is estimated at \$2.5 million, although this amount would change as the amount of property subject to the exemption changes. The remaining fiscal impacts of this item would first occur in the 2003-05 biennium, when the sales and use tax revenue on the sale of noncommercial aircraft would be transferred from the general fund to the transportation fund and the existing aeronautics assistance appropriation would be replaced by the three new aeronautical activities appropriations, including a GPR appropriation. DOR estimates that sales and use taxes on the sale of noncommercial aircraft generated \$3.34 million in calendar year 2000. However, based on historical patterns, sales of noncommercial aircraft and, therefore, tax collections from such sales, can be expected to fluctuate considerably from year to year.

Joint Finance/Legislature: Change the initial applicability date of the proposed ad valorem tax exemption from property assessed as of January 1, 2002, to property assessed as of January 1, 2001. Reduce estimated transportation fund revenue by \$2,500,000 in 2001-02 to reflect this change. Under this change, exempt airlines would receive a refund of their May, 2001, payment (made in fiscal year 2000-01) in fiscal year 2001-02.

Delete the provisions related to the funding of the aeronautics assistance program, including the creation of new appropriations for aeronautical activities and the transfer of the sales and use tax revenue from the sale of noncommercial aircraft to the transportation fund.

Instead, create a sum sufficient, GPR appropriation for making a transfer to the transportation fund, beginning on July 1, 2004, and on July 1 of every fiscal year thereafter. Specify that the amount in this transfer appropriation shall be the total amount of the ad valorem tax that was paid by each exempt air carrier company in the most recent taxable year that the air carrier company paid the tax. Based on calendar year 2000 tax payments made by Midwest Express and Air Wisconsin Airlines, this would result in annual transfers from the general fund to the transportation fund of \$2,530,400, beginning in 2004-05. Require DOR to determine this amount by July 1, 2004, and every July 1, thereafter. Modify the provisions creating an Airport Financing Study Committee to delete references to the new aeronautical activities appropriations that would be deleted by this action.

[Act 16 Sections: 937m, 1123m, 2110, 2231, 2236m, 2255, 9152(3) and 9344(12)]

7. LOCAL ROADS FOR JOB PRESERVATION DEBT SERVICE [LFB Paper 901]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,266,300	-\$1,032,700	\$233,600
BR	<u>0</u>	<u>- 8,000,000</u>	<u>- 8,000,000</u>
Total	\$1,266,300	-\$9,032,700	-\$7,766,400

Governor: Estimate GPR debt service on bonds issued under the local roads for job preservation program at \$389,500 in 2001-02 and \$876,800 in 2002-03. Under this program, DOT is authorized to make a total of \$10,000,000 in grants for the development, construction, repair or improvement of a local road that DOT determines, subject to certain criteria, is necessary to support business and retain jobs in the vicinity of the local road. The estimate in this item assumes that the full \$10,000,000 in general fund-supported general obligation bonding that has been authorized for the program will be issued during the biennium. However, the Joint Committee on Finance allocated \$8,000,000 in federal highway funds to the program in December for making a grant to the City of Janesville. Since the total amount of grants that DOT may award is capped at \$10,000,000, only \$2,000,000 in additional grants could be made. DOT anticipates that \$2,000,000 in bonds will be issued to make a grant to the City of Beloit in 2000-01.

Joint Finance/Legislature: Reduce funding by \$329,800 in 2001-02 and \$702,900 in 2002-03 to reflect a reestimate of debt service payments on bonds issued under the program. Delete \$8,000,000 in bonding authorization to reduce the total amount of bonding authorization for the program to \$2,000,000.

[Act 16 Section: 971m]

8. CREATION OF TRANSPORTATION FUND ACCOUNTS

Assembly: Create five separate accounts within the transportation fund, effective July 1, 2003, as follows: (a) the state and local highways account; (b) the public transportation account; (c) the aeronautics account; (d) the multimodal account; and (e) the operations account. Establish provisions for the accounts as follows:

State and local highways account. Specify that moneys in the state and local highways account may be expended only for purposes related to highways, bridges, motor vehicles, state planning and research for any transportation mode and for any sidewalk, pedestrian walkway, bikeway, railroad crossing and bus lane that is constructed as part of a highway project. Provide an exception to this restriction for moneys transferred to the multimodal and operations accounts under a procedure for establishing moneys in those accounts (summarized below under *multimodal and operations account transfers*). Specify that except for this exception and for the construction of any sidewalk, pedestrian walkway, bikeway, railroad crossing and bus lane that is constructed as part of a highway project, no moneys may be expended from the state and local highways account for any purpose specified for the other four accounts.

Specify that the state and local highways account shall consist of transportation fund revenue from the following sources: (a) all moneys collected by DOT that are deposited in the transportation fund, except for moneys related to aeronautics purposes or public transportation purposes; (b) the motor fuel tax minus an amount generated by four cents per gallon of the fuel tax and excluding the general aviation fuel tax; (c) the rental vehicle fee; (d) moneys paid into the state treasury by any local unit of government or other sources for highway purposes; (e) the portion of commercial motor vehicle overweight and oversize forfeitures that is deposited in the transportation fund under current law; (f) occupational license fees paid to a clerk of circuit court by a person whose license is revoked as a habitual traffic offender; (g) moneys collected by the Department of Commerce and deposited in the transportation fund from titling fees for certain mobile homes; (h) all federal aid for highways; (i) a percentage of investment income that is attributable to moneys in the state and local highways account; (j) all moneys that are transferred from other funds that are not moneys in the public transportation, aeronautics or multimodal accounts; and (k) moneys transferred from the general fund equal to a specified percentage of the sales and use tax on motor vehicles.

Specify that the following appropriations shall be made from the state and local highways account: (a) the SEG appropriations for general transportation aids; (b) the SEG appropriations for local aids for connecting highways, lift bridges, county forest roads and expressway policing; (c) the SEG (where applicable), SEG-L and FED appropriations for local transportation facility improvement assistance and local bridge assistance, including accelerated local bridge improvement assistance; (d) the SEG appropriation for the local roads improvement program; (e) the FED appropriation for the local roads for job preservation program; (f) the SEG appropriation for railroad crossing repair assistance; (g) the SEG, SEG-L, SEG-S (where applicable) and FED appropriations for state highway rehabilitation, southeast Wisconsin freeway rehabilitation, major highway development, state highway maintenance and traffic

operations and administration and planning; (h) the SEG appropriation for disadvantaged business mobilization assistance; (i) the SEG-S appropriation for telecommunication services; (j) a new, sum sufficient SEG appropriation for debt service on general obligation bonds issued for highway facilities (split from a current appropriation for debt service on general obligation bonds issued for highway, rail and harbor improvements); (k) the SEG appropriation for extrication training grants; (L) the SEG appropriation for the pretrial intoxicated driver intervention grant program; (m) a new FED appropriation for highway safety programs (split from the FED appropriation for departmental management and operations); (n) a new, annual SEG appropriation for motorcycle safety and to match federal funds for mass transit planning (split from the SEG appropriation for departmental management and operations); (o) the FED appropriation for highway safety, local assistance; (p) the SEG-L appropriation for remitting local option registration fee revenue collected by the Department to the applicable local government; (q) the SEG appropriations in the Department of Revenue for the administration of the motor fuel tax and the rental vehicle fee; (r) the SEG appropriations for making transfers to the conservation fund for the motorboat, snowmobile and all-terrain vehicle formulas; and (s) the SEG appropriation in the Department of Commerce for the administration of mobile home titling.

Public transportation account. Specify that moneys in the public transportation account may be expended only for activities related to mass transit systems, common carriers of passengers other than by air, fixed guideways, railroads, harbors and other maritime activities and specialized transportation services for the elderly or disabled. Provide an exception to this restriction for moneys transferred to the multimodal and operations accounts under the procedure for establishing moneys in those accounts (summarized below under *multimodal and operations account transfers*). Specify that except for this exception, no moneys may be expended from the public transportation account for any purpose specified for the other four accounts.

Specify that the public transportation account shall consist of transportation fund revenues from the following sources: (a) all moneys collected by DOT that are deposited in the transportation fund that are related to public transportation purposes; (b) revenue generated by four cents of the rate per gallon of the motor fuel tax; (c) the ad valorem tax on railroad companies; (d) moneys paid into the state treasury by any local unit of government or other sources for public transportation purposes; (e) moneys forwarded by county treasurers to the state treasurer and deposited in the transportation fund from railroad crossing improvement assessments imposed for violations of certain motor vehicle laws related to railroad crossings; (f) all federal aid for public transportation purposes, including railroads, but excluding aeronautics; (g) a percentage of investment income that is attributable to moneys in the public transportation account; and (h) all moneys that are transferred from other funds for purposes for which moneys may be expended from the public transportation account.

Specify that the following appropriations shall be made from the public transportation account: (a) the SEG appropriations for transit operating aids; (b) the FED and SEG-L appropriations for transit and transportation employment and mobility aids; (c) the SEG appropriation for transportation employment and mobility; (d) the SEG, SEG-L and FED

appropriations for elderly and disabled capital aids and county aids; (e) the SEG appropriations for Milwaukee urban rail transit system planning study and urban rail transit system grants; (f) the SEG appropriation for freight rail infrastructure improvement assistance and the SEG-L appropriation for freight rail assistance loan repayments; (g) the SEG, SEG-L and FED appropriations for rail passenger service and rail service assistance; (h) the SEG and SEG-L appropriations for passenger railroad station improvement grants; (i) the SEG appropriation for harbor assistance; (j) a new, sum sufficient SEG appropriation for debt service on general obligation bonds issued for rail and harbor improvements (split from a current appropriation for debt service on general obligation bonds issued for highway, rail and harbor improvements); (k) the SEG, SEG-L and FED appropriations related to railroad crossing improvements and signal maintenance; (L) the SEG appropriation for the terminal tax distribution; (m) a new, annual SEG appropriation in the Department of Revenue for the costs of administering ad valorem tax on railroads (split from an appropriation for the administration of the ad valorem taxes on railroads and air carriers); and (n) the appropriation for making a transfer of \$100,000 annually from the transportation fund to the general fund.

Aeronautics account. Specify that moneys in the aeronautics account may be expended only for purposes related to aeronautics. Provide an exception to this restriction for moneys transferred to the multimodal and operations accounts under the procedure for establishing moneys in those accounts (summarized below under *multimodal and operations account transfers*). Specify that except for this exception, no moneys may be expended from the aeronautics account for any purpose specified for the other four accounts.

Specify that the aeronautics account shall consist of transportation fund revenues from the following sources: (a) all moneys collected by DOT that are deposited in the transportation fund that are related to aeronautics purposes; (b) general aviation fuel taxes; (c) the ad valorem tax on air carrier companies; (d) moneys transferred from the general fund to reimburse the transportation fund for the air carrier hub facility exemption (effective in 2004-05); (e) moneys paid into the state treasury by any local unit of government or other sources for aeronautics purposes; (f) all federal aid for aeronautics purposes; (g) a percentage of investment income that is attributable to moneys in the aeronautics account; and (h) all moneys that are transferred from other funds for purposes for which moneys may be expended from the aeronautics account.

Specify that the following appropriations shall be made from the aeronautics account: (a) the SEG, SEG-L and FED appropriations for aeronautics assistance; (b) the SEG appropriation for the aviation career education program; (c) a new, annual SEG appropriation for aircraft registration (a function removed from the SEG appropriation for the Division of Motor Vehicles); and (d) a new, annual SEG appropriation in the Department of Revenue for the costs of administering the ad valorem tax on air carriers (split from an appropriation for the administration of the ad valorem taxes on railroads and air carriers).

Multimodal account. Specify that moneys in the multimodal account may be expended only for activities related to multimodal transportation and specify that no moneys may be

expended from this account for any purpose specified for the other accounts, unless the purpose relates to multimodal transportation.

Specify that the multimodal account shall consist of transportation fund revenues from the following sources: (a) all federal aid for multimodal purposes; (b) moneys paid into the state treasury by any local unit of government or other sources for multimodal purposes; (c) all gifts, grants or bequests made to the transportation fund; (d) all moneys that are transferred from other funds for purposes for which moneys may be expended from the multimodal account; (e) any moneys that are not otherwise specified for the other four accounts; and (f) transfers from the state and local highways, public transportation and aeronautics accounts under the procedure for transferring moneys from these accounts to the multimodal account (summarized under *multimodal and operations account transfers*).

Specify that the following appropriations shall be made from the multimodal account: (a) the SEG and FED appropriations for multimodal transportation studies; (b) the SEG, SEG-L and FED appropriations for transportation facilities economic assistance and development and the SEG-L appropriation for transportation facility improvement loans; (c) the FED and SEG-L appropriations for the congestion mitigation and air quality improvement and transportation enhancements programs; (d) the SEG, SEG-L and FED appropriations for surface transportation grants; (e) the FED appropriation for the Milwaukee lakeshore walkway; (f) the SEG appropriation for gifts and grants; and (g) new SEG, SEG-L and FED appropriations for the hazard elimination program (split from the appropriations for state highway rehabilitation and departmental management and operations). Specify that hazard elimination activities, as defined under federal law, may not be funded from the appropriations for state highway rehabilitation.

Operations account. Specify that moneys in the operations account may be expended only for operations of the Department, including the State Patrol and the Division of Motor Vehicles.

Specify that the operations account shall consist of transportation fund revenues from the following sources: (a) all federal aids for transportation purposes that are not specified for the other four accounts; (b) moneys paid into the state treasury by any local unit of government or other sources for transportation purposes that are not specified for the other four accounts; and (c) transfers from the state and local highways, public transportation and aeronautics accounts under the procedure for transferring moneys from these accounts to the operations account (summarized under *multimodal and operations account transfers*).

Specify that the following appropriations shall be made from the operations account: (a) the SEG, SEG-L and FED appropriations for departmental management and operations; (b) the SEG and FED appropriations for vehicle registration and driver licensing (DMV, with a modification to remove the aircraft registration function); (c) the SEG and FED appropriations for motor vehicle emission inspection and maintenance; (d) the SEG and FED appropriations for vehicle inspection, traffic enforcement and radio management (State Patrol); (e) the SEG-S (bonding) appropriation for capital building projects; (f) the SEG-S (service center) appropriations for data processing services, fleet operations and other department services,

operations; (g) the SEG appropriations for equipment acquisition, operating budget supplements and minor construction projects; (h) the SEG appropriation for debt service payments on general obligation bonds issued for buildings; and (i) the SEG-S appropriation in DOA for making grants to local units of government for transportation planning using federal highway funds transferred from DOT.

Multimodal and operations account transfers. Require the DOA Secretary, no later than 30 days after the enactment of the biennial budget act, for the first fiscal year of the fiscal biennium, and no later than August 1 of the second fiscal year of the fiscal biennium to do the following for the purposes of establishing revenues in the multimodal and operations accounts: (a) estimate the anticipated SEG revenues in the state and local highways, public transportation and aeronautics accounts for the applicable fiscal year, calculate a sum of these amounts and determine a percentage that each account represents of the sum; (b) transfer moneys in an amount to the multimodal account equal to the total amount of SEG moneys appropriated from that account in the applicable year, minus the anticipated amount of SEG revenues deposited in that account, from the state and local highways, public transportation and aeronautics accounts in proportion to the percentage that anticipated SEG revenues in each of those three accounts comprises of the sum of the SEG revenues in the three accounts; and (c) make the following transfers of moneys to the operations account: (1) an amount of SEG revenues from the state and local highways account equal to the SEG amounts appropriated in the applicable fiscal year for the activities of the Division of Motor Vehicles and the State Patrol; and (2) an amount of SEG revenues from the state and local highways, public transportation and aeronautics accounts equal to the total amount of SEG moneys appropriated in the applicable fiscal year from the operations account, less SEG amounts appropriated for the activities of the Division of Motor Vehicles and the State Patrol, in proportion to the percentage that anticipated SEG revenues in each of the three accounts from which the transfer would be made comprises of the sum of the SEG revenues in the three accounts. Specify that the Secretary of DOT may, at any time during a fiscal year, request that the DOA Secretary make a recalculation for the purpose of reestimating anticipated revenues, calculating any amounts, or, if required, transferring additional amounts to the multimodal or operations accounts. Require the DOA Secretary to adjust transfers according to any such recalculation.

Other provisions. Specify that the general provisions establishing clearing account appropriations in the Department of Transportation may be used by any of the five accounts if the applicable expenditure limitations for that account are complied with. Make several statutory modifications, consistent with the revenue and appropriation provisions for each account, to clarify which account is the funding source for various transportation programs and into which account various taxes and fees shall be deposited. Create, in the statutes, a Division of Motor Vehicles for the purposes of these provisions.

Conference Committee/Legislature: Delete provision.

9. TRANSFER OF SALES TAX ON MOTOR VEHICLE SALES TO THE TRANSPORTATION FUND

Assembly: Require DOR, beginning on July 1, 2004, and on each July 1 thereafter, to determine the amount of revenue generated by the tax on the sale and use of motor vehicles in the preceding calendar year. Specify that a percentage of the annual amount shall be transferred to the transportation fund, beginning with 10% on July 1, 2004, and increasing by ten percentage points every July 1 thereafter until 100% of the annual amount is transferred to the transportation fund on July 1, 2013, and on each July 1 thereafter. Create a sum sufficient, GPR appropriation for transferring the amounts computed by DOR to the transportation fund. It is estimated that the sales and use tax on motor vehicles will generate \$403 million in 2001.

Conference Committee/Legislature: Delete provision.

Local Transportation Aid

1. GENERAL TRANSPORTATION AID -- FUNDING LEVEL [LFB Paper 905]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG	\$27,075,000	-\$7,801,800	\$3,589,800	\$22,863,000

Governor: Increase funding for general transportation aids as follows:

a. County Aid. Provide \$2,269,600 in 2001-02 and \$4,859,500 in 2002-03 to provide a total of \$86,329,100 in 2001-02 and \$88,919,000 in 2002-03. Set the calendar year distribution at \$88,598,700 for calendar year 2002 and \$89,239,300 for calendar year 2003 and thereafter. This represents a 5.4% increase for calendar year 2002 and a 0.7% increase for calendar year 2003.

b. Municipal Aid. Provide \$6,611,500 in 2001-02 and \$13,334,400 in 2002-03 to provide a total of \$271,073,000 in 2001-02 and \$277,795,900 in 2002-03. Set the calendar year distribution at \$277,684,500 for calendar year 2002 and \$277,907,200 for calendar year 2003 and thereafter. This represents a 5.0% increase for calendar year 2002 and a 0.1% increase for calendar year 2003.

Establish the mileage aid rate at \$1,747 for calendar year 2001 and \$1,790 for calendar year 2002 and thereafter. Because the general transportation aid formula would continue to be suspended for calendar year 2001, with aid payments equaling the amounts received under the transportation aid formula for calendar year 2000, an increase in the 2001 mileage aid rate would have no effect on calendar year 2001 aid payments. The calendar year 2002 mileage aid

rate represents a 5.0% increase over the current law mileage aid rate of \$1,704. Repeal the statutory references to previous calendar year mileage aid rate amounts.

Joint Finance: Decrease funding by \$1,008,700 in 2001-02 and \$1,471,900 in 2002-03 for counties and \$2,644,600 in 2001-02 and \$2,676,600 in 2002-03 for municipalities to provide an increase in general transportation aid of 3% in 2002 and 2% in 2003. Set the calendar year distributions at \$86,581,300 for 2002 and \$88,312,900 for 2003 and thereafter for counties and \$272,395,300 for 2002 and \$277,843,200 for 2003 and thereafter for municipalities. Establish the mileage aid rate at \$1,704 for calendar year 2001, \$1,755 for calendar year 2002 and \$1,790 for calendar year 2003 and thereafter.

Senate/Legislature: Increase funding by \$865,900 in 2002-03 for counties and \$2,723,900 in 2002-03 for municipalities to provide an increase in general transportation aid of 3% in 2002 and 4% in 2003. Set the calendar year distributions at \$86,581,300 for 2002 and \$90,044,600 for 2003 and thereafter for counties and \$272,395,300 for 2002 and \$283,291,100 for 2003 and thereafter for municipalities. Establish the mileage aid rate at \$1,704 for calendar year 2001, \$1,755 for calendar year 2002 and \$1,825 for calendar year 2003 and thereafter. Suspend the general transportation aid formula for calendar years 2002 and 2003 and provide each county and municipality with a percentage increase in aid equal to 3% in 2002 and 4% in 2003.

Veto by Governor [B-92]: Delete the provision that would have suspended the general transportation aid formula for calendar years 2002 and 2003 and instead would have provided each county and municipality with a percentage increase in aid equal to 3% in 2002 and 4% in 2003

[Act 16 Sections: 2341 thru 2345]

[Act 16 Vetoes Sections: 2345m and 2345n]

2. GRANTS TO LOCAL PROFESSIONAL FOOTBALL STADIUM DISTRICTS [LFB Paper 906]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$0	\$205,000	\$205,000
SEG	\$9,100,000	\$0	\$9,100,000

Governor: Provide \$9,100,000 in 2001-02 for the purpose of awarding grants to a local professional football stadium district. Create an annual appropriation for the purpose of awarding the grants. Specify that the appropriation would be repealed effective July 1, 2002. Provide DOT the site of the authority to award grants to a local professional football stadium district and specify that this authority would not apply after June 30, 2002. The Green Bay-

Brown County Professional Football Stadium District would be the only district eligible for the grant. The bill would not restrict the stadium district's use of the grant.

Joint Finance: Specify that the grants to a local professional football stadium district could only be used for the development, construction, reconstruction or improvement of parking lots, garages, transportation facilities or other functionally-related or auxiliary facilities or structures on the site of the existing parking lot facility of a professional football stadium.

Require DOT to provide the \$9.1 million grant to the local professional football stadium district in January, 2002. Require the local professional football stadium district to provide the entire \$9.1 million in grant proceeds to a professional football team to be used for the purposes specified within 30 days of receiving the grant funds. Increase estimated transportation fund revenue by \$205,000 in 2001-02 to reflect additional investment earnings due to the delayed payment.

Senate: Delete the provision adopted by the Joint Committee on Finance that would require the local professional football stadium district to provide the entire \$9.1 million in grant proceeds to a professional football team to be used for the purposes specified within 30 days of receiving the grant funds.

Require DOT to provide the \$9.1 million grant to the local professional football stadium district in January, 2003, rather than January, 2002. Increase estimated transportation fund revenue by \$205,000 annually to reflect additional investment earnings due to the delayed payment. Further, provide \$410,000 SEG in 2002-03 for grants to Brown County, the City of Green Bay and the Village of Ashwaubenon to reimburse a portion of the costs associated with the CTH VK/Lombardi Avenue project. Create a sum certain appropriation for purposes of making the grants and require DOT to divide the grant funds in proportion to the project costs borne by each of the governmental units. Require DOT to award the grants in January, 2003. Repeal both the local professional football stadium grant appropriation and the appropriation for the grants to the three local governments on July 1, 2003.

Conference Committee/Legislature: Retain the Joint Finance provision that would require the Department to make the \$9.1 million grant to a local professional football stadium district in January, 2002. Also, require the Department to provide \$410,000 from the transportation facilities economic assistance (TEA) grant program in 2001-02 for grants to Brown County, the City of Green Bay and the Village of Ashwaubenon to reimburse a portion of the costs associated with the CTH VK/Lombardi Avenue project. Require DOT to divide the grant funds in proportion to the project costs borne by each of the governmental units. Require DOT to award the grants in January, 2002. Specify that the current law provisions related to grants made under the TEA program, including the required local match, would not apply to these grants.

Veto by Governor [B-98]: Delete the provisions that would have required DOT to award grants totaling \$410,000 in January, 2002, to Brown County, the City of Green Bay and the

Village of Ashwaubenon to reimburse a portion of the costs associated with the CTH VK/Lombardi Avenue project.

[Act 16 Sections: 636, 637, 9152(4) and 9452(6)]

[Act 16 Vetoed Section: 9152(4v)]

3. MASS TRANSIT OPERATING ASSISTANCE -- FUNDING LEVEL [LFB Paper 907]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$4,650,200	\$484,000	\$5,134,200

Governor: Provide \$2,325,100 annually to provide a 2.5% increase in funding, beginning in 2001-02, over the base year level. The funding would be distributed as follows: (a) \$1,338,900 annually for Tier A-1 transit systems; (b) \$357,400 annually for Tier A-2 transit systems; (c) \$495,100 annually for Tier B transit systems; and (d) \$133,700 annually for Tier C transit systems. Set the calendar year distribution amounts for 2001 and thereafter at \$54,894,500 for Tier A-1, \$14,655,000 for Tier A-2, \$20,299,300 for Tier B and \$5,482,800 for Tier C. Replace references to the 1990 decennial census used in determining which systems are in Tier B and Tier C with references to the 2000 decennial census. Repeal statutory references relating to aid payments to Tier A-1 and Tier A-2 systems for previous calendar years.

Joint Finance: Decrease funding by \$1,394,900 in 2001-02 and increase funding by \$1,878,900 in 2002-03 to provide an increase in mass transit aid of 4% in calendar year 2002 and 2% in calendar year 2003. Set the calendar year distributions for each tier as follows: (a) \$55,697,800 for 2002 and \$56,811,800 for 2003 and thereafter for Tier A-1; (b) \$14,869,500 for 2002 and \$15,166,900 for 2003 and thereafter for Tier A-2; (c) \$20,596,400 for 2002 and \$21,008,300 for 2003 and thereafter for Tier B; and (d) \$5,563,100 for 2002 and \$5,674,400 for 2003 and thereafter for Tier C.

Specify that for the purposes of determining which systems are in Tier B and Tier C, the 1990 census shall be used for calendar year 2001 aid payments, with the 2000 census used for calendar year 2002 payments and thereafter.

Senate: Increase funding by \$241,700 in 2002-03 to provide an increase in mass transit aid of 4% in calendar year 2002 and 3% in calendar year 2003. Set the calendar year distributions for each tier as follows: (a) \$55,697,800 for 2002 and \$57,368,700 for 2003 and thereafter for Tier A-1; (b) \$14,869,500 for 2002 and \$15,315,600 for 2003 and thereafter for Tier A-2; (c) \$20,596,400 for 2002 and \$21,214,300 for 2003 and thereafter for Tier B; and (d) \$5,563,100 for 2002 and \$5,730,000 for 2003 and thereafter for Tier C.

Assembly: Reduce funding by \$100,000 annually for mass transit operating assistance and create a sum certain appropriation from the segregated transportation fund for the transfer

of \$100,000 annually to the general fund. Allocate the funding reductions for mass transit operating assistance as follows: (a) \$57,600 annually from Tier A-1; (b) \$15,400 annually from Tier A-2; (c) \$21,300 annually from Tier B; and (d) \$5,700 annually from Tier C.

Conference Committee/Legislature: Retain Joint Finance provision.

[Act 16 Sections: 2323 thru 2327m]

4. SUPPLEMENTAL MASS TRANSIT AIDS [LFB Paper 908]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$3,237,500	-\$3,237,500	\$0

Governor: Provide \$3,237,500 in 2002-03 to provide supplemental mass transit aid amounts to transit system applicants that meet specified annual cost requirements. Create four continuing appropriations for the purpose of providing supplemental mass transit aid to eligible applicants within the following four types of systems: \$2,361,900 for Tier A-1 and Tier A-2 systems, \$689,400 for Tier B bus systems, \$68,300 for Tier C bus systems and \$117,900 for applicants served exclusively by a shared-ride taxi system. The funding provided for this program would equal 3.4% of the amount established under the bill for basic mass transit operating assistance for calendar year 2001 and thereafter. Specify that any supplemental mass transit aids provided to a system would be in addition to the system's basic mass transit operating assistance payment. Specify that these supplemental mass transit aids would not be subject to the 20% local match currently required of all transit systems, excluding shared-ride taxi systems, that receive basic mass transit operating assistance payments.

Require DOT to make supplemental payments of mass transit aid from the new appropriations in calendar year 2003 and each calendar year thereafter. Specify that the payments be made to each eligible applicant for whom the percentage increase in the average cost per one-way passenger trip taken on the eligible applicant's system in the preceding calendar year did not exceed the percentage increase in the U.S. Consumer Price Index reported for the 12-month period ending on December 31 of that calendar year. Require DOT, for the purpose of providing supplemental aids, to determine the average cost per one-way passenger trip for an eligible applicant by dividing the total operating expenses of the eligible applicant's urban mass transit system for a calendar year by the total number of one-way passenger trips taken on that system during that calendar year. Allow DOT to use reasonable estimates of operating expenses or one-way trips for new or expanded services if the actual operating expenses or number of one-way trips of the new or expanded services are not known.

For aid payments from the supplemental aid appropriations for Tier A-1 and Tier A-2 systems and shared-ride taxi systems, specify that if all the applicants are eligible to receive supplemental aid payments in a calendar year, DOT would be required to distribute funds in

proportion to the number of one-way passenger trips taken on each applicant's transit system during the preceding calendar year. For aid payments from the supplemental aid appropriations for Tier B and Tier C bus systems, specify that if two or more applicants are eligible to receive supplemental aid payments in a calendar year, DOT would be required to distribute funds in proportion to the number of one-way passenger trips taken on each eligible applicant's transit system during the preceding calendar year.

Require DOT to promulgate rules to implement and administer the payment of supplemental mass transit aids, including a rule defining a one-way passenger trip. Specify that the provisions related to this program would first take effect on January 1, 2002, although the first payment would be made in 2003.

Joint Finance/Legislature: Delete provision.

5. CITY OF RHINELANDER REPAYMENT OF MASS TRANSIT AID

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG-REV	-\$62,400	\$62,400	\$0

Joint Finance/Legislature: Direct DOT to waive repayment by the City of Rhinelanders of any outstanding balance of overpayments of state mass transit operating aid distributed to the City for calendar years 1997 through 1999. Reduce estimated transportation fund revenue by \$62,400 in 2001-02 to reflect this provision.

Veto by Governor [B-93]: Delete provision.

[Act 16 Vetoes Section: 9152(3mp)]

6. ELDERLY AND DISABLED TRANSPORTATION AIDS

SEG	\$709,300
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Governor/Legislature: Provide \$225,800 in 2001-02 and \$483,500 in 2002-03 for county assistance in the provision of elderly and disabled specialized transportation services. Total state funding would equal \$7,667,400 in 2001-02 and \$7,925,100 in 2002-03. This would provide a 3.0% increase in 2001-02 and a 3.4% increase in 2002-03 for county assistance.

7. LIFT BRIDGE AID [LFB Paper 909]

SEG	\$167,500
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Joint Finance/Legislature: Provide \$77,500 in 2001-02 and \$90,000 in 2002-03 to increase funding for lift bridge aid to reflect actual 2000 costs and estimated 2001 costs. Total funding for lift bridge aid would be \$1,502,500 in 2001-02 and \$1,515,000 in 2002-03.

8. EXPRESSWAY POLICING AID

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG	\$94,600	-\$94,600	\$0

Joint Finance/Legislature: Provide \$31,200 in 2001-02 and \$63,400 in 2002-03 to provide a 3% annual increase in expressway policing aid to Milwaukee County. Total funding for expressway policing aid would be \$1,072,000 in 2001-02 and \$1,104,200 in 2002-03.

Veto by Governor [B-95]: Delete the funding increase by deleting the amounts shown in appropriation schedule (\$1,072,000 in 2001-02 and \$1,104,200 in 2002-03) and writing in lower amounts (\$1,040,800 annually).

[Act 16 Vetoed Section: 395 (as it relates to s. 20.395(1)(gq))]

9. CITY OF LA CROSSE -- PAYMENT OF CLAIM

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG	\$8,400	-\$8,400	\$0

Senate/Legislature: Direct DOT to make a payment from the sum sufficient corrections of transportation aid payments appropriation for a claim against the state made by the City of La Crosse. Specify that the \$8,420.92 payment would be partial reimbursement for a penalty that was assessed against the City for tardy filing of its annual financial report with the state for 1999. Specify that the acceptance of the payment by the City would release the state and its officers, employees and agents from any further liability relating to deduction of penalties from general transportation aids payable to the City for calendar year 2000. Amend the appropriation from the effective date of the bill through January 1, 2003, to allow for the payment to be made from the appropriation. Increase the sum sufficient appropriation by \$8,400 in 2001-02 to reflect this provision.

Veto by Governor [B-92]: Delete provision. The Governor indicates in his veto message that he will request the DOA Secretary to reestimate expenditures from the sum sufficient aid corrections appropriation to be \$8,400 lower in 2001-02 to reflect this veto.

[Act 16 Vetoed Sections: 632m, 632n, 9159(3q) and 9452(10q)]

10. VILLAGE OF TWIN LAKES AND TOWN OF RANDALL BUS PURCHASE

Assembly/Legislature: Require DOT to allocate \$30,000 SEG in the 2001-03 biennium from the elderly and disabled capital assistance appropriation to award a grant under the

Department's capital assistance program for specialized transportation for the acquisition of a bus to provide transportation services to the elderly in the Village of Twin Lakes and Town of Randall in Kenosha County.

[Act 16 Section: 9152(5v)]

11. DEMAND MANAGEMENT AND RIDE-SHARING PROGRAM

Governor/Legislature: Expand the demand management and ride-sharing program to include job access and employment transportation assistance activities. Rename the program the transportation employment and mobility program and modify the various statutory references to the program to reflect the change in the program name. Specify that transportation employment and mobility would mean policies that encompass demand management, ride-sharing and job access and employment transportation assistance. Further, specify that job access and employment transportation assistance would mean policies and programs that are directed at resolving transportation needs of low-income workers and recipients of public assistance with respect to transportation to and from jobs, including welfare-to-work programs, and activities related to their employment. Modify the program's state, local and federal appropriations to reflect the change in the program activities funded from these appropriations and convert the state grant appropriation from an annual appropriation to a continuing appropriation. Specify that an additional purpose of the program would be to enhance the success of welfare-to-work programs by providing efficient and effective transportation services that link low-income workers with jobs, training centers and child care facilities. Require DOT to collaborate with the Department of Workforce Development in providing job access and transportation assistance. Provide DOT with the authority to award grants under the state appropriation for job access and employment transportation assistance and to distribute federal funds for that purpose.

[Act 16 Sections: 633 thru 635, 667, 669, 670 and 2331 thru 2337]

Local Transportation Projects

1. TRANSPORTATION ECONOMIC ASSISTANCE PROGRAM -- FUNDING LEVEL
[LFB Paper 910]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG	\$5,250,000	-\$5,250,000	\$250,000	\$250,000
SEG-L	5,250,000	-5,250,000	250,000	250,000
Total	\$10,500,000	-\$10,500,000	\$500,000	\$500,000

Governor: Provide \$1,750,000 SEG and \$1,750,000 SEG-L in 2001-02 and \$3,500,000 SEG and \$3,500,000 SEG-L in 2002-03 for the transportation economic assistance (TEA) program. Total SEG funding for the program would be \$5,250,000 in 2001-02 and \$7,000,000 in 2002-03. The program provides grants to local units of government to pay up to 50% of the cost to make transportation improvements for the purpose of attracting businesses to the state or allowing existing businesses to expand. The SEG-L amounts reflect the local match required under the program.

Joint Finance: Delete \$1,750,000 SEG and \$1,750,000 SEG-L in 2001-02 and \$3,500,000 SEG and \$3,500,000 SEG-L in 2002-03 to maintain the program at the base level.

Require DOT to give priority to funding applications under the program for which the applicant has indicated a willingness to accept a loan for all or a part of the state share of the costs of the project. Prohibit DOT from allocating more than 80% of the total amount of SEG funds and loan repayments appropriated for the program for making grants. Under the TEA program, DOT is authorized to make loans, but, to date, has provided only grants. This item would require DOT to allocate at least 20% of the SEG and any future loan repayment funds provided for the program to making loans.

Assembly: Provide \$250,000 SEG and \$250,000 SEG-L annually for the program to provide total funding of \$3,750,000 SEG and \$3,750,000 SEG-L annually.

Conference Committee/Legislature: Provide \$125,000 SEG and \$125,000 SEG-L annually for the program (instead of \$250,000 SEG and \$250,000 SEG-L annually in the Assembly amendment), to provide total funding of \$3,625,000 SEG and \$3,625,000 SEG-L annually.

Veto by Governor [B-98]: Delete the provision that would have required DOT to give priority to funding applications for which the applicant has indicated a willingness to accept a loan for all or a part of the state share of the project and the provision that would have prohibited DOT from allocating more than 80% of the total SEG funds and loan repayments appropriated for the program for making grants.

[Act 16 Vetoed Section: 2308h]

2. LOCAL ROADS IMPROVEMENT PROGRAM -- DISCRETIONARY ALLOCATIONS
[LFB Paper 911]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$2,483,200	- \$983,200	\$1,500,000
SEG-L	<u>2,483,200</u>	<u>- 983,200</u>	<u>1,500,000</u>
Total	\$4,966,400	- \$1,966,400	\$3,000,000

Governor: Provide \$529,000 SEG and \$529,000 SEG-L in 2001-02 and \$1,954,200 SEG and \$1,954,200 SEG-L in 2002-03 for the local roads improvement program and require DOT to

allocate these amounts in those fiscal years, respectively, for town road improvements with eligible costs totaling \$100,000 or more and for municipal street improvements having total estimated costs of \$250,000 or more. Specify that these allocations would be in addition to allocations for town road improvement discretionary projects (\$500,000 annually, under current law) and for municipal street improvement discretionary projects (\$750,000 annually, under current law). The allocations under the bill for the combination of town road and municipal street improvements would only apply in 2001-02 and 2002-03. Therefore, the funding provided for this purpose would be distributed under the formula component of the local roads improvement program after the 2001-03 biennium unless these allocation provisions were extended by subsequent legislation.

Joint Finance/Legislature: Provide \$221,000 SEG and \$221,000 SEG-L in 2001-02 and delete \$1,204,200 SEG and \$1,204,200 SEG-L in 2002-03 to provide a total increase of \$750,000 SEG and \$750,000 SEG-L annually for the program. Delete the provision in the bill that would have required DOT to allocate \$529,000 in 2001-02 and \$1,954,200 in 2002-03 for a new, combined town road and municipal street discretionary program. Instead, increase the amount that DOT is required to allocate for the existing discretionary components of the program as follows: (a) from \$5,000,000 annually to \$5,250,000 annually for discretionary county highway projects; (b) from \$750,000 annually to \$1,000,000 annually for discretionary municipal street projects; and (c) from \$500,000 annually to \$750,000 annually for discretionary town road projects.

[Act 16 Sections: 2347f thru 2347r]

3. LOCAL ROADS IMPROVEMENT PROGRAM -- BASIC ALLOCATION [LFB Paper 912]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$1,809,000	\$960,000	\$2,769,000
SEG-L	<u>1,809,000</u>	<u>960,000</u>	<u>2,769,000</u>
Total	\$3,618,000	\$1,920,000	\$5,538,000

Governor: Provide \$575,900 SEG and \$575,900 SEG-L in 2001-02 and \$1,233,100 SEG and \$1,233,100 SEG-L in 2002-03 for the local roads improvement program. This would provide increases of 3.8% in 2001-02 and 4.2% in 2002-03 for the component of the program that is distributed to counties, towns and municipalities by formula (excluding the discretionary allocations for counties, towns and municipalities).

Joint Finance/Legislature: Provide an additional \$329,000 SEG and \$329,000 SEG-L in 2001-02 and \$631,000 SEG and \$631,000 SEG-L in 2002-03 to provide a total increase of 6% annually for the basic allocation component of the program.

4. LOCAL ROADS IMPROVEMENT PROGRAM -- PRIORITY FOR TOWN ROADS DAMAGED BY HEAVY TRUCKS

Joint Finance: Require DOT to give priority to town road improvements under the basic allocation and discretionary components of the local roads improvement program to fund improvements to town roads that have been damaged as a result of heavy motor truck loads.

Senate: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [B-96]: Delete provision.

[Act 16 Vetoed Section: 2346m]

5. FREIGHT RAIL PRESERVATION PROGRAM

BR	\$4,500,000
SEG	<u>392,400</u>
Total	\$4,892,400

Governor/Legislature: Provide an increase in general obligation bonding authority of \$4,500,000 for the freight rail preservation program to provide total bonding authority of \$28,000,000. In addition, provide an increase of \$130,800 SEG in 2001-02 and \$261,600 SEG in 2002-03 for the payment of principal and interest on the requested general obligation bonds. Bonding in this program may be used to acquire rail property and fund grants and loans for rehabilitation and construction on state-owned railroad property. The \$4,500,000 increase in bonding authority would provide the same level of funding that was provided during the past several biennia.

[Act 16 Section: 971]

6. FREIGHT RAIL INFRASTRUCTURE IMPROVEMENT PROGRAM [LFB Paper 913]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$0	-\$1,500,000	-\$1,500,000
SEG-L	<u>1,500,000</u>	<u>0</u>	<u>1,500,000</u>
Total	\$1,500,000	-\$1,500,000	\$0

Governor: Provide \$500,000 SEG-L in 2001-02 and \$1,000,000 SEG-L in 2002-03 to reflect estimated loan repayments into the freight rail infrastructure improvement program's revolving fund. The program provides loans at low or no interest to railroads, shippers or local governments to perform a variety of improvements related to freight rail service. With the loan repayments, which are treated as SEG-L, total funding for the program would be \$6,079,800 (\$3,079,800 SEG and \$3,000,000 SEG-L) in 2001-02 and \$6,579,800 (\$3,079,800 SEG and \$3,500,000 SEG-L) in 2002-03.

Joint Finance/Legislature: Delete \$500,000 SEG in 2001-02 and \$1,000,000 SEG in 2002-03 to maintain the program at its current size of \$5,579,800 annually.

7. RAILROAD CROSSING IMPROVEMENTS

SEG	\$1,500,000
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Governor/Legislature: Provide \$500,000 in 2001-02 and \$1,000,000 in 2002-03 for railroad crossing improvement and protection installation. With the increase provided by this item, total funding for railroad crossing improvements would be set at \$4,749,300 (\$3,549,300 FED and \$1,200,000 SEG) in 2001-02 and \$5,249,300 (\$3,549,300 FED and \$1,700,000 SEG) in 2002-03.

8. CHICAGO-MILWAUKEE PASSENGER RAIL SERVICE

FED	- \$696,300
SEG	<u>364,400</u>
Total	- \$331,900

Governor/Legislature: Delete \$22,400 SEG and \$201,500 FED in 2001-02 and provide \$386,800 SEG and delete \$494,800 FED in 2002-03 to adjust the appropriations for passenger rail service to provide Wisconsin's share of funding for the Chicago to Milwaukee Hiawatha passenger train service under a contract with Amtrak. The three-year contract with Amtrak, covering fiscal years 2000-01 through 2002-03, requires a lower payment than was anticipated when the 1999-01 biennial budget was passed. Consequently, the 2000-01 base is higher than is required to pay the state's share in 2001-02 and 2002-03, allowing for the reduction in this item.

Wisconsin shares the cost of the Hiawatha service with Illinois on a 75%/25% basis and would pay a total of \$3,859,847 in 2001-02 and \$3,975,642 in 2002-03 under the contract. Under this item, the rail passenger service appropriations would be established at a total of \$3,859,900 (\$386,000 SEG and \$3,473,900 FED) in 2001-02 and \$3,975,800 (\$795,200 SEG and \$3,180,600 FED) in 2002-03. DOT has determined that the state may fund 90% of the contract cost with federal highway funds in 2001-02, but only 80% in 2002-03, with the remainder paid with SEG funds. Under federal rules, the higher percentage is applicable if the service is a form of construction mitigation on the interstate, which is expected to be the case in the first year of the biennium, but not the second year.

9. HARBOR ASSISTANCE PROGRAM

BR	\$3,000,000
SEG	<u>261,600</u>
Total	\$3,261,600

Governor: Provide an increase in general obligation bonding authority of \$3,000,000 for the harbor assistance program to provide total bonding authority of \$25,000,000. In addition, provide \$87,200 SEG in 2001-02 and \$174,400 SEG in 2002-03 for the payment of principal and interest on the requested general obligation bonds. Total funding available for harbor assistance grants in 2001-03 would be \$4,000,000 (\$3,000,000 in bonding authority and \$1,000,000 SEG), which is \$4,000,000 less than the amount provided in 1999-01, but the same amount provided in the several biennia prior to that.

Joint Finance/Legislature: Require DOT to amend its administrative rules for the harbor assistance program during the 2001-03 biennium to specifically provide that a harbor facility that is used by a ferry service or cruise ship constitutes a commercial transportation facility for the purpose of determining eligibility under the program.

[Act 16 Sections: 970 and 9152(7d)]

10. KENOSHA TRANSIT PARKING FACILITY [LFB Paper 914]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$420,700	\$0	\$420,700
SEG-L	0	- 420,700	- 420,700
Total	\$420,700	- \$420,700	\$0

Governor: Provide \$420,700 SEG in 2001-02 in the demand management and ride-sharing grant program (renamed the transportation employment and mobility program by the bill) and require DOT to make a grant of that amount in 2001-02 to the City of Kenosha to provide 50% of the local share required for a congestion mitigation and air quality improvement (CMAQ) program grant for a parking facility in the City of Kenosha. Specify that this grant may not be awarded unless the City of Kenosha contributes an amount equal to the DOT grant toward the project. A CMAQ grant to Kenosha County of \$3,365,360 FED has been approved for constructing a parking garage near the Metra commuter train station in Kenosha. The grant requires a nonfederal match of \$841,340, or 20% of the total project cost. Under this item, DOT would pay half of that local match through a grant to the City of Kenosha. DOA indicates that this item was intended to require a grant to Kenosha County, instead of the City of Kenosha.

Joint Finance/Legislature: Specify that the grant shall be made to Kenosha County, instead of the City of Kenosha, and that the required local match shall be made by Kenosha County, instead of the City of Kenosha. Reduce funding by \$420,700 SEG-L in 2001-02 in the local match appropriation for the CMAQ program to reflect a reduction in the local match that would be required if DOT provides the grant.

[Act 16 Sections: 633 and 9152(5)]

11. COMBINE LOCAL BRIDGE AND HIGHWAY ASSISTANCE PROGRAMS

Governor: Make the following appropriation transfers to reflect a decision to combine the local bridge improvement assistance and local transportation facility improvement assistance programs under one set of appropriations: (a) \$8,476,500 SEG annually from the highway and local bridge improvement assistance appropriation to a new, SEG appropriation for local transportation facility improvement assistance; (b) \$26,288,200 FED annually from the local bridge improvement assistance appropriation to the FED appropriation for local transportation

facility improvement assistance; and (c) \$8,780,400 SEG-L annually from the local match appropriation for local bridge improvement assistance to the local match appropriation for local transportation facility improvement assistance. Specify that, in addition to the current uses of the SEG appropriation for highway and local bridge improvement assistance, the new SEG appropriation for local transportation facility improvement assistance could be used for institution roads, state park, forest and riverway roads and improvements to transportation facilities that are not state trunk or connecting highways (this parallels the language for the current SEG-L and FED local transportation facility improvement assistance appropriations. Specify that the improvement of bridges is an eligible use of funds under the local transportation facility improvement assistance SEG-L and FED appropriations. Delete the SEG, FED and SEG-L appropriations for local bridge improvement assistance and transfer the unencumbered balance in each of these appropriations immediately before the effective date of the bill to the corresponding appropriation for local transportation facility improvement assistance.

The local transportation facility improvement assistance program primarily funds improvements on local arterial streets and highways, while the local bridge improvement assistance program funds the rehabilitation or replacement of any local bridge. Both programs require a 20% local match. DOT indicates that the two programs would continue to be managed separately, including the selection of projects, but DOT would have the flexibility to determine the distribution of funding between the programs.

Assembly/Legislature: Delete provision.

12. AVIATION CAREER EDUCATION PROGRAM

	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG	\$50,000	-\$50,000	\$0

Joint Finance: Provide \$25,000 annually for the aviation career education program, which would be sufficient to hire an additional ten program participants annually. Require DOT to offer the program in the City of Green Bay if there are interested and eligible participants for the program in Green Bay. Under this program, DOT hires socially and economically disadvantaged youth as limited-term employees to work in part-time jobs with participating aviation employers. Base funding for the program is \$138,300.

Assembly: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [B-94]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.395(2)(ds)) and 2615x]

13. EXTENSION OF PORT ARTHUR ROAD IN LADYSMITH

Joint Finance: Require DOT to allocate \$200,000 or 80% of the cost of the project, whichever is less, from the SEG appropriation for local transportation facility improvement assistance during the 2001-03 biennium to fund a project to close a section of College Avenue in the City of Ladysmith and extend Port Arthur Road east to STH 27, if the City of Ladysmith provides a local contribution toward the costs of the project in an amount equal to at least 20% of the cost of the project.

Assembly: Delete provision.

Conference Committee/Legislature: Include the Joint Finance provision, but specify that the grant shall be made from the SEG appropriation for highway and local bridge improvement assistance. The Joint Committee on Finance substitute amendment would have required the grant to be made from a new, SEG appropriation for local transportation facility improvement assistance, but the Conference Committee amendment would eliminate this appropriation.

Veto by Governor [B-100]: Delete the nonstatutory section that would have required DOT to make the grant. A cross reference to this section in the statutory section that establishes the expenditure authority for the SEG appropriation for highway and local bridge assistance was not vetoed.

[Act 16 Section: 646c]

[Act 16 Vetoed Section: 9152(3d)]

14. SPECIFIC TRANSPORTATION ENHANCEMENTS PROJECTS

Joint Finance: Require DOT to award grants under the transportation enhancements program during the 2001-03 biennium, as follows: (a) to the Village of Holmen for a project known as the Halfway Creek Bike Trail, if a person other than the state contributes funds for the project that at least equal 20% of the project costs; and (b) to the City of Wausau for a project known as the City Square Park Pedestrian Pathway if the City of Wausau contributes funds for the project that at least equal 20% of the project costs.

Senate: Require DOT to award a grant of \$1,000,000 in 2002-03 from the appropriation for transportation enhancements to the City of Ashland to be used for the restoration of the historic Ashland railroad depot, if a local sponsor contributes funds for the restoration equal to at least 20% of the cost of the project. Specify that the amount of the grant shall be \$1,000,000 or 80% of the cost of the project, whichever is less.

Require DOT to award a grant of \$496,000 in the 2001-03 biennium from the appropriation for transportation enhancements to the City of Sparta in Monroe County for construction of a snowmobile-bicycle-pedestrian overpass over I-90 in the City of Sparta. Specify that the overpass shall be at least 14 feet in width and shall be located to provide convenient and safe

access to the Elroy-Sparta State Trail, the La Crosse River State Trail and nearby snowmobile trails.

Assembly: Require DOT to award a grant in the 2001-03 biennium from the appropriation for transportation enhancements to the City of Sheboygan or the Town of Sheboygan, or both, for a project known as the Eisner Avenue pedestrian-bike trail improvement project if the recipient of the grant contributes funds for the project that total at least 20% of the costs of the project.

Conference Committee/Legislature: Include the Joint Finance, Senate and Assembly provisions.

Veto by Governor [B-99]: Delete the provision that requires DOT to award a grant to the City of Wausau.

[Act 16 Section: 9152(4d),(4h),(4k)&(5e)]

[Act 16 Vetoed Section: 9152(4c)]

15. RECREATIONAL TRAIL IN THE TOWN OF MENASHA

Joint Finance/Legislature: Require DOT to make a grant of \$25,000 in the 2001-03 biennium to the Town of Menasha in Winnebago County from funds appropriated for the local roads improvement program for the construction of a recreational trail along Cold Spring Road in the Town. Specify that the grant shall be made before making any allocation of funds under the basic allocation component of the program and shall not affect the entitlement received by the Town under that component. Specify that the grant shall be made notwithstanding the limitations on the amount and use of aids or on the eligibility requirements for receiving aids under the program.

Veto by Governor [B-96]: Delete provision.

[Act 16 Vetoed Sections: 649m and 9152(4x)]

16. RESTRICTIONS RELATED TO LIGHT RAIL MASS TRANSIT SYSTEMS

Assembly: Repeal the June 30, 2001, sunset date on the current law provision that prohibits DOT from encumbering or expending any state funds or federal interstate cost estimate (ICE) funds for any purpose related to a light rail mass transit system. Prohibit the governing body of any county or municipality and any agency, corporation, instrumentality or subunit of a county or municipality from entering into a contract for any purpose related to a light rail mass transit system if the cost of the any of the contracted items would be paid for with state funds or federal ICE funds. On the effective date of the bill, prohibit a light rail mass transit system from being constructed in Milwaukee County unless the Milwaukee County

board authorizes the construction of the system by resolution and the resolution is ratified by the electors of Milwaukee County at a referendum to be held at the next general election.

Conference Committee/Legislature: Provide a one-year extension, to June 30, 2002, of the sunset date for the current law provision that prohibits DOT from encumbering or expending any state funds or federal interstate cost estimate (ICE) funds for any purpose related to a light rail mass transit system. Also extend by one year, to June 30, 2002, the sunset date for the current law provision that prohibits the governing body of any county or municipality from entering into a contract for any purpose related to a light rail mass transit system if the cost of any of the contracted items would be paid for with state funds or federal ICE funds. On the effective date of the bill, prohibit a light rail mass transit system from being constructed in Milwaukee County unless the Milwaukee County board authorizes the construction of the system by resolution and the resolution is ratified by the electors of Milwaukee County at a referendum to be held at the next general election.

[Act 16 Sections: 2330g thru 2330j and 4046t]

17. PASSENGER RAIL SERVICE BONDING

Assembly: Prohibit DOT from spending bond proceeds from bonds authorized for passenger rail improvements between Milwaukee and Green Bay or Milwaukee and Madison or for passenger rail station improvements on any project unless the project is enumerated in the statutes and state funds are used for not more than 20% of the cost of an enumerated project. Specify that this provision would first apply to purposes enumerated in the statutes on the effective date of the bill, although no projects would be enumerated under the bill. This provision would replace the current law procedure, under which the expenditure of bond proceeds must be approved by the Joint Committee on Finance. 1993 Act 16 authorized \$50,000,000 in general obligation bonds for passenger route development and required DOT to get approval of the Joint Committee on Finance prior to using these bond proceeds. Of this amount, \$48,000,000 remains unused.

Conference Committee/Legislature: Include the Assembly provision that would prohibit DOT from spending bond proceeds on any project unless state funds are used for not more than 20% of the cost of the project. Include the Assembly provision that would delete the current law requirement that DOT receive approval of the Joint Committee on Finance before using bond proceeds, but eliminate the requirement in the Assembly provision that would require a passenger rail project to be enumerated in the statutes before bond proceeds are used on the project.

Veto by Governor [B-101]: Delete provision.

[Act 16 Vetoed Section: 2311g]

18. EMERGENCY VEHICLE RAILROAD UNDERPASS FOR THE CITY OF LADYSMITH

Senate/Legislature: Require DOT to allocate \$480,000 from amounts appropriated for railroad crossing improvements for the construction of an underpass under the railroad tracks on Phillips Street in the City of Ladysmith for the purpose of providing emergency vehicle access to the entire city.

Veto by Governor [B-100]: Delete provision.

[Act 16 Vetoes Sections: 654p, 654r and 9152(5g)]

19. LOCOMOTIVE QUIET ZONE FUNDING FOR THE CITY OF LADYSMITH

Senate: Require DOT to allocate \$270,000 from amounts appropriated for railroad crossing improvements for the installation of safety measures at two railroad crossings in the City of Ladysmith to bring those crossings into compliance with provisions of a proposed rule of the Federal Railroad Administration relating to locomotive quiet zones.

Conference Committee/Legislature: Delete provision.

20. LOCAL ROADS IMPROVEMENT PROJECT ALLOCATION FOR 85TH STREET IN THE VILLAGE OF PLEASANT PRAIRIE

Senate/Legislature: Require DOT to make a grant of \$609,000 in the 2001-03 biennium to the Village of Pleasant Prairie in Kenosha County from funds appropriated for the local roads improvement program for improvements to 85th Street in the Village. Specify that the grant shall be made before making any allocation of funds under the basic allocation component of the program and shall not affect the entitlement received by the Village under that component. Specify that the grant shall be made notwithstanding the limitations on the amount and use of aids or on the eligibility requirements for receiving aids under the program.

Veto by Governor [B-96]: Delete provision.

[Act 16 Vetoes Section: 9152(4z)]

21. LOCAL ROADS IMPROVEMENT PROJECT ALLOCATION FOR 80TH STREET IN THE VILLAGE OF PLEASANT PRAIRIE

Senate: Require DOT to make a grant of \$637,000 in the 2001-03 biennium to the Village of Pleasant Prairie in Kenosha County from funds appropriated for the local roads improvement program for construction of 80th Street between Cooper Road and 57th Avenue in the Village. Specify that the grant shall be made before making any allocation of funds under the basic allocation component of the program and shall not affect the entitlement received by

the Village under that component. Specify that the grant shall be made notwithstanding the limitations on the amount and use of aids or on the eligibility requirements for receiving aids under the program

Conference Committee/Legislature: Delete provision.

State Highway Program

1. MARQUETTE INTERCHANGE RECONSTRUCTION [LFB Papers 920 and 921]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$117,935,200	\$15,000,300	\$132,935,500
SEG	8,000,000	19,708,400	27,708,400
SEG-S	6,996,600	- 6,996,600	0
Total	\$132,931,800	\$27,712,100	\$160,643,900

Governor: Provide \$1,750,000 SEG, \$26,868,000 FED and \$2,264,300 SEG-S (revenue bond proceeds) in 2001-02 and \$6,250,000 SEG, \$91,067,200 FED and \$4,732,300 SEG-S in 2002-03 to begin preliminary work related to the reconstruction of the Marquette Interchange in Milwaukee, including preliminary engineering, final design, real estate acquisition and traffic mitigation.

Create four, continuing appropriations for Marquette Interchange reconstruction to account for SEG funds, federal funds, revenue bond proceeds and local funds provided for the project. Specify that revenue bond proceeds may be used for the Marquette Interchange reconstruction project. Permit the Building Commission to issue revenue bonds for the reconstruction of the Marquette Interchange, but specify that not more than \$6,996,600 (the amount appropriated by the bill) may be issued for this purpose. Create a revenue bond appropriation for the administrative costs of bond issuance and modify an existing clearing account appropriation to reflect the change allowing the use of bonds for the reconstruction project. Specify that the reconstruction of the Marquette Interchange be funded from the following appropriations: (a) the SEG, FED, SEG-S and SEG-L appropriations for the Marquette Interchange reconstruction project; (b) the appropriation for the administrative costs of bond issuance; (c) the SEG, FED and SEG-L appropriations for state highway rehabilitation; and (d) a new, PR (tribal gaming proceeds) appropriation for the reconstruction of West Canal Street in Milwaukee (summarized in the following item). Clarify that the funding of the Marquette Interchange reconstruction project shall be subject to current law restrictions on the purchase of land, easements or development rights in land that is more than one-quarter of a mile from a highway project.

Of the \$117,935,200 FED provided by the bill for the interchange reconstruction project over the biennium, \$75,200,000 (\$12,750,000 in 2001-02 and \$62,450,000 in 2002-03) would be interstate cost estimate (ICE) funds and the remaining \$42,735,200 (\$14,118,000 in 2001-02 and \$28,617,200 in 2002-03) would be formula-based highway aid. A 1999 agreement between Governor Thompson and the City and County of Milwaukee allocated \$75.2 million, out of a total of \$241 million in ICE funds available to the state, to the Marquette Interchange reconstruction project. The bill would provide the full amount in the federal appropriation for Marquette Interchange reconstruction, even though the full amount may not be used during the biennium. DOT indicates that the federal formula funds would likely be used on the project before using federal ICE funds, since the formula funds are subject to lapse at the end of each federal fiscal year, but the ICE funds will not lapse. Another bill provision (summarized below) would allocate \$5 million of the ICE funds under this provision in 2001-02 to the West Canal Street reconstruction project, subject to various conditions. DOT plans to reconstruct the entire interchange over a period of four years, with the principal construction beginning in 2004. The Department estimates that the total cost of the reconstruction will be between \$550 million and \$950 million.

Joint Finance: Modify the Governor's funding to provide an additional increase in funding for the project of \$21,443,100 in 2001-02 and \$6,269,000 in 2002-03, as follows: (a) delete \$2,264,300 SEG-S in 2001-02 and \$4,732,300 SEG-S in 2002-03; (b) provide \$7,965,200 SEG in 2001-02 and \$11,743,200 SEG in 2002-03; and (c) provide \$15,742,200 FED in 2001-02 and delete \$741,900 FED in 2002-03. These adjustments reflect the net effect of decisions to do the following: (a) provide additional federal formula funds for the project; (b) exchange SEG-S for an equal amount of SEG funds from the major highway development program to reflect a decision to not use revenue bond proceeds for the project during the 2001-03 biennium; (c) exchange FED funds for an equal amount of SEG funds from the state highway rehabilitation program to provide a sufficient amount of nonfederal funds to provide a match for the remaining federal funds; and (d) adjust the level of federal ICE funds to reflect the actual amount of these funds available for the project. The following table shows the funds provided by the Joint Finance Committee's substitute amendment, by funding source.

Marquette Interchange Funding in the JFC Substitute Amendment

<u>Funding Source</u>	<u>2001-02</u>	<u>2002-03</u>	<u>Biennial Total</u>
SEG	\$9,715,200	\$17,993,200	\$27,708,400
FED-Formula	29,860,200	27,925,300	57,785,500
FED-ICE	<u>12,750,000</u>	<u>62,400,000</u>	<u>75,150,000</u>
Total	\$52,325,400	\$108,318,500	\$160,643,900

Modify the SEG, FED and SEG-L appropriations for Marquette Interchange reconstruction by specifying that they are, instead, for the reconstruction and interim repair of southeast Wisconsin freeways, including the reconstruction and interim repair of the Marquette

Interchange, and modify the appropriation titles accordingly. Specify that no funds may be encumbered from these appropriations after June 30, 2011, and specify that any unencumbered balance in these appropriations on July 1, 2011, shall be transferred to the appropriations for state highway rehabilitation. Delete the SEG-S appropriation for Marquette Interchange reconstruction and delete the authority of the Building Commission to issue revenue bonds for the Marquette Interchange project.

Require DOT to make a request to the Joint Committee on Finance under s. 13.10 of the statutes, for the first such quarterly meeting after the effective date of the bill, for the transfer of funds from the appropriations for state highway rehabilitation to the appropriations for southeast Wisconsin freeway reconstruction to allocate funds for the reconstruction of the southeast Wisconsin freeways. Specify that DOT's request may not include the transfer of funds allocated for projects in other parts of the state or other funding that is not allocated to reconstruction of southeast Wisconsin freeways.

Specify that the Marquette Interchange reconstruction project may be funded only from the appropriations for southeast Wisconsin freeway reconstruction. Prohibit DOT from transferring funds from the appropriations for state highway rehabilitation to the appropriations for southeast Wisconsin freeway reconstruction or making any other adjustments to the appropriations for southeast Wisconsin freeway reconstruction or the allocations for the Marquette Interchange reconstruction project unless these adjustments are approved or modified and approved by the Joint Committee on Finance under s. 13.10 of the statutes.

Require DOT to allocate \$160,643,900 in 2001-03, including \$75,150,000 in federal ICE funds, for the Marquette Interchange reconstruction project. Specify that DOT may reduce this allocation, except for the allocation of federal ICE funds, if allocating such an amount would result in the loss of any federal highway funds. Specify that the amounts by which this allocation is reduced may be used to fund other southeast Wisconsin freeway reconstruction projects.

Prohibit DOT from expending more than \$160,643,900 in 2001-03 or more than \$45,918,500 in any fiscal year thereafter for the Marquette Interchange reconstruction project, unless the expenditure of more funds is approved or modified and approved by the Joint Committee on Finance under s. 13.10 of the statutes. Specify that DOT may use funds that would otherwise be used for other southeast Wisconsin freeway reconstruction projects to exceed these expenditure limits on the Marquette Interchange project to meet project deadlines as long as the Department makes a reduction in subsequent allocations for the Marquette Interchange reconstruction project that is equal to the amounts by which the applicable expenditure limit was exceeded. Specify that DOT may make interim repairs to the Marquette Interchange or other segments of the southeast Wisconsin freeway system from the amounts appropriated for southeast Wisconsin freeway reconstruction that are not allocated to Marquette Interchange reconstruction. Specify that DOT may transfer the funding of southeast

Wisconsin freeway reconstruction projects between the SEG and FED appropriations to minimize project costs.

Define "Marquette Interchange" as all highways, including ramps and shoulders, encompassing I-43, I-94 and I-794 in Milwaukee County within the area bordered by 25th Street to the west, North Avenue to the north, the southern end of Burnham Canal to the south and the Milwaukee River to the east. Define "reconstruction" as the rebuilding of highways or bridges, including improvements to enhance safety, design or capacity, including any activities associated with such rebuilding, including design engineering, traffic mitigation, property acquisition and utility facility relocation. Define "interim repair" as an improvement not included in the Department's six-year highway improvement program that is needed to remedy unanticipated roadway deficiencies.

Require DOT, when the Department reconstructs the Marquette Interchange, to include an interchange at I-94 and 13th Street and require the Department to maintain the interchange at that location that exists on the effective date of the bill open for travel during reconstruction of the Marquette Interchange.

Require DOT to submit its proposed relocation assistance agreement associated with the reconstruction of the Marquette Interchange with Aldrich Chemical Company, Inc., to the Joint Committee on Finance. Specify that the proposed agreement shall include a designation of the relative responsibilities of each party to the agreement with respect to remediation of any environmental contamination on the property. Specify that if the Co-chairs of the Committee do not notify the Department within 14 working days after the date of the Department's submission that the Committee has scheduled a meeting to review the proposed agreement, the Department may enter into the proposed agreement. Specify that if, within 14 working days after the date of the Department's submission, the Co-chairs of the Committee notify DOT that the Committee has scheduled a meeting to review the proposed agreement, the Department may enter into the proposed agreement only upon approval of the Committee.

Senate: Require DOT, when the Department reconstructs the Marquette Interchange, to include an interchange at I-794 and Plankinton Avenue and require the Department to maintain an interchange at that location open for travel during the Marquette Interchange reconstruction project.

Specify that construction work on the Marquette Interchange project shall be performed on a 24-hour basis.

Specify that a current law provision that requires DOT to attempt to ensure that 5% of the total amount expended in each fiscal year for highway construction projects is paid to minority businesses, applies to the Marquette Interchange reconstruction project, with a modification to specify that the minority businesses must be those certified as minority businesses by the Department of Commerce. Include this provision in the list of purposes for which the Department of Commerce must establish and periodically update a list of certified minority businesses. Specify that a current law provision that allows DOT to accept bids on projects that

are not more than 5% higher than the lowest bidder in an attempt to increase contracts awarded to minority businesses applies to contracts awarded for the Marquette Interchange reconstruction project.

Assembly: Require DOT to design the reconstruction of the Marquette Interchange and I-94 in Milwaukee and Waukesha Counties to allow for expansion of capacity for vehicular traffic on those highways to meet the projected vehicular traffic capacity needs, as determined by the Department, for 30 years following the completion of the reconstruction of those highways.

Modify a provision in the Joint Committee on Finance's substitute amendment that would establish SEG, FED and SEG-L appropriations for southeast Wisconsin freeway reconstruction, including reconstruction of the Marquette Interchange, by specifying that they are for southeast Wisconsin freeway rehabilitation, instead of reconstruction and interim repair of those freeways. Define "southeast Wisconsin freeway" as a state trunk highway located in Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington or Waukesha county that has four or more lanes of traffic physically separated by a median or barrier and that gives preference to through traffic by limiting access to interchanges only. Define "rehabilitation," for the purposes of this provision, as interim repairs, the reconditioning, reconstruction or resurfacing of a freeway or the adding of one or more lanes to the freeway. Modify a provision of the Joint Committee on Finance's substitute amendment that would specify that the Marquette Interchange reconstruction project could be funded only from the appropriations for southeast Wisconsin reconstruction by specifying that any southeast Wisconsin freeway rehabilitation project could only be funded from these appropriations (as modified). Specify that funds provided in the state highway rehabilitation program appropriations may not be used for southeast Wisconsin freeway rehabilitation projects, instead of, under the substitute amendment, applying this restriction only to the Marquette Interchange project. Modify the provision in the substitute amendment that requires DOT to submit a request under s. 13.10 for the transfer of funds from the state highway rehabilitation program to the appropriations for southeast Wisconsin freeway reconstruction to, instead, require the request to include the transfer of funds for the rehabilitation of those freeways.

Modify the definition of a major highway development project to specify that it does not include a southeast Wisconsin freeway rehabilitation project. This would allow a southeast Wisconsin freeway rehabilitation project that would otherwise be classified as a major highway development project to be constructed without being enumerated as a major highway development project.

Conference Committee/Legislature: Include the Senate provisions that would require DOT to include an interchange at Plankinton Avenue and to perform construction on a 24-hour basis, but do not include the Senate provision that would require DOT to attempt to ensure that 5% of the total amount expended in each fiscal year for the Marquette Interchange reconstruction project is paid to minority businesses. Include the Assembly provisions, but exclude the modification to the definition of major highway development projects that would have excluded rehabilitation projects on southeast Wisconsin freeways.

Veto by Governor [B-108]: Delete the following: (a) the provision that would have prohibited DOT from expending funds from the state highway rehabilitation appropriations for the rehabilitation of southeast Wisconsin freeways, including the reconstruction of the Marquette Interchange; (b) the requirement that DOT submit a request to the Joint Committee on Finance for transferring funds from the state highway rehabilitation appropriations for southeast Wisconsin freeway rehabilitation projects; (c) the provision that would have prohibited DOT from transferring funds from the state highway rehabilitation appropriations to the southeast Wisconsin freeway rehabilitation appropriations or from changing the amounts allocated for the Marquette Interchange without first receiving the approval of the Joint Committee on Finance; (d) the provision that would have prohibited DOT from expending more than \$45,918,500 in any fiscal year after the 2001-03 biennium on the Marquette Interchange reconstruction project; (e) the requirement that DOT construct interchanges at the intersection of 13th Street and I-94 and at the intersection of Plankinton Avenue and I-794 and to maintain those interchanges open for traffic during the construction; (f) the requirement that DOT submit its proposed relocation assistance agreement with Aldrich Chemical Company, Inc., to the Joint Committee on Finance for approval under a 14-day passive review process; (g) the requirement that construction be conducted on a 24-hour basis; and (h) the requirement that DOT design the reconstruction of the Marquette Interchange and I-94 in Milwaukee and Waukesha counties to allow for expansion of capacity to meet the projected capacity needs, as determined by the Department, for 30 years following the completion of the reconstruction of those highways.

[Act 16 Sections: 656m, 658b, 659b, 2303b and 9152(5w)]

[Act 16 Vetoed Sections: 656k, 657k, 658t, 2303b and 9152(5x)]

2. RECONSTRUCTION OF WEST CANAL STREET IN MILWAUKEE [LFB Paper 171]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
PR	\$5,000,000	-\$2,500,000	\$2,500,000

Governor: Transfer \$3,500,000 in 2001-02 and \$1,500,000 in 2002-03 from the continuing appropriation for Indian gaming receipts to a new, continuing PR appropriation for making a grant to the City of Milwaukee for the reconstruction of West Canal Street. Require DOT to make grants totaling \$5,000,000 to the City from this appropriation if the City contributes \$10,000,000 toward the West Canal Street reconstruction project. Require DOT to make an additional grant to the City of not more than \$5,000,000 in federal interstate cost estimate (ICE) funds received by the state. Specify that this additional grant would be for the reconstruction of West Canal Street to serve as a transportation corridor for the purpose of mitigating traffic associated with the reconstruction of the Marquette Interchange and would be made only if the City contributes the \$10,000,000 toward the project and all of the following also apply: (a) the City makes another contribution toward the project from the City's share of federal ICE funds

that is equal to the amount of the state ICE funds grant; and (b) the federal Department of Transportation approves the use of federal ICE funds for the reconstruction project. Specify that the state ICE funds grant would be made from a FED appropriation for the reconstruction of the Marquette Interchange (created by the bill and summarized in the previous item). Specify that the provisions requiring DOT to make grants to the City of Milwaukee would not apply after December 31, 2005. Delete the provision that would transfer funds from the Indian gaming receipts appropriation to the West Canal Street reconstruction appropriation, effective July 1, 2003.

A 1999 agreement between Governor Thompson and the City and County of Milwaukee allocated a total of \$241 million in ICE funds available to the state among various transportation projects in southeastern Wisconsin. The agreement, which was approved by the U.S. Department of Transportation, allocated \$75.2 million to the reconstruction of the Marquette Interchange, but no funds were specifically allocated to the West Canal Street project. Since the use of ICE funds specified in this item is different than the agreement, the modification would require approval of the U.S. DOT. In compliance with federal law, the agreement allocated one-half of the ICE funds to the state and the other half to the local governments. Although the bill refers to ICE funds received by the City, the 1999 agreement did not distinguish between ICE funds received by the City and ICE funds received by the County.

West Canal Street runs parallel to I-94, immediately south of the Menomonee River and past the Potawatomi Casino. The proposed reconstruction would, among other enhancements, remove railroad tracks from the street's right-of-way and extend the street westward to USH 41 at Miller Park.

Joint Finance: Modify the Governor's recommendation by deleting the requirement that the City of Milwaukee contribute \$5,000,000 from the City's share of federal ICE funds toward the project in order for the City to receive a DOT grant of \$5,000,000 for the project from amounts appropriated for the Marquette Interchange reconstruction project. Delete the requirement that the DOT grant be made from the state's share of federal ICE funds and, instead, specify that this grant be made from any amounts allocated to the Marquette Interchange reconstruction project. Under this modification, DOT would be required to make a grant of \$5,000,000 from amounts appropriated for southeast Wisconsin freeway reconstruction and grants totaling \$5,000,000 from tribal gaming proceeds to the City of Milwaukee for the reconstruction of West Canal Street if the City contributes \$10,000,000 toward the cost of the project, without specifying the source of the funds.

Require DOT to request up to \$5,000,000 in additional tribal gaming revenue in its 2003-05 budget request, if additional funds are needed in 2003-05 to complete the West Canal Street project. Specify that if a request for additional funds is made, that DOT's request shall include a recommendation for statutory changes needed to require the City of Milwaukee to make a matching contribution equal to the amount of the grant to be awarded by DOT in the 2003-05 biennium.

Assembly: Modify the Joint Committee on Finance provision that would require DOT to make a grant of \$10,000,000 to the City of Milwaukee for the reconstruction of West Canal Street if the City contributes \$10,000,000 toward the cost of the project by deleting \$3,500,000 in 2001-02 and \$1,500,000 in 2002-03 of tribal gaming proceeds provided for making the grant and lowering the City's required match to \$5,000,000. The remaining \$5,000,000 grant to the City would come from amounts appropriated for the Marquette Interchange reconstruction project.

Conference Committee/Legislature: Modify the Joint Committee on Finance provision that would require DOT to make a grant of \$10,000,000 to the City of Milwaukee for the project by specifying that, instead of the grant being composed of \$5,000,000 from amounts appropriated for the Marquette Interchange project and \$5,000,000 from tribal gaming proceeds, the grant would be composed of the following: (a) \$5,000,000 from amounts appropriated for the Marquette Interchange project; (b) \$2,500,000 from tribal gaming proceeds; and (c) \$2,500,000 from amounts appropriated for the local roads improvement program. Specify that DOT shall make the portion of the grant that would be made from the local roads improvement program notwithstanding the limitations on the amount and uses of grants or on eligibility requirements under that program. Require DOT to reduce the other allocations from the local roads improvement program proportionately in order to fund this grant. Decrease funding by \$2,250,000 in 2001-02 and \$250,000 in 2002-03 in the tribal gaming proceeds appropriation for West Canal Street reconstruction to reflect this decision.

Veto by Governor [B-109]: Delete the requirement that DOT request up to \$5,000,000 in tribal gaming revenue in its 2003-05 budget request and the requirement that DOT request statutory changes related to Milwaukee's matching contribution. As vetoed, the nonstatutory provision reads: "a request for additional funds in the 2003-05 fiscal biennium to complete the West Canal Street reconstruction project specified under section 84.03(3) of the statutes, as created by this act, shall require the city of Milwaukee to make a matching contribution to the amount of the grant to be awarded." In addition, the veto makes a technical correction to the provision.

[Act 16 Sections: 655, 656m, 659b, 893, 894, 2298, 2306, 2348m, 9152(5y) and 9401(1)]

[Act 16 Vetoed Sections: 655 and 9152(5y)]

3. STATE HIGHWAY REHABILITATION -- FUNDING LEVEL [LFB Paper 922]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$16,696,300	\$12,711,800	\$29,408,100
SEG	<u>30,177,900</u>	<u>- 1,365,000</u>	<u>28,812,900</u>
Total	\$46,874,200	\$11,346,800	\$58,221,000

Governor: Provide \$6,721,300 SEG and \$8,201,500 FED in 2001-02 and \$23,456,600 SEG and \$8,494,800 FED in 2002-03 for the state highway rehabilitation program. These amounts

would provide increases of 2.7% in 2001-02 and 3.0% in 2002-03, calculated on a base that excludes costs related to salaries for state employees.

The following table shows the bill's proposed funding for the program by funding source. Federal funds are divided into federal highway formula funds and federal interstate cost estimate (ICE) funds, which the bill would provide for the demolition of the Park East Freeway in Milwaukee. The funding in each year of the biennium reflects the net effect of this item, plus the following: (a) standard budget adjustments (-\$112,000 SEG annually); and (b) an increase of \$1,200,000 SEG and \$21,250,000 FED-ICE in 2001-02 for the demolition of the Park East Freeway.

Fund	2000-01 Base	Governor	
		2001-02	2002-03
SEG	\$250,266,800	\$258,076,100	\$273,611,400
FED-Formula	315,682,100	323,883,600	324,176,900
FED-ICE	0	21,250,000	0
Total	\$565,948,900	\$603,209,700	\$597,788,300

Joint Finance: Increase funding by \$4,260,400 SEG in 2001-02 and \$7,086,400 SEG in 2002-03 to provide total increases of 3.5% annually, calculated on a base that excludes costs related to salaries for state employees. Delete \$5,700,900 SEG in 2001-02 and \$7,010,900 SEG in 2002-03 and replace this funding with corresponding amounts of FED to reflect a decision to exchange FED for SEG for the Marquette Interchange reconstruction project to provide sufficient nonfederal funds for that project to match all available federal funds provided for that project. The following table compares the total funding provided for the program under the bill and under the Joint Committee on Finance's substitute amendment. The amounts reflect this item and a separate item that would provide \$2,000 SEG in 2001-02 for the construction of sidewalks in Wisconsin Rapids.

Fund	Governor		Joint Finance	
	2001-02	2002-03	2001-02	2002-03
SEG	\$258,076,100	\$273,611,400	\$256,637,600	\$273,686,900
FED-Formula	323,883,600	324,176,900	329,584,500	331,187,800
FED-ICE	21,250,000	0	21,250,000	0
Total	\$603,209,700	\$597,788,300	\$607,472,100	\$604,874,700

Legislature: The following table compares the total funding for the state highway rehabilitation program under the Joint Committee on Finance's substitute amendment with the final funding for the program under the bill, reflecting actions taken by the Assembly and Conference Committee. A separate item, summarized under "Expenditure Authority Under the State Highway Rehabilitation and State Highway Maintenance and Traffic Operations Programs" (Item #10 in this section), would transfer the responsibility for funding the installation, replacement, rehabilitation and maintenance of highway signs, traffic control

signals, highway lighting, pavement markings and intelligent transportation systems from the highway rehabilitation program to the highway maintenance and traffic operations program. That item would also transfer \$27,000,000 SEG from the highway rehabilitation program to the highway maintenance and traffic operations program in 2001-02, which is reflected in the table, and is the amount that DOT indicates is spent annually from the highway rehabilitation program for the transferred activities. The act would not transfer funding in 2002-03 for these functions, but would allow DOT to submit a request to the Joint Committee on Finance under s. 13.10 of the statutes for the transfer of up to \$10,000,000 in that year. The table also reflects a decision to delete \$2,000 SEG in 2001-02 that was provided by the Joint Committee on Finance for the construction of sidewalks in Wisconsin Rapids.

<u>Fund</u>	<u>Joint Finance</u>		<u>Act 16</u>	
	<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>
SEG	\$256,637,600	\$273,686,900	\$229,635,600	\$273,686,900
FED-Formula	329,584,500	331,187,800	329,584,500	331,187,800
FED-ICE	<u>21,250,000</u>	<u>0</u>	<u>21,250,000</u>	<u>0</u>
Total	\$607,472,100	\$604,874,700	\$580,470,100	\$604,874,700

4. PARK EAST FREEWAY [LFB Paper 923]

FED	\$21,250,000
SEG	1,200,000
SEG-L	<u>2,550,000</u>
Total	\$25,000,000

Governor: Provide \$21,250,000 FED, \$1,200,000 SEG and \$2,550,000 SEG-L in 2001-02 in the state highway rehabilitation program for the demolition of a portion of the Park East Freeway (STH 145) in Milwaukee, the construction of a new bridge spanning the Milwaukee river and surface street improvements to accommodate increased traffic. Specify that the maximum state share for the demolition project shall be \$8,000,000, of which \$6,800,000 shall be federal interstate cost estimate (ICE) funds received by the state, as provided in an agreement entered into on April 20, 1999, between the City of Milwaukee, Milwaukee County and the state. Specify that the local share of the project shall not be less than \$17,000,000, of which \$14,500,000 shall be ICE funds received by the City or County, as provided in the 1999 agreement.

The 1999 agreement between Governor Thompson and the City and County of Milwaukee allocated a total of \$241 million in ICE funds available to the state among various transportation projects in southeastern Wisconsin. In compliance with federal law, the agreement allocated one-half of the ICE funds to the state and the other half to the local governments. It specified that \$21.3 million of ICE funds would be used for the Park East demolition project, of which, \$6.8 million would be from the state's share and \$14.5 million would be from the local share. The bill would provide a total of \$21,250,000 in ICE funds to reflect the sum of the local and state shares. The bill's statutory requirement that the local governments use not less than \$14,500,000 in ICE funds is based on the rounded figures used in

the agreement. The unrounded figure, which is the basis for the appropriation adjustment, is \$14,450,000.

The ICE funds require a 15% nonfederal match, or a total of \$3,750,000. This nonfederal share would be split between the state and the City and County of Milwaukee, with the local governments paying slightly more than two-thirds of that amount. The Executive Budget Book implies that the freeway will be demolished from 4th Street to its eastern terminus.

Joint Finance/Legislature: Specify that of the \$17,000,000 local share for the project, \$14,450,000 shall be ICE funds received by the City or County, instead of \$14,500,000.

[Act 16 Section: 2307]

5. MAJOR HIGHWAY DEVELOPMENT -- FUNDING LEVEL [LFB Paper 924]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$15,045,600	\$1,003,400	\$16,049,000
SEG-S	<u>12,392,300</u>	<u>4,967,500</u>	<u>17,359,800</u>
Total	\$27,437,900	\$5,970,900	\$33,408,800

Governor: Provide \$3,996,200 SEG and \$2,363,600 SEG-S (revenue bond proceeds) in 2001-02 and \$11,049,400 SEG and \$10,028,700 SEG-S in 2002-03 for the major highway development program. These amounts would provide increases of 2.9% in 2001-02 and 6.5% in 2002-03, calculated on a base that excludes costs related to state-funded salaries for state employees. Revenue bond proceeds would provide 54.0% of the total funding for the program in 2001-02 and 53.9% in 2002-03, compared to 54.5% in the base year. The total increases would be \$6,359,800 in 2001-02 and \$21,078,100 in 2002-03.

The following table shows the proposed funding for the program by funding source. The funding in each year of the biennium reflects the net effect of this item and standard budget adjustments (-\$87,400 SEG annually). DOA indicates that the Governor's intent was to provide \$125,406,800 in revenue bond proceeds in 2002-03 instead of \$129,935,900, which would reduce the total amount provided for the program to \$236,616,600 in that year. The bonding authorization and debt service estimates in the bill are based on this lower amount. At this level, the increase in 2002-03 would be 4.5% and the amount of bond proceeds would equal 53.0% of the total funding for the program.

<u>Fund</u>	<u>2000-01 Base</u>	<u>Governor</u>	
		<u>2001-02</u>	<u>2002-03</u>
SEG	\$42,299,300	\$46,208,100	\$53,261,300
FED	57,948,500	57,948,500	57,948,500
Bonding	<u>119,907,200</u>	<u>122,270,800</u>	<u>129,935,900</u>
Total	\$220,155,000	\$226,427,400	\$241,145,700

Joint Finance/Legislature: Provide an additional \$3,000,000 SEG and \$2,500,000 SEG-S in 2001-02 and \$5,000,000 SEG in 2002-03 and delete \$4,529,100 SEG-S in 2002-03 to provide total funding increases of 5.4% in 2001-02 and 4.2% in 2002-03, calculated on a base that excludes costs related to state-funded salaries for state employees. Delete \$2,264,300 SEG in 2001-02 and \$4,732,300 SEG in 2002-03 and replace these amounts with corresponding amounts of SEG-S to reflect a decision to replace bonding funds provided for the Marquette Interchange reconstruction project with SEG funds from the major highway development program. Under the Committee's substitute amendment, bond funds would be used for 54.8% of the program in 2001-02 and 53.9% in 2002-03. The following table compares the total funding provided for the program under the bill and under the Joint Committee on Finance's substitute amendment.

<u>Fund</u>	<u>Governor</u>		<u>Joint Finance</u>	
	<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>
SEG	\$46,208,100	\$53,261,300	\$46,943,800	\$53,529,000
FED	57,948,500	57,948,500	57,948,500	57,948,500
Bonding	<u>122,270,800</u>	<u>129,935,900</u>	<u>127,035,100</u>	<u>130,139,100</u>
Total	\$226,427,400	\$241,145,700	\$231,927,400	\$241,616,600

6. MAJOR HIGHWAY DEVELOPMENT -- PROJECT ENUMERATION

Governor/Legislature: Enumerate the following three major highway development projects in the statutes, as recommended by the Transportation Projects Commission. Major highway development projects must be enumerated in the statutes prior to construction.

<u>Highway</u>	<u>Project</u>	<u>Length (In Miles)</u>	<u>County</u>	<u>Estimated Cost in 2000 Dollars (In Millions)*</u>
STH 17	Rhineland Relocation	3.25	Oneida	\$11.5
STH 26	Janesville to Watertown	48.00	Rock, Jefferson & Dodge	160.0 to 187.0
I-39/USH 51	Wausau Beltline	8.00	Marathon	<u>120.5</u>
TOTAL				\$292.0 to \$319.0

* Excludes design cost.

[Act 16 Sections: 2300 thru 2302]

7. DELETE ENUMERATION OF COMPLETED MAJOR HIGHWAY DEVELOPMENT PROJECTS

Governor/Legislature: Delete 47 projects from the list of major highway development projects that DOT is authorized to construct. Delete a provision related to a jurisdictional transfer payment, which has already been made, associated with one of the deleted projects. These major highway development projects have been completed or included in the enumeration of a longer highway segment.

[Act 16 Sections: 2299 and 2305]

8. STATE HIGHWAY MAINTENANCE AND TRAFFIC OPERATIONS [LFB Paper 925]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$23,102,600	-\$9,638,500	\$13,464,100

Governor: Provide \$7,451,000 in 2001-02 and \$15,651,600 in 2002-03 for highway maintenance and traffic operations. This would provide increases of 5.4% in 2001-02 and 5.7% in 2002-03 for the program, calculated on a base that excludes costs related to salaries and fringe benefits for state employees. The increases provided would adjust the program for anticipated inflation (\$3,711,500 in 2001-02 and \$7,946,700 in 2002-03) and increases in the number of lane miles and amount of traffic on the state trunk highway system (\$3,739,500 in 2001-02 and \$7,704,900 in 2002-03)

Joint Finance/Legislature: Reduce funding by \$239,500 in 2001-02 and \$9,399,000 in 2002-03 to reflect the net effect of reducing funding to provide only an inflationary increase for the program, based on current projected rates of inflation of 2.7% in 2001-02 and 1.8% in 2002-03 (-\$3,739,500 in 2001-02 and -\$9,399,000 in 2002-03) and providing funding to restore a salt reserve that was depleted during the winter of 2000-01 (\$3,500,000 in 2001-02).

9. REESTIMATE HIGHWAY MAINTENANCE LOCAL FUNDS

SEG-L	\$481,000
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Governor/Legislature: Provide \$235,000 in 2001-02 and \$246,000 in 2002-03 in the local funds appropriation for state highway maintenance and traffic operations to reflect the estimated amount of non-state and non-federal funds utilized in the maintenance program. The increases would bring the totals in this appropriation to \$485,000 in 2001-02 and \$496,000 in 2002-03, which includes, for instance, funds from other states for maintenance on bridges that cross state borders, payments from the Department of Tourism for maintenance at tourist information centers and payments from businesses that advertise on specific information signs for the installation and maintenance of those signs.

10. EXPENDITURE AUTHORITY UNDER THE STATE HIGHWAY REHABILITATION AND STATE HIGHWAY MAINTENANCE AND TRAFFIC OPERATIONS PROGRAMS

Assembly: Modify the definition of "highway improvement" for the purposes of a statutory provision outlining DOT's duties and authority with respect to highway construction, as follows: (a) specify that the term includes the rehabilitation of a highway or street; (b) specify that the term excludes activities and operations incidental to building, fabricating or bettering a highway or street, but includes, as under current law, processes incidental to building, fabricating or bettering a highway or street; (c) specify that the term excludes improvements to a public mass transit system; and (d) specify that the term does not include the installation, replacement, rehabilitation or maintenance of highway signs, traffic control signals, highway lighting, pavement markings or intelligent transportation systems, unless incidental to building, fabricating or bettering a highway or street. Amend the provisions that establish DOT's authority for making expenditures from the appropriations for state highway rehabilitation and southeast Wisconsin freeway rehabilitation to specify that these appropriations may not be used for the installation, replacement, rehabilitation or maintenance of highway signs, traffic control signals, highway lighting, pavement markings or intelligent transportation systems, unless incidental to the improvement of existing state trunk and connecting highways. Amend the provisions that establish DOT's authority for making expenditures from the appropriations for state highway maintenance and traffic operations by replacing the phrase "for highway operations such as permit issuance, pavement marking, highway signing, traffic signalization and highway lighting" with the phrase "for permit issuance and other highway operations, including the installation, replacement, rehabilitation, or maintenance of highway signs, traffic control signals, highway lighting, pavement markings and intelligent transportation systems."

Specify that DOT may contract with a private entity, in addition to any county highway committee or municipality under current law, for the maintenance of state trunk highways. Specify that the maintenance activities include the installation, replacement, rehabilitation or maintenance of highway signs, traffic control signals, highway lighting, pavement markings and intelligent transportation systems.

Define "intelligent transportation system" as a specialized computer system or other electronic, information processing, communication or technical system, including roadway detector loops, closed circuit television, permanent variable message signs or ramp meters, that is used to improve the efficiency or safety of a surface transportation system.

Transfer \$27,000,000 SEG in 2001-02 from the SEG appropriation for state highway rehabilitation to the SEG appropriation for state highway maintenance and traffic operations to reflect a decision to provide a one-time supplement for the maintenance program to allow DOT to absorb additional costs in that program that would result from this item.

Conference Committee/Legislature: Include the Assembly provision, but permit DOT to submit a request under s. 13.10 of the statutes to the Joint Committee on Finance for transferring up to \$10,000,000 in 2002-03 from the SEG appropriation for state highway rehabilitation to the

SEG appropriation for state highway maintenance and traffic operations to move funds allocated for the installation of traffic signals, street lighting, pavement marking, highway signs and intelligent transportation systems. Specify that such a request shall be made for the Committee's fourth quarterly meeting in 2001-02. Eliminate the Assembly provision that would allow DOT to contract with a private entity for the maintenance of state trunk highways and, instead, specify that DOT may contract with a private entity for services or materials or both associated with the installation, replacement, rehabilitation or maintenance of highway signs, traffic control signals, highway lighting, pavement markings and intelligent transportation systems.

Veto by Governor [B-108]: In vetoing a separate provision related to the reconstruction of the Marquette Interchange in Milwaukee, the Governor vetoed a provision that would have prohibited DOT from expending funds in the FED appropriation for state highway rehabilitation on the installation, replacement or maintenance of highway signs, traffic control signals, highway lighting, pavement markings or intelligent transportation systems, unless such installation is incidental to the improvement of existing state trunk and connecting highways. The Governor's veto message does not address this veto and DOA indicates that the veto of this provision was an error.

[Act 16 Sections: 656k, 656m, 659b thru 660, 662, 2294pe, 2307g, 2307gg and 9152(7q)]

[Act 16 Vetoed Section: 658t]

11. DAMAGE CLAIMS APPROPRIATION

PR	\$3,700,000
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Governor/Legislature: Create a PR, continuing appropriation in DOT for costs associated with the repair or replacement of losses of and damage to state property. Specify that moneys received as payment for such losses and damage shall be credited to this appropriation. Provide \$1,850,000 annually in this appropriation to estimate the level of these payments and costs. Currently, DOT accounts for payments for damage to property, such as damage to signs or bridges caused by motor vehicle accidents, as a refund of expenditures. The State Controller, however, has determined that this is not a legitimate use of this accounting mechanism and has recommended, instead, that a PR appropriation be created for this purpose.

[Act 16 Sections: 665 and 1122]

12. UTILITY FACILITIES WITHIN HIGHWAY RIGHTS-OF-WAY

Governor/Legislature: Create a PR, continuing appropriation for activities related to locating, accommodating, operating or maintaining utility facilities within highway rights-of-way. Specify that moneys received for such activities by DOT from telecommunications providers or cable telecommunications service providers shall be credited to this appropriation. Permit DOT, upon finding that it is feasible and advantageous to the state, to negotiate and

enter into an agreement to accept either of the following as payment for the accommodation of utility facilities within highway rights-of-way: (a) any plant or equipment used for the conveyance by wire, optics, radio signal or other means, of voice, data or other information at any frequency over any part of the electromagnetic spectrum; or (b) any services associated with the collection, storage, forwarding, switching and delivery incidental to such communication. Specify that any such agreement would not be subject to certain low bid requirements or oversight duties of DOA, but would be subject to certain requirements related to the payment of interest for late payments under a contract by an agency, the purchase, if applicable, of certain materials, supplies or services from work centers for severely handicapped individuals and the purchase of materials manufactured in the United States.

Create a SEG-S appropriation in DOT for costs associated with providing other state agencies with telecommunications services accepted by DOT in exchange for the accommodation of utility facilities within highway rights-of-way and credit payment for such services from other state agencies to this appropriation. Specify that this appropriation would not apply to services provided under DOT's public safety radio program.

DOT currently accepts telecommunication facilities or services from utilities in exchange for the accommodation of those facilities in highway rights-of-way. This item would create explicit authority for the Department to accept these in-kind payments and would create an appropriation for the costs associated with providing telecommunication services to other state agencies. This item would also create an appropriation for the costs associated with accommodating the placement of utility facilities and to accept payment for those costs. Currently, fees charged for such services are deposited in the transportation fund, but are not automatically appropriated to cover the costs of such accommodation. The bill would not reflect an estimated amount in these new appropriations since there is little experience related to these payments on which to base an estimate. The Department indicates that, in future biennia, estimated expenditures and payments may be reflected in the appropriations schedule of the statutes (Chapter 20).

[Act 16 Sections: 664, 666, 1121 and 2295]

13. SCENIC BYWAYS PROGRAM

Governor/Legislature: Delete explicit authorization to fund activities under the scenic byways program from the SEG, FED and SEG-L appropriations for state highway maintenance, repair and traffic operations. DOT indicates that, with this item, scenic byways activities would be funded from these or other appropriations depending upon the type of activity, using existing, general statutory authority. For instance, the installation of a sign identifying a scenic highway may be funded from the highway maintenance, repair and traffic operations appropriations, but the construction of safety improvements on a scenic byway may be funded from the state highway rehabilitation appropriations.

[Act 16 Sections: 660 thru 662]

14. VEGETATION REMOVAL ALONG HIGHWAYS BY OWNERS OF BUSINESSES OR OUTDOOR ADVERTISING SIGNS

Senate: Specify that a person who maintains a majority ownership interest in a business adjacent to the highway right-of-way or a business advertised on a sign located along a highway may trim or remove any vegetation located in the highway right-of-way if all of the following apply: (a) the vegetation obstructs the view of the business or sign such that the business or sign cannot be viewed for six uninterrupted seconds by a person traveling along the highway at the posted speed limit; (b) the person pays the cost of trimming or removing the obstructing vegetation, including the cost of cleanup and disposal and for replacing any removed vegetation, including the cost of purchasing and planting the replacement vegetation; (c) the person replaces the removed vegetation with comparable vegetation along the same highway right-of-way, provided that the person may not locate the replacement vegetation in a manner that obstructs, or will obstruct in the foreseeable future, the view from the highway of another existing business or sign; (d) no state funds are expended for the trimming, removal or replacement of vegetation; and (e) the owner of the land on which an obstructed sign is erected does not object to the trimming or removal of vegetation. Define "vegetation" as any tree, shrub, hedge or other foliage.

Assembly: Specify that a person who maintains a majority ownership interest in a business adjacent to the highway right-of-way or owns an outdoor advertising sign located along a highway may trim or remove any vegetation located in the highway right-of-way if all of the following apply (a) the vegetation obstructs the view of the business or sign such that the business or sign cannot be viewed for six uninterrupted seconds by a person traveling along the highway at the posted speed limit; (b) the person pays the cost of trimming or removing the obstructing vegetation, including the cost of cleanup and disposal, and for replacing any removed vegetation, including the cost of purchasing and planting the replacement vegetation; (c) the person replaces the removed vegetation with comparable vegetation along the same highway right-of-way, provided that the person may not locate the replacement vegetation in a manner that obstructs, or will obstruct in the foreseeable future, the view from the highway of another existing business or sign; and (d) the person has obtained a permit from DOT for trimming or removing vegetation from the highway right-of-way. Require DOT to issue permits to eligible applicants for the trimming or removal of vegetation located in a highway right-of-way. Require DOT to grant or deny a request for a permit to trim or remove vegetation along the highway right-of-way within 30 days of the receipt of an application. Specify that such a permit shall specify the vegetation or the portion of the highway right-of-way to which the permit applies. Define "vegetation" as any tree, shrub, hedge or other foliage.

Conference Committee/Legislature: Specify that a person who maintains a majority ownership interest in a business adjacent to the highway right-of-way or a business advertised on a sign located along a highway may trim or remove any vegetation located in the highway right-of-way if all of the following apply: (a) the vegetation obstructs the view of the business or sign such that the business or sign cannot be viewed for six uninterrupted seconds by a person traveling along the highway at the posted speed limit; (b) the person pays the cost of trimming

or removing the obstructing vegetation, including the cost of cleanup and disposal and for replacing any removed vegetation, including the cost of purchasing and planting the replacement vegetation; (c) the person replaces the removed vegetation with comparable vegetation along the same highway right-of-way, provided that the person may not locate the replacement vegetation in a manner that obstructs, or will obstruct in the foreseeable future, the view from the highway of another existing business or sign; (d) no state funds are expended for the trimming, removal or replacement of vegetation; (e) the owner of the land on which an obstructed sign is erected does not object to the trimming or removal of vegetation; and (f) the person has obtained a permit from DOT for trimming or removing vegetation from the highway right-of-way. Require DOT to issue permits to eligible applicants for the trimming or removal of vegetation located in a highway right-of-way. Require DOT to grant or deny a request for a permit to trim or remove vegetation along the highway right-of-way within 30 days of the receipt of an application. Specify that such a permit shall specify the vegetation or the portion of the highway right-of-way to which the permit applies. Define "vegetation" as any tree, shrub, hedge or other foliage. Specify that this provision only applies to highways under the jurisdiction of DOT.

Veto by Governor [B-118]: Delete provision.

[Act 16 Vetoed Section: 2340vg]

15. LOCATIONS OF HIGHWAY REST AREAS

Assembly/Legislature: Prohibit DOT from constructing any rest area along or in close proximity with a state trunk highway at a location that is within a radius of five miles from an exit from the highway that provides access to motorist services, as defined for the purposes of the specific information sign program, first applying to construction of rest areas commenced on the effective date of the bill. Specify that this restriction does not apply to rest areas to be located within five miles of the state border or to any rest area that may be located near the Village of Belmont in Lafayette County. Specify that the total amount of any proposed expenditures or encumbrances that DOT does not make in the 2001-03 biennium as a result of this provision shall be expended or encumbered in the 2001-03 biennium to reopen previously closed rest areas or to keep open rest areas that are proposed for closure in areas where other rest areas and motorist services are not available.

Veto by Governor [B-110]: Delete provision.

[Act 16 Vetoed Sections: 2307f, 9152(3wy) and 9352(3wy)]

16. CONFIDENTIALITY OF CERTAIN INFORMATION COLLECTED FOR THE DISADVANTAGED BUSINESS ENTERPRISE PROGRAM

Governor/Legislature: Prohibit DOT from disclosing to any person any information that is requested by the Department for the purposes of complying with federal disadvantaged business enterprise program requirements and that relates to an individual's statement of net worth, a statement of experience, or a company's financial statement, including the gross receipts of a bidder. Specify that this prohibition would not apply if the information is provided to any of the following: (a) the person to whom the information relates; (b) any person who has the written consent of the person to whom the information relates to receive such information; or (c) any person who is specifically authorized to receive that information under current federal law.

[Act 16 Section: 2296]

17. SMALL BUSINESS ENTERPRISE DEMONSTRATION AND TRAINING PROGRAM

Senate: Require DOT to administer a demonstration and training program for the purpose of developing the capability of small businesses to participate in construction projects funded under the aeronautics assistance, local transportation facility improvement assistance and state highway programs. Require DOT to establish requirements for programs of preapprenticeship training and management and technical assistance designed to develop the expertise of small businesses in transportation construction. Define a "small business" as a business whose average gross receipts over the previous three years is \$4,500,000 or less, if the person or persons owning the business have a net worth of \$750,000 or less.

Modify a current law provision that requires DOT to allocate \$4,000,000 annually from the appropriations for the major highway development, state highway rehabilitation and state highway maintenance and traffic operations programs for the awarding of contracts under those programs to disadvantaged businesses, as follows: (a) require DOT to allocate funds for contracts for small businesses, instead of disadvantaged businesses; (b) increase the annual amount that DOT must allocate from \$4,000,000 to \$25,000,000; and (c) include the appropriations for local bridge and local transportation facility improvement assistance and aeronautics assistance in the list of appropriations from which the allocation may be made. Require DOT to consult with representatives of the transportation contracting industry, including businesses owned by minorities and women, in deciding which contracts are included in the allocation under this program. Specify that the estimated cost of contracts under the small business allocation shall be between \$50,000 and \$750,000 and specify that such contracts may be awarded to joint ventures that include a small business.

Conference Committee/Legislature: Delete provision.

18. UNIFIED DISADVANTAGED BUSINESS ENTERPRISE CERTIFICATION PROGRAM

Assembly/Legislature: Establish a unified disadvantaged business enterprise (DBE) certification program in compliance with federal DBE program requirements, for the purposes of administering DOT's disadvantaged business enterprise program. Define a "certifying authority" as the Department of Transportation or any county, city, village or town authorized by DOT to certify a business as a disadvantaged business.

Require DOT, not later than the first day of the fourth month beginning after publication of the bill, to certify as a DBE under the unified program any business that, on the date of publication, possesses a valid certification as a DBE issued by DOT under current law. Specify that DOT is not required to review any documentation in certifying such a business that would otherwise be required under these modifications.

Specify that any business may apply to a certifying authority for certification as a disadvantaged business and that all such applications shall be sworn and notarized. Require a certifying authority to: (a) certify as a disadvantaged business any business that meets the federal requirement for such certification; (b) follow all certification procedures and standards provided in federal regulations; (c) make certification determinations in strict conformance with federal guidelines; and (d) complete its review and issue a decision concerning an application within 90 days after receiving the completed application, or within 150 days if, within 90 days, the certifying authority provides written notice to the applicant specifying the reasons for the extension. Specify that no person may certify a business as a disadvantaged business for purposes of the federal DBE program except as provided in this unified certification procedure. Specify that a certifying authority may charge and collect reasonable fees for reviewing a certification application. Specify that no DBE certification for the purpose of federal transportation assistance programs approved before the effective date of the bill is valid for contracts executed after the last day of the fifth month beginning after the effective date of the bill. Specify that only a business certified under the unified certification program qualifies as a DBE beginning on the first day of the sixth month beginning after the effective date of the bill.

Specify that a certification under the unified program is valid for three years, unless the Department removes certification because of a change in the business's size, disadvantaged status, ownership or control, or if the certification is removed under procedures for removing certification as outlined in federal regulations. Specify that a certifying authority may not require a business that is certified under the unified program to reapply during the three-year period after its certification, unless the factual basis on which the certification is made materially changes.

Require a business certified as a disadvantaged business to notify DOT, by sworn and notarized statement, within 30 days after a change in the business's size, disadvantaged status, ownership or control that could preclude its certification as a disadvantaged business under federal regulations. Require a business certified as a disadvantaged business to submit annually to DOT a sworn, notarized statement attesting that there have been no changes to the business's size, disadvantaged status, ownership or control, or gross receipts, that would preclude its

certification as a disadvantaged business under federal regulations. Specify that such a notice shall include a statement that the business meets the size and gross receipts criteria for certification, and shall include documentary evidence supporting that statement. Require DOT to remove the certification of any disadvantaged business that fails to provide the statement within 13 months after certification under the program or within 13 months after it last submitted to the Department the information required under the program, whichever is later. Require a certifying authority to cooperate with any directive from the federal government under the authority granted under federal regulations concerning certification.

Specify that a certifying authority is not required to review an application submitted by a business that has its principal place of business in another state, unless the business is certified as a disadvantaged business under a unified certification program that strictly conforms to federal regulations and to which that other state is a party, unless DOT has entered into a reciprocal certification agreement with that other state that strictly conforms to federal regulations. Authorize DOT to enter into such a reciprocal agreement and specify that such an agreement may authorize the other state to certify as a disadvantaged business any business that is based in Wisconsin, or may authorize the Department to certify as a disadvantaged business any business based in that other state.

Specify that if the Department receives an application for a business that is certified as a disadvantaged business under a federally approved unified certification program pursuant to federal regulations, the Department may do any of the following: (a) grant certification in reliance of the prior certification determination; (b) make an independent certification determination based on material submitted by the other certifying agency, supplemented by whatever additional information the Department may request from the applicant; or (c) require the applicant to undergo the application process without regard to the other certification. Require a certifying authority that is not the Department to forward to the Department any certification application from a business that is certified as a disadvantaged business under a federally approved unified certification program.

Require DOT to maintain a list of all businesses certified as a disadvantaged business by a certifying authority or by a state that is a party to a reciprocal certification agreement. Specify that the list shall include the business name, address, telephone number and types of work the business is certified to perform as a disadvantaged business. Require DOT to make the list and any updated information available to any person, at no charge, on the Internet and in printed format. Require DOT to update the list at least annually, except that the electronic list available on the Internet shall include additions, deletions or other changes to the list as soon as the Department makes such an addition, deletion or other change. Specify that no person may use the DBE list prepared by DOT under current law for bids first advertised after the last day of the fifth month beginning after publication of the bill.

Specify that any municipality, county or other person that accepts federal moneys from DOT's federal appropriations for transit, aeronautics, local bridge, local transportation facility improvement or state highway programs or accepts other federal moneys for highway, transit

or airport purposes, after the effective date of the bill, is considered to have given consent to the unified certification program. Allow DOT to authorize any county, city, village or town to certify a business as a disadvantaged business. Specify that the authorization shall be in writing and shall require the local government to conform strictly to the standards and processes provided under the unified program by statute or by DOT rule. Specify that the authorization shall be valid for one year and shall require the local government to provide written notice to DOT of any certification decision. Specify that such written notice shall include all of the information contained in the DBE directory maintained by DOT. Specify that no local government authorized by DOT as a certifying authority may hear any appeals or complaints regarding certification decisions.

Specify that any business whose application for certification is denied, or is not reviewed within the time limits established under the unified program or whose certification is removed, may appeal that action as provided in federal regulations. Specify that any person may file with DOT a signed, written complaint that a business that a certifying authority has certified under the program is not eligible for such certification. Require DOT to investigate complaints that it finds are supported by credible evidence and specify that if, upon investigation, the Department finds reasonable cause to believe that a business is not eligible for certification, the Department shall notify the business of its findings in writing and shall proceed in the manner provided under federal regulations governing the procedures for removing DBE certification.

Include a provision in the Joint Committee on Finance's substitute amendment (see Item #16) that requires DOT to keep confidential, with certain exceptions, information provided to DOT regarding a business under the DBE program, in the provisions creating the unified certification program, with the following modifications: (a) apply the confidentiality requirements to any certifying authority, instead of just the Department; (b) add an exception to the confidentiality requirements that allows the U.S. Department of Transportation to receive such information if the certifying authority discloses the information for the purposes of a certification appeal proceeding in which the disadvantaged status of the individual is in question; and (c) add other exceptions allowing a certifying authority that is not the Department to provide information to the Department and allowing the Department to provide information to another certifying authority.

Specify that these provisions do not apply if federal law does not require the state, as a condition of using federal funds, to establish goals for participation of disadvantaged businesses or the employment of disadvantaged individuals in projects using federal funds. Reorganize statutory provisions related to disadvantaged business enterprise programs to accommodate the unified certification program.

Federal law requires states, as a condition of receiving federal transportation aid, to administer a program designed to increase the participation of disadvantaged business enterprises in transportation contracts. Among the federal requirements is a requirement that all recipients of federal transportation aid use a unified procedure for certifying a business as a

disadvantaged business enterprise, by March, 2002. This provision would put the state in compliance with this requirement.

[Act 16 Sections: 2307gm, 2307je thru 2307jh, 2307jk thru 2307jm and 9152(2vx)]

19. EMERGENCY PREEMPTION DEVICES ON TRAFFIC SIGNALS INSTALLED ON THE STATE TRUNK HIGHWAY SYSTEM

Joint Finance: Require DOT to install an emergency preemption device and a confirmation signal on any traffic control signal installed by the Department on the state trunk highway system if the following apply: (a) the political subdivision (defined as a county, city, village or town) in which the signal is located requests the installation of such a device; and (b) one or more political subdivisions contributes 50% of the additional cost of the emergency preemption device and confirmation signal. Require DOT to do all of the following before installing a new traffic control signal on a state trunk highway: (a) notify the political subdivision of the planned installation and the additional cost of equipping the traffic control signal with an emergency preemption device and confirmation signal; and (b) allow the political subdivision the opportunity to request that the traffic control signal be equipped with an emergency preemption device and confirmation signal. Specify that these provisions do not prohibit DOT from installing any traffic control signal equipped with an emergency preemption device and confirmation signal on a state trunk highway at the Department's expense and specify that the Department may do so without notifying the political subdivision or allowing the political subdivision to request the installation of such a device. Require DOT, when installing a new emergency preemption device under these circumstances, to also install a confirmation signal.

Specify that any traffic control signal installed by the Department on a state trunk highway after the first day of the seventh month beginning after the effective date of the bill shall include all electrical wiring necessary to equip the signal with an emergency preemption device and confirmation signal if the traffic control signal is not equipped with an emergency preemption device.

Require DOT to promulgate rules to implement and administer these provisions, including procedures and deadlines for the Department's notification of political subdivisions and the subsequent requests and contributions to the Department.

Specify that any traffic control signal that is equipped with an emergency preemption device and that is installed by local authorities after the first day of the seventh month beginning after the effective date of the bill must be installed with a confirmation signal.

Define the following terms: (a) "emergency preemption device" as an electrical device located on or within a traffic control signal that is designed to receive an electronic, radio, or sonic transmission from an approaching authorized emergency vehicle that alters the normal sequence of the traffic control signal to provide or maintain a green signal for the authorized

emergency vehicle to proceed through the intersection; (b) "confirmation signal" as a white signal located on or near a traffic control signal equipped with an emergency preemption device that is designed to be visible to the operator of an approaching authorized emergency vehicle and that confirms to the operator that the emergency preemption device has received a transmission from the operator; (c) "traffic control signal" as any electrical device by which traffic is alternately directed to stop and permitted to proceed by means of exhibiting different colored lights successively; (d) "authorized emergency vehicle" as police vehicles, vehicles of a fire department or fire patrol and publicly or privately owned ambulances that are authorized as emergency vehicles; and (e) "additional cost" as the difference in cost between installation of a traffic control signal that is equipped with an emergency preemption device and confirmation signal and installation of a traffic control signal that is not so equipped, including the difference in incidental costs such as electrical wiring.

Specify that these provisions first apply to traffic control signals that are installed on the first day of the seventh month beginning after the effective date of the bill.

Assembly/Legislature: Delete provision.

20. PAYMENT OF DAMAGES TO A LOCAL GRAVEL ROAD CAUSED BY UNOFFICIAL DETOURS

Joint Finance: Require DOT to pay, in whole or in part, any claims submitted to the Department by a city, village, town or county for damage to any gravel road maintained by the local government that is determined by DOT to be caused by reason of the road's use as a detour incident to the maintenance, repair or construction by DOT of any state trunk highway if the gravel road is not part of a detour route designated by the Department. Specify that the local government shall include with the claim, on a form prescribed by the Department, a description of the nature and cause of the alleged damage, the asserted value of the claim and all known evidence in support of the claim. Specify that DOT shall consider all the following factors in considering such a claim: (a) the condition of the gravel road at the time the claim was submitted; (b) the condition of the gravel road, if known, immediately prior to its use as a detour incident to the maintenance, repair or construction by the Department of the state trunk highway; (c) the proximity and convenience of the gravel road to the state trunk highway and to any applicable detour route; (d) the extent of truck traffic in the vicinity of the state trunk highway and the gravel road; and (e) any other factors or evidence submitted by the local government with its claim. Specify that the payment of such a claim shall be made from the appropriations for the state highway program. Require DOT to promulgate rules to implement and administer these provisions. Specify that this provision would first apply to damage incurred on the general effective date of the bill.

Assembly: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [B-97]: Delete provision.

[Act 16 Vetoes Sections: 2308m and 9352(1f)]

21. DOT REPORTING REQUIREMENTS

Joint Finance/Legislature: Require DOT to prepare the following: (a) a report, by January 15, 2003, and biennially thereafter, showing transportation revenues and funding for transportation programs for at least the 15 years preceding the report, including changes to funding levels following the enactment of biennial budget bills and an explanation of major changes in the funding levels for appropriations included in the most recent biennial budget act; (b) a report, by September 15, 2002, and biennially thereafter, providing statistics on the condition and performance of state trunk highways, including pavement smoothness and distress, geometric deficiencies, safety problems, structural and functional bridge deficiencies and traffic congestion; and (c) a report, by June 1, 2002, and annually thereafter, showing the current schedule for the construction of enumerated major highway projects, including the projected expenditures in each fiscal year for each project. Specify that these reports shall be delivered to the chief clerk of each house of the Legislature for distribution to the appropriate standing committee dealing with transportation matters in each house of the Legislature. Specify that the report showing the schedule of major highway development projects shall, in addition, be submitted to the Transportation Projects Commission.

Veto by Governor [B-115]: Delete provision.

[Act 16 Vetoes Sections: 2296m, 2302m and 2305g]

22. AGRICULTURAL TOURISM SIGNS

Joint Finance: Require DOT to develop and implement a plan, consistent with federal and state laws, to promote and maximize the erection of agricultural tourism signs on highways in Wisconsin to identify and provide directional information to any agricultural tourism facility located in Wisconsin. Require DOT to consult with the Department of Agriculture, Trade and Consumer Protection in developing and implementing the plan.

Assembly/Legislature: Modify the Joint Finance provision by specifying that DOT must implement the agricultural tourism sign plan by March 1, 2002. Specify that eligible signs will identify and provide directional information to any agricultural tourism facility. Define "agricultural tourism facility" as a facility in this state that is open to the public at least four days a week a minimum of three months that: (a) markets Wisconsin farm products; (b) processes and markets agricultural products, of which at least 50% are grown and produced in Wisconsin; or (c) promotes tourism by providing tours and on-site sales or samples of Wisconsin agricultural products. Specify that DOT may assess and collect from an agricultural tourism facility the actual costs of erection of any agricultural tourism sign that identifies and provides

directional information to the facility, unless the sign is a "trailblazer sign," as defined by DOT rule. Require local authorities to permit the erection of a trailblazer sign that identifies and provides directional information to an agricultural tourism facility on a local highway if the facility is located more than five miles from the highway and the local authority assesses and collects from the facility the actual costs of erecting the trailblazer sign.

Veto by Governor [B-113]: Delete provision.

[Act 16 Vetoed Section: 2340y]

23. OUTDOOR ADVERTISING SIGNS OWNED BY NON-PROFIT ENTITIES

Assembly: Specify that a provision that allows DOT to promulgate a rule establishing an annual outdoor advertising permit fee does not apply to the following: (a) an off-premises advertising sign that is owned by a nonprofit organization; and (b) a sign that has been permanently removed by the owner of the sign, even if the Department was not notified of the sign's removal.

Conference Committee/Legislature: Include the Assembly provision, but specify that the authority to promulgate a rule establishing annual permit fee does not apply to signs owned by religious organizations, instead of signs owned by nonprofit organizations.

Veto by Governor [B-118]: Delete provision.

[Act 16 Vetoed Sections: 2308sr and 2308st]

24. HIGHWAY INTERCHANGES FOR MAJOR HIGHWAY DEVELOPMENT PROJECTS

Joint Finance/Legislature: Require DOT to include interchanges, with a grade separation at each interchange ramp, as follows: (a) at the intersection of STH 57 and CTH P in Brown County, when the Department constructs the major highway development project on STH 57 between STH 54 and CTH A in Brown and Kewaunee counties; and (b) at the intersection of USH 141 and CTH B in Marinette County, when the Department constructs the major highway development project on USH 141 between STH 22 and STH 64 in Oconto and Marinette counties.

Veto by Governor [B-106]: Delete provision.

[Act 16 Vetoed Sections: 2302e and 2302g]

25. EXPANSION OF USH 12 IN SAUK COUNTY

Joint Finance: Require DOT, when it constructs the major highway development project on USH 12 between Ski Hi Road and I-90/94 in Sauk County, to construct the segment of USH 12, as it is designated on the effective date of the bill, between Fern Dell Road and Old Highway 33 in Sauk County to five lanes, and specify that the Department may not require a matching fund contribution from any city, village, town or county for this construction.

Assembly: Modify the Joint Finance provision extending the southern terminus of the five-lane highway from Old Highway 33 to Terrytown Road in the Town of Baraboo.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [B-106]: Delete provision.

[Act 16 Vetoed Section: 2302c]

26. LIFE CYCLE COST STATEMENTS FOR PROPOSED MAJOR HIGHWAY DEVELOPMENT PROJECTS

Senate/Legislature: Require DOT to provide a life cycle cost statement to the Governor, the Transportation Projects Commission, the Building Commission and the Joint Committee on Finance for each proposed major highway development project presented to the Transportation Projects Commission for consideration for enumeration. Specify that each such statement shall include an estimate of the costs of constructing, maintaining, resurfacing, minor and major reconditioning, policing, plowing, painting, signing and reconstructing the potential project through the first time that the project needs to be reconstructed.

Veto by Governor [B-104]: Delete provision.

[Act 16 Vetoed Section: 108o]

27. HIGHWAY CORRIDOR PLANNING GRANT PROGRAM

Assembly/Legislature: Require DOT to administer a highway corridor planning grant program to award grants to cities, villages, towns, counties, regional planning commissions or metropolitan planning organizations for highway corridor planning activities. Specify that DOT may not expend more than \$500,000 for grants under the program in any fiscal year and specify that the grants shall be made from the SEG appropriation for major highway development. Define "highway corridor" as the area up to ten miles on either side of a state trunk highway that is expected by the Department to need additional capacity for vehicular traffic or to have possible safety or operational problems resulting from pressure for development adjacent to the highway.

Veto by Governor [B-107]: Delete provision.

[Act 16 Vetoed Sections: 654t and 2310m]

28. USH 10 COMPLETION DEADLINE

Assembly: Require DOT to complete any major highway development project involving USH 10 from Marshfield to Stevens Point by December 31, 2010.

Conference Committee/Legislature: Include the Assembly provision, but change the project deadline to December 31, 2013.

Veto by Governor [B-106]: Delete provision.

[Act 16 Vetoed Section: 2302gg]

29. STUDY OF IMPROVEMENTS TO STH 11/USH 14 BETWEEN JANESVILLE AND I-43

Senate/Legislature: Require DOT to conduct a study of the transportation corridor between Janesville and I-43 along STH 11 and USH 14. Specify that the study shall develop and evaluate various alternatives for improving the capacity and safety of transportation in the corridor. Require DOT to consult with local units of governments on the study design and methodology and require the Department to cooperate with the City of Janesville, Rock County and Walworth County in completing the study. Specify that if the Department concludes after the study that improvements in the corridor require construction of a major highway development project on STH 11/USH 14, the Department shall present this project for consideration by the Transportation Projects Commission (TPC) when the Commission meets to consider potential projects for enumeration as a major highway development project in 2004. Specify that a current law provision that requires DOT to get approval from the TPC prior to conducting an environmental impact statement or environmental assessment on a potential major highway development project does not apply to this study.

Veto by Governor [B-115]: Delete provision.

[Act 16 Vetoed Section: 2302k]

30. LOCATION STUDY AND ENVIRONMENTAL ASSESSMENT FOR STH 15/USH 45 IN OUTAGAMIE COUNTY

Assembly: Require DOT to allocate \$400,000 in 2001-02 from the appropriations for major highway development to conduct a location study and environmental assessment for a project on STH 15/USH 45 between Greenville and New London in Outagamie County. Specify that a current law provision that requires DOT to get approval from the Transportation Projects

Commission prior to conducting an environmental impact statement or environmental assessment on a potential major highway development project does not apply to this study.

Conference Committee/Legislature: Reduce the amount that DOT is required to allocate for the study from \$400,000 to \$200,000.

Veto by Governor [B-115]: Delete provision.

[Act 16 Vetoed Section: 9152(5yq)]

31. USH 12 IN THE VILLAGE OF CAMBRIDGE

Joint Finance/Legislature: Prohibit DOT from widening the portion of USH 12 in the Village of Cambridge between the intersection of USH 12 and USH 18 and the Koshkonong Creek bridge during any reconstruction or other repair of that portion of highway that occurs between the effective date of the bill and December 31, 2011.

Veto by Governor [B-106]: Delete provision.

[Act 16 Vetoed Section: 2305k]

32. SIDEWALK RECONSTRUCTION IN WISCONSIN RAPIDS

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
SEG	\$2,000	-\$2,000	\$0

Joint Finance: Require DOT, not later than June 30, 2003, to reconstruct the sidewalk on the south side of Plover Road (STH 54) between the railroad tracks and 36th Street in the City of Wisconsin Rapids. Specify that the reconstructed sidewalk shall be seven feet in width and six inches in depth. Provide \$2,000 in 2001-02 in the state highway rehabilitation SEG appropriation to fund this reconstruction.

Assembly/Legislature: Delete provision.

33. STATE TRUNK HIGHWAY BRIDGE DESIGNATIONS

Joint Finance/Legislature: Require DOT to designate and mark bridges on the state trunk highway system by June 30, 2003, as follows: (a) the bridge on I-43 across the Fox River in the City of Green Bay as the "Leo Frigo Memorial Bridge" in recognition and appreciation of Leo Frigo, a civic and philanthropic leader in the Green Bay area whose legacy includes one of the largest food pantry programs in the nation for feeding the hungry; and (b) the bridge on USH

45 across the South Branch of the Embarrass River in the Village of Tigerton in Shawano County as the "Gateway to the North" to serve as a welcome to visitors to northern Wisconsin.

Veto by Governor [B-117]: Delete provision.

[Act 16 Vetoed Sections: 2307k and 2307r]

34. DONALD K. "DEKE" SLAYTON MEMORIAL HIGHWAY

Assembly/Legislature: Require DOT to designate and, if interested parties, including any county, city, village or town, make a contribution to cover the cost, mark STH 27 commencing at Sparta and proceeding southerly to Cashton as the "Donald K. 'Deke' Slayton Memorial Highway" as a living memorial to and in honor of Donald K. "Deke" Slayton, who brought credit to this state and, in particular, Monroe County for his contribution to this country's space program as one of the seven original astronauts and as a participant in the first joint United States-Soviet space mission. Specify that that no state funds, other than contributions received from interested parties, may be used for the erection or maintenance of the highway designation signs.

[Act 16 Section: 2307m]

35. TRAFFIC SIGNALS ON STATE TRUNK HIGHWAYS

Joint Finance: Require DOT, not later than June 30, 2003, to install traffic signals at the following locations: (a) at the intersection of USH 63 and West Beaver Brook Avenue in the City of Spooner in Washburn County; and (b) at the intersection of STH 48 and STH 70 in the Village of Grantsburg in Burnett County.

Senate: Require DOT to install traffic signals at the intersection of STH 38 and Oakwood Road in the City of Oak Creek by June 30, 2003.

Assembly: Delete the Joint Finance provision that would require DOT to install traffic signals in the City of Spooner in Washburn County. Require DOT, no later than December 31, 2001, to install traffic signals at the intersection of STH 16 and Brickl Road in the Village of West Salem in La Crosse County.

Conference Committee/Legislature: Include the Joint Finance and Senate provisions and the Assembly provision that would require DOT to install traffic signals in the Village of West Salem.

Veto by Governor [B-111]: Delete the provisions requiring the installation of signals in the City of Spooner and in the City of Oak Creek.

[Act 16 Section: 9152(6d)&(6r)]

[Act 16 Vetoed Section: 9152(6dd)&(6x)]

36. HIGHWAY SIGNS FOR WAYLAND ACADEMY IN DODGE COUNTY

Joint Finance/Legislature: Require DOT, no later than June 30, 2003, to erect directional signs along USH 151 in the vicinity of STH 33 for Wayland Academy, located in the City of Beaver Dam in Dodge County.

Veto by Governor [B-112]: Delete provision.

[Act 16 Vetoed Section: 9152(6e)]

37. HIGHWAY SIGNS ON I-43 NEAR THE CITY OF DELAVAN

Senate/Legislature: Require DOT, no later than June 30, 2003, to erect signs along I-43 approaching the City of Delavan identifying the city's downtown as a "Historic Downtown" and providing directional information to that area.

Veto by Governor [B-112]: Delete provision.

[Act 16 Vetoed Section: 9152(6pp)]

38. HIGHWAY SIGNS FOR DOWNTOWN GREENDALE

Assembly/Legislature: Require DOT, no later than 60 days after the effective date of the bill, to erect two signs, one for each direction of travel, along I-43/894 approaching the 60th Street exit in the City of Greenfield in Milwaukee County providing directional information to downtown Greendale.

Veto by Governor [B-112]: Delete provision.

[Act 16 Vetoed Section: 9152(6s)]

39. HIGHWAY SIGNS FOR THE CLEAR LAKE ALL VETERANS' MEMORIAL AND CEMETERY

Assembly/Legislature: Require DOT, no later than June 30, 2002, to erect two directional signs along USH 63 in the Clear Lake region in Polk County for the Clear Lake All Veterans' Memorial and Cemetery.

Veto by Governor [B-112]: Delete provision.

[Act 16 Vetoed Section: 9152(6h)]

40. HIGHWAY SIGNS ON STH 29 AND STH 107 IN MARATHON COUNTY

Senate/Legislature: Require DOT, no later than June 30, 2003, to erect two highway signs, one for each direction of travel, along STH 29 in Marathon County and two highways signs, one for each direction of travel, along STH 107 in Marathon County. Specify that each sign shall identify and provide directional information to the area that is commonly known as "Little Chicago" and shall be erected near the highway exit providing the most direct route from the highway to the area that is commonly known as "Little Chicago."

Veto by Governor [B-112]: Delete provision.

[Act 16 Vetoed Section: 9152(6q)]

41. SPEED LIMIT ON STH 58 IN JUNEAU COUNTY

Joint Finance/Legislature: Establish the maximum speed limit on STH 58 in Juneau County, as follows: (a) 35 miles per hour from I-90/94 in the City of Mauston to Fairway Lane in the Town of Lisbon; and (b) 45 miles per hour from Fairway Lane to Welch Prairie Road in the Town of Lisbon. Prohibit DOT from modifying these established speed limits under provisions that give the Department the authority to establish different speed limits than those established by statute under certain circumstances. Extend current law provisions related to the posting of speed limits and forfeitures for exceeding speed limits to these newly-established limits.

Veto by Governor [B-114]: Delete provision.

[Act 16 Vetoed Sections: 3442g thru 3442m, 3456m and 3456p]

42. PEDESTRIAN CROSSING OF USH 45 IN WINNEBAGO COUNTY

Joint Finance: Require DOT to construct a grade-separated pedestrian crossing of USH 45 in the Town of Clayton in Winnebago County during the 2001-03 biennium if the Town of Clayton contributes funds for the project that at least equal 50% of the costs of the project.

Conference Committee/Legislature: Modify the Joint Finance provision by changing the required Town share of costs from at least 50% of project costs to at least 15% of project costs.

Veto by Governor [B-99]: Delete provision.

[Act 16 Vetoed Section: 9152(4nk)]

43. SPECIFIC INFORMATION SIGN IN KENOSHA COUNTY

Joint Finance: Require DOT, upon application and payment of the applicable fees, to mount business signs for Tenuta's Delicatessen and Liquors, located in the City of Kenosha, on specific information signs at the interchange of I-94 and 52nd Street in Kenosha County, notwithstanding the eligibility criteria for the program. Specific information signs are the blue signs erected on the highway right-of-way indicating the presence of businesses offering gas, food, lodging or camping.

Assembly/Legislature: Modify the Joint Finance provision by specifying that the word "liquor" may not appear on the business signs.

Veto by Governor [B-112]: Delete provision.

[Act 16 Vetoed Section: 9152(6b)]

44. RECONSTRUCTION OF STH 100 IN THE CITY OF OAK CREEK

Senate/Legislature: Require DOT to begin a reconstruction project on STH 100 between STH 32 and STH 38 by June 30, 2003.

Veto by Governor [B-106]: Delete provision.

[Act 16 Vetoed Section: 9152(6bg)]

45. HANSON ROAD BRIDGE IN DANE COUNTY

Senate/Legislature: Require DOT, not later than December 31, 2003, to construct the Hanson Road bridge project in the Town of Burke in Dane County and to reconfigure Portage Road to accommodate such construction.

Veto by Governor [B-106]: Delete provision.

[Act 16 Vetoed Section: 9152(3h)]

46. STILLWATER BRIDGE PROJECT

Assembly/Legislature: Require DOT, not later than April 1, 2002, to develop and submit to the Joint Committee on Finance a proposal specifying the amount of anticipated expenditures to be made by DOT for mitigation in connection with the Stillwater Bridge project across the St. Croix River between Houlton in St. Croix County and Stillwater, Minnesota. Specify that if DOT determines that it will exceed the amount of anticipated expenditures specified in the proposal submitted to the Committee, the Department shall submit a proposal to the Committee for the additional amount of anticipated expenditures for mitigation in connection with the project.

Veto by Governor [B-116]: Delete provision.

[Act 16 Vetoed Section: 2296p]

47. NOISE BARRIERS ALONG I-94 AT GRANGE AVENUE IN THE CITY OF MILWAUKEE

Senate: Require DOT to install a noise attenuation barrier along the west side of I-94 from the intersection of I-94 and Grange Avenue and extending to the south in the City of Milwaukee. Specify that DOT shall expend funds not to exceed \$200,000 from the state highway rehabilitation appropriations to pay for the installation.

Conference Committee/Legislature: Delete provision.

48. NOISE BARRIERS ALONG I-94 AT COLLEGE AVENUE IN THE CITY OF MILWAUKEE

Senate: Require DOT to install a noise attenuation barrier along the east side of I-94 at the ramp providing access for northbound traffic to I-94 from College Avenue in the City of Milwaukee. Require DOT to allocate sufficient funds in the 2001-03 biennium from the state highway rehabilitation appropriations to pay for the installation.

Conference Committee/Legislature: Delete provision.

49. INTERSECTION IMPROVEMENTS AT USH 51 AND RIEDER ROAD IN THE CITY OF MADISON

Senate/Legislature: Require DOT to expend up to \$300,000 in federal hazard elimination funds to make the following intersection improvements during the 2001-03 biennium at the intersection of USH 51 and Rieder Road in the City of Madison, if the project qualifies under federal regulations for the use of those funds: (a) reconstruction of the southbound lanes of USH 51 at Rieder Road to incorporate a divided deceleration and turn lane on USH 51 for southbound traffic turning east on Rieder Road from USH 51 and a divided acceleration lane on USH 51 for traffic traveling west on Rieder Road turning south onto USH 51; and (b) the installation of any traffic control signals necessary to allow traffic traveling west on Rieder Road to turn onto southbound USH 51 without requiring southbound traffic on USH 51 to stop.

Veto by Governor [B-106]: Delete provision.

[Act 16 Vetoed Section: 9152(3e)]

50. STREET LIGHT AT STH 27 AND STH 71 IN MONROE COUNTY

Assembly/Legislature: Require DOT, no later than June 30, 2003, to install a streetlight at the intersection of STH 27 and STH 71 in the Town of Little Falls in Monroe County.

Veto by Governor [B-111]: Delete provision.

[Act 16 Vetoed Section: 9152(6dg)]

51. IMPROVEMENTS TO WEST CAPITOL DRIVE IN THE CITY OF MILWAUKEE

Senate/Legislature: Require DOT, on the effective date of the bill, to allocate \$250,000 from the SEG appropriation for the state highway rehabilitation program for preliminary engineering for and construction, reconstruction, or improvement of highways, transportation facilities or other functionally related or auxiliary facilities or structures associated with the Capitol Court project on West Capitol Drive in the City of Milwaukee and for associated economic development. Specify that if DOT has not expended or encumbered any funds for the project on or before June 30, 2003, the funds allocated for the project shall lapse from the SEG appropriation for the state highway rehabilitation program to the transportation fund.

[Act 16 Section: 9152(4e)]

52. DESIGNATION OF STH 107 AND STH 97 AS LONG TRUCK ROUTES

Senate/Legislature: Specify that the same motor truck length limitations that apply on highways designated by DOT as overlength truck routes under rule apply to STH 107 between STH 64 and Marathon CTH A and STH 97 between STH 29 and STH 64. Specify that the same length limitations apply to the following county trunk highways: (a) Marathon CTH A between STH 97 and Marathon CTH K; (b) Marathon CTH K between the City of Wausau and the north county line; (c) Lincoln CTH K between the south county line and the City of Merrill; (d) Lincoln CTH Q between CTH K and USH 51; and (e) Marathon CTH U between STH 107 and USH 51. Specify that this provision does not apply on the day after DOT has had an opportunity to review the routes and make a determination if the highways shall be designated as an overlength truck route, or on July 1, 2003, whichever is later.

Veto by Governor [B-123]: Delete provision.

[Act 16 Vetoed Section: 9152(5c)]

Motor Vehicles

1. COMPUTER DATABASE REDESIGN [LFB Paper 930]

SEG	\$3,660,900
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Governor: Provide \$3,660,900 in 2001-02 for computer programming and database redesign. These amounts would be used as follows: (a) \$387,200 for data processing necessary to implement a provision of 1997 Act 27 that requires DOT to register automobiles for exactly one year beginning on the day that the vehicle was registered, instead of beginning either on the first day of the month the vehicle is registered or the first day of the following month; (b) \$273,700 for data processing necessary to implement 1999 Act 88, which requires DOT to include a place on vehicle registration and driver's license applications for applicants to request that their personal information not be released in lists of 10 or more records; and (c) \$3,000,000 for the ongoing redesign of the Division's driver and vehicle databases. The bill would place the \$3,000,000 for database redesign in unallotted reserve. DOA indicates that the Governor is requesting that DOT conduct a study of the Department's information technology needs, including an evaluation of DMV's current and future database needs, an implementation timetable for the redesigned database and its projected cost. DOA would release the funding from unallotted reserve after the completion of the study. The study requirements, however, are not contained in the bill.

Joint Finance/Legislature: Shift \$2,000,000, of the \$3,000,000 provided by the bill for computer database redesign, from 2001-02 to 2002-03 and place this amount in unallotted reserve.

Require DOT to study and prepare a report, to be presented to the Joint Committee on Finance, at its fourth quarterly meeting in 2001-02 under s. 13.10 of the statutes (June, 2002), on the Department's computerized information systems and the Department's plan for utilizing departmental data processing resources, including the use of resources for DMV database redesign. Require DOT to consult with the Department of Electronic Government on the preparation of the report and include recommendations concerning the potential benefits of coordinating data processing resource planning among other state agencies. Prohibit the Secretary of the Department of Administration from releasing the \$2,000,000 in DMV's appropriation unless the Joint Committee on Finance approves the report. Specify that the Committee may transfer a portion of these funds to DOT's appropriation for departmental management and operations to be used for a consultant study of the Department's computerized information systems and information technology needs.

Require DOT, by January 2, 2002, and by January 2 biennially thereafter, to submit a report to the Joint Committee on Finance and the appropriate standing committees of the Legislature on the progress of DMV's computer database redesign. Specify that the report shall include the following: (a) an identification of all portions of the database redesign that have been completed and all portions planned for completion within 12 months following the report; (b) an identification of any change in data processing, administrative or other process efficiencies realized from those portions of the database redesign that have been completed, or anticipated from those portions of the database redesign that are planned for completion within 12 months following the report; (c) a timetable for completion of the database redesign, including an identification of all portions of the database redesign that remain to be completed and their projected dates of completion; and (d) any recommended statutory changes or funding levels to facilitate the database redesign or any data processing, administrative or other process efficiencies associated with the database redesign.

Veto by Governor [B-119]: Delete the requirement that DOT submit a report to the Joint Committee on Finance, at its fourth quarterly meeting under s. 13.10 of statutes, on the Department's computerized information systems and the Department's plan for utilizing departmental data processing resources. Under the Act, however, the Department would still be required to conduct a study and prepare the report.

Modify the provision that would have prohibited the DOA Secretary from releasing the \$2,000,000 in DMV's appropriation from unallotted reserve without the Committee's approval and the provision that would have allowed the Committee to transfer a portion of the \$2,000,000 to DOT's appropriation for departmental management and operations to be used for a consultant study such that, instead, the DOA Secretary is allowed to transfer a portion of the \$2,000,000 to the departmental management and operations appropriation for the consultant study.

Delete the provision that would have required DOT to submit a report to the Joint Committee on Finance and the appropriate standing committees of the Legislature on the

progress of DMV's computer database redesign by January 2, 2002, and by January 2 biennially thereafter.

[Act 16 Section: 9152(5z)]

[Act 16 Vetoed Sections: 2340k and 9152(5z)]

2. AUTOMATED OVERSIZE/OVERWEIGHT PERMIT ISSUANCE SYSTEM [LFB Paper 931]

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG-REV	\$0	\$301,500	-\$301,500	\$0
SEG	\$2,235,800	\$0	\$0	\$2,235,800

Governor: Provide \$1,082,100 in 2001-02 and \$1,153,700 in 2002-03 for data processing necessary to implement an automated oversize/overweight permit issuance system for commercial motor carriers. Extend the expiration of the current 10% surcharge on oversize and overweight permits (begun with permits applied for after December 31, 1999) from July 1, 2003, to January 1, 2008. The system would use data on construction projects and bridge and pavement condition to automatically select a route for overweight or oversize trucks needing a permit to operate on highways in the state. Funding was initially provided for the system by 1999 Act 9. At that time, DOT estimated that the system would cost \$1.10 million, but the Department now estimates that the amount needed for the system is \$5.77 million. The funding provided by the bill, if maintained in the 2003-05 biennium, would allow the system to be completed in 2004-05. As adopted in Act 9, it was anticipated that surcharge revenue would fund all of the system's costs. Under this provision, surcharge revenue would fund slightly over half of the higher costs.

Joint Finance/Legislature: Increase the surcharge from 10% to 15%, effective with permits issued after December 31, 2001, and extend the expiration of the surcharge to March 1, 2009. This would generate an amount of revenue approximately equal to the estimated cost of the permit issuance system, net of a federal grant and surplus property proceeds used for the project. Increase estimated transportation fund revenue by \$99,600 in 2001-02 and \$201,900 in 2002-03. The following table shows the base permit fee, the current fee (with the 10% surcharge) and the new fee (with the 15% surcharge).

<u>Permit</u>	<u>Base Permit Fee</u>	<u>Current Fee</u>	<u>New Fee</u>
Single-Trip Permits			
Overlength	\$15	\$17	\$17
Overwidth or Overheight	20	22	23
Overwidth and Overheight	25	28	29
Annual and Multiple-Trip Permits			
Overlength	\$60	\$66	\$69
Overwidth and/or Overlength	90	99	104
Overweight--90,000 lbs. or less	200	220	230
Overweight--Over 90,000 lbs. to 100,000 lbs.	350	385	403
Overweight--Over 100,000 lbs.			
Fee, In Addition to the Fee Required for a 100,000 lbs. Permit, for Each 10,000 lbs. or Fraction Thereof Above 100,000 lbs.	\$100	\$110	\$115
Consecutive Month Permits			
Fee in Addition to Prorated Annual Fee for Same Type of Permit*	\$15	\$16.50	\$17.25

*Total permit fee is rounded to the nearest whole dollar.

Veto by Governor [B-124]: Delete the provisions that would have increased the surcharge to 15% and extended the sunset of the surcharge to March 1, 2009. Reduce estimated transportation fund revenue by \$99,600 in 2001-02 and by \$201,900 in 2002-03 to reflect this action.

[Act 16 Vetoed Sections: 3446k thru 3455k and 9452(3k)]

3. VEHICLE EMISSION INSPECTION AND MAINTENANCE PROGRAM

FED	\$1,161,000
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Governor/Legislature: Provide \$261,000 in 2001-02 and \$900,000 in 2002-03 for increased costs under the state's enhanced vehicle emission inspection and maintenance program. The program is administered by a private vendor that performs emissions tests on all cars and light trucks in a seven-county area in southeastern Wisconsin. The seven-year contract with the vendor expires on November 30, 2002, but the contract has an extension clause that DOT anticipates will be exercised. The increased costs are due to anticipated higher volumes, an increase in the cost per test required under the current contract, increased costs associated with new testing procedures for certain newer vehicles and anticipated higher costs per test associated with the contract extension. This provision would utilize federal funds received under the congestion mitigation and air quality improvement program.

Eliminate the requirement that motor vehicles subject to emissions inspections be tested not more than 90 days prior to registration renewal in years that they must be inspected.

Instead, require DOT to establish by rule the time period within which such vehicles must be inspected. The Department indicates that the intention is to increase this period to 180 days.

[Act 16 Sections: 2605 and 2606]

4. RECRUIT CLASS TRAINING

SEG	\$1,438,000
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Governor/Legislature: Provide \$599,100 in 2001-02 and \$838,900 in 2002-03 to establish an annual DMV recruit class training program. The funding would be used to train approximately 24 individuals annually to fill vacant, permanent vehicle registration and driver's license processing positions. During the 35-week training, the trainees would fill temporary positions and would spend about 24 weeks of the period working in DMV service centers. In the past, DMV has either reallocated base resources from turnover savings or data processing savings to provide a training class or, alternatively, placed new employees immediately in permanent positions and given no formal training course.

5. POSTAGE INCREASE

SEG	\$817,400
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Governor/Legislature: Provide \$453,200 in 2001-02 and \$364,200 in 2002-03 for increases in postal rates, mailing volume and processing costs.

6. SEVEN-YEAR LICENSE PLATE REPLACEMENT SCHEDULE

SEG	-\$797,700
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Governor/Legislature: Modify provisions that require DOT to design and issue new license plates to replace most types of automobile and light truck plates and plates that are similar in appearance to the regular automobile plate, as follows: (a) require DOT to develop a new design for these plates every seventh year instead of every sixth year; (b) require DOT to issue new plates of a new design to vehicles for which a registration plate has not been issued during the previous seven years, instead of the previous six years, beginning with registrations initially effective on July 1, 2007, instead of those initially effective on July 1, 2005; (c) specify that a provision that permits DOT to issue new plates of a new design (to allow the phased replacement of new plates during the replacement schedule begun in July, 2000) does not apply after June 30, 2007, instead of after June 30, 2005; and (d) require DOT to issue new plates of a new design after July 1, 2007, instead of after July 1, 2005. Due to a gubernatorial veto in the 1999-01 budget, DOT is not required to replace plates by a particular date, although the Department is currently planning to replace plates on a five-year schedule, which would have been required without the veto. This item would establish a seven-year replacement schedule beginning on July 1, 2007, but would not require current plates to be replaced by a particular date until then. DOT intends to extend the current five-year schedule to a seven-year schedule.

Exempt the Green Bay Packers and Ducks Unlimited plates, along with the celebrate children plate, under current law, from the redesign and reissuance requirement until after July 1, 2007.

Reduce funding by \$411,600 in 2001-02 and \$386,100 in 2002-03 to reflect a reduction in the annual number of new replacement plates issued under the seven-year schedule. DOT indicates that an above-base increase of \$356,600 in 2001-02 and \$372,800 in 2002-03 would be required if the five-year replacement schedule is retained.

[Act 16 Sections: 3391 thru 3395]

7. LICENSE PLATE REISSUANCE FOR HEAVY TRUCKS AND TRAILERS

SEG	\$285,000
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Governor/Legislature: Provide \$285,000 in 2002-03 for the reissuance of license plates for heavy trucks (more than 12,000 pounds) and trailers. DOT estimates that approximately 134,100 plates would be replaced. Plates for these vehicle were last reissued in 1992.

8. SPECIAL LICENSE PLATE ISSUANCE FEES [LFB Paper 932]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$569,800	\$10,800	\$580,600

Governor: Increase special license plate issuance and reissuance fees to provide a uniform fee of \$15 for most special license plates, as follows: (a) from \$0 to \$15 for endangered resources and Somalia War veterans plates; (b) from \$5 to \$15 for vehicle collector plates; and (c) from \$10 to \$15 for military group, National Guard, amateur radio and fire fighter/EMT/rescue squad plates and for a second or subsequent set of prisoner of war plates (the first set of prisoner of war plates would continue to have no fee). Specify that the fee for National Guard plates would also apply to the reissuance of those plates (there is currently no fee for reissuance of National Guard plates). Specify that these fee increases would take effect on the first day of the seventh month beginning after the effective date of the bill. Increase estimated transportation fund revenue by \$19,600 in 2001-02 and \$550,200 in 2002-03. Revenues are higher in 2002-03 because DOT is planning to reissue most special license plate types in that year.

Joint Finance/Legislature: Increase estimated transportation fund revenue by \$10,800 in 2002-03 to reflect a reestimate of revenue generated by the fee increase.

[Act 16 Sections: 3396 thru 3406, 3407 and 9452(1)]

9. PRINTING SERVICES POSITION TRANSFER

Funding Positions		
SEG	- \$50,600	- 1.00

Governor/Legislature: Delete \$25,300 and 1.0 position annually to reflect the transfer of a printing services position from the Division of Motor Vehicles to DOA on the effective date of the bill. Specify that the incumbent employee in this position would retain the position and that the employee would have all the rights and the same status under state employment relations provisions that the employee had in DOT immediately prior to the transfer. Specify that the employee would not be required to serve a probationary period if the employee had already achieved permanent status. A separate item would establish a PR position and PR funding for the position in DOA's information technology processing services appropriation. DOT would be charged by DOA for services previously performed by the transferred employee and would have to pay these charges from base funds.

[Act 16 Sections: 9101(11) and 9152(2)]

10. OCCUPATIONAL LICENSE RESTRICTIONS FOR REPEAT OWI OFFENDERS

Governor: Increase to one year the period of time that a person must wait, after a period of license revocation begins, before becoming eligible to receive an occupational license, for persons whose operating privilege is revoked for a second or subsequent operating while intoxicated (OWI) offense. The period increases for specific offenses would be as follows: (a) from 60 days to one year for persons convicted of an offense of operating a motor vehicle while intoxicated and who have one prior OWI offense; (b) from 90 days to one year for persons convicted of an offense of operating a motor vehicle while intoxicated and who have two or more prior OWI offenses; (c) from 90 days to one year for persons whose operating privilege is revoked for an improper refusal to provide a sample of blood, breath or urine for chemical testing upon request of a law enforcement officer and who have one prior OWI offense; (d) from 120 days to one year for persons whose operating privilege is revoked for an improper refusal and who have two or more prior OWI offenses; (e) from 60 days to one year for persons who are convicted of causing injury by the intoxicated use of a vehicle and who have one or more prior OWI offenses; and (f) from 120 days to one year for persons who are convicted of causing great bodily harm or death by the intoxicated use of a vehicle and who have one or more prior OWI offenses. Specify that these provisions would first apply to offenses committed on January 1, 2002, but that this would not preclude the counting of other convictions, suspensions or revocations as prior convictions, suspensions or revocations for the purposes of administrative action by DOT, sentencing by a court or revocation or suspension of motor vehicle operating privileges.

A provision of federal law sanctions states, beginning with federal fiscal year 2001, that do not provide all of four specified penalties for repeat OWI offenders. Wisconsin currently does not comply with two of the four requirements, including a provision that requires the operating privilege of repeat offenders to be suspended or revoked for at least one year with no eligibility to receive an occupational license during that time. While Wisconsin law requires license

revocation for at least one year for a second or subsequent offense, occupational license privileges are granted after between 60 days and 120 days, depending upon the offense. This item, by increasing that time period to one year, would put Wisconsin in compliance with the license revocation provisions of the federal law. Another item (summarized below), relating to vehicle sanctions for repeat OWI offenders, would put Wisconsin in compliance with the other federal provision.

The federal sanction requires states to annually transfer an amount equal to 1.5% of certain highway aid categories from highway construction programs to either the state and community highway safety grant program or the hazard elimination safety program. The percentage of highway construction funds transferred to the safety programs increases to 3% annually, beginning on October 1, 2002 (federal fiscal year 2003). Under the bill, the state would avoid the 3% transfer in 2003, but would still be subject to the 1.5% transfer in 2002, since the law would not be in effect until after October 1, 2001. In federal fiscal year 2001, \$4,898,100 was transferred under the federal sanction provision.

Joint Finance/Legislature: Modify the Governor's provision to specify that the changes to the waiting period required before becoming eligible for an occupational license would apply only if the person has two or more OWI offenses in a five-year period, instead of upon any second or subsequent offense. Current law occupational license waiting periods would continue to apply to offenders who have two or more offenses, but not two or more in a five-year period. Specify that these provisions would first apply to offenses committed on September 30, 2001, instead of January 1, 2002.

These changes, in addition to changes summarized under "Vehicle Sanctions for Repeat OWI Offenders" and "Community Service Requirements in Lieu of Jail for Repeat OWI Offenders" would be necessary to avoid the transfer of federal funds from highway construction programs to safety programs under the federal sanction provisions.

[Act 16 Sections: 3415m, 3416m, 3421m, 3422m, 3424b thru 3427m, 9352(6) and 9452(8)]

11. VEHICLE SANCTIONS FOR REPEAT OWI OFFENDERS

Governor: Require courts, instead of, under current law provisions that take effect on January 1, 2002, permitting them, to order either one of the following vehicle sanctions for persons convicted of a second or subsequent OWI offense, including the offense of improperly refusing to provide a sample of blood, breath or urine for chemical testing: (a) an operating privilege restriction that permits the person to drive only "Class D" vehicles equipped with an ignition interlock device; or (b) the immobilization of each motor vehicle owned by the person. Provide an exception to this requirement if the court orders the seizure of the motor vehicle used in committing the offense, as is allowed under current law for a third or subsequent OWI offense. Prohibit courts from ordering both an ignition interlock device operating privilege restriction and immobilization and specify that courts cannot order a vehicle seizure if the court imposes either of these sanctions. Specify that, if a court orders an ignition interlock device

operating privilege restriction, the period of the restriction would begin one year after the offender's operating privilege revocation began. (A separate item in the bill would disallow a repeat OWI offender from receiving an occupational license until one year after the revocation period for the OWI offense began.) Specify that, if a court orders vehicle immobilization, the period of immobilization would begin on the first day that the offender's operating privilege is revoked for the OWI offense. Specify that these provisions would first apply to offenses committed on January 1, 2002, but that this would not preclude the counting of other convictions, suspensions or revocations as prior convictions, suspensions or revocations for the purposes of administrative action by DOT, sentencing by a court or revocation or suspension of motor vehicle operating privileges.

A provision of federal law sanctions states, beginning with federal fiscal year 2001, that do not provide all of four specified penalties for repeat OWI offenders. Wisconsin currently does not comply with two of the four requirements, including a provision that mandates vehicle sanctions for every repeat offender. This item would bring the state into compliance with that federal requirement and a separate item, related to restrictions on the issuance of occupational licenses, would bring the state into compliance with the other federal requirement. See the preceding summary item, titled "Occupational License Restrictions for Repeat OWI Offenders," for a description of the federal sanction provision.

Joint Finance/Legislature: Modify the Governor's recommendation by requiring courts, if immobilization or seizure is not ordered, to order an ignition interlock device installed on every vehicle titled by the person in addition to the requirement, under the Governor's bill, that an ignition interlock device restriction be placed on the person's operating privilege. Specify that this requirement, in addition to the other vehicle sanction provisions in the Governor's bill, would apply only if the person has two or more OWI offenses in a five-year period, instead of upon any second or subsequent offense. Specify that the period that an ignition interlock device must be installed on all vehicles titled or registered by the person and the period of the ignition interlock device operating privilege restriction or the period of vehicle immobilization shall be for not less than one year nor more than the maximum operating privilege revocation period permitted for the violation, beginning, as under the Governor's bill, one year after the operating privilege revocation period begins in the case of the ignition interlock device or beginning on the day the offender's operating privilege is revoked, in the case of immobilization. Specify that courts may not order the installation of an ignition interlock device or vehicle immobilization if such sanctions would result in undue hardship. Specify that these provisions would first apply to offenses committed on September 30, 2001, instead of January 1, 2002. Change the effective date of the statutory reorganization of procedures related to vehicle sanctions contained in 1999 Act 109 from January 1, 2002, to September 30, 2001.

These changes, in addition to changes summarized under "Occupational License Restrictions for Repeat OWI Offenders" and "Community Service Requirements in Lieu of Jail

for Repeat OWI Offenders" would be necessary to avoid the transfer of federal funds from highway construction programs to safety programs under the federal sanction provisions.

[Act 16 Sections: 3409f, 3409g, 3417m thru 3420t, 3423g thru 3423j, 3443g thru 3443m, 3445f thru 3445m, 3937j thru 3938p, 4060gg thru 4060hy, 9352(7kk) and 9452(9kk)]

12. COMMUNITY SERVICE REQUIREMENTS IN LIEU OF JAIL FOR REPEAT OWI OFFENDERS

Joint Finance/Legislature: Require courts to order a minimum of 30 days of community service if community service is ordered in lieu of imprisonment for a second OWI offense, first applying to offenses committed on September 30, 2001.

This provision, in addition to changes summarized under "Vehicle Sanctions for Repeat OWI Offenders" and "Occupational License Restrictions for Repeat OWI Offenders" would be necessary to avoid the transfer of federal funds from highway construction programs to safety programs under the federal sanction provisions discussed under those items. Under current law, a person who is convicted of a second OWI offense is required to serve at least five days in jail, although three days of community service may be ordered for every day of the jail sentence in lieu of the jail sentence. Consequently, the minimum period of community service is 15 days. The federal sanction provisions, however, require at least 30 days of community service or five days in jail.

[Act 16 Sections: 3443c, 9352(7kk) and 9452(9kk)]

13. SUPPORT OF THE ARTS LICENSE PLATE

Joint Finance: Require DOT to issue special license plates to persons interested in expressing their support of the arts and who register: (a) an automobile or motor home; (b) a truck, dual purpose motor home or dual purpose farm truck that has a gross weight of not more than 8,000 pounds; or (c) a farm truck that has a gross weight of not more than 12,000 pounds. Specify that applicants for the plate, in addition to the fee for vehicle registration or other fees, shall pay a \$15 issuance and reissuance fee, to be deposited in the transportation fund and an annual \$20 fee (or a \$40 fee for vehicles registered on a biennial basis) as long as the plate is maintained. Deposit the first \$196,700 in revenue from the \$20 (or \$40) fee, or an amount equal to DOT's initial costs of producing the plate, whichever is less, in the transportation fund and deposit any remaining revenue into the artistic endowment fund (the creation of which is summarized under the Arts Board). Specify that the \$20 (or \$40) fee shall be deductible as a charitable contribution to the extent permitted under current law.

Require DOT to consult with the Executive Secretary of the Arts Board before specifying the word (or words) or symbol to be used on the arts plate. Create an exception for the arts plate from a provision that prohibits new special group plates from being authorized after

October 1, 1998, except under a procedure whereby groups apply for a special group plate and deposit \$15,500 with an application.

Prohibit DOT, after an initial design for the arts plate is developed, from developing a new design for the plate until January 1, 2007, and exempt the arts plate from plate replacement requirements until July 1, 2007.

Senate/Assembly/Legislature: Delete provision.

14. SUSPENSION OF A JUVENILE'S DRIVER'S LICENSE FOR FAILURE TO PAY A NONDRIVING FORFEITURE

Governor: Authorize courts to suspend the operating privilege of juveniles if they fail to pay a forfeiture that is unrelated to the violator's operation of a vehicle, first applying to forfeitures imposed on the first day of the seventh month beginning after the effective date of the bill.

1999 Act 9 eliminated the authority of courts to suspend operating privileges solely for the failure to pay a forfeiture imposed for the violation of a local ordinance that is unrelated to the violator's operation of a vehicle. This provision would restore that authority with respect to juveniles who do not pay such forfeitures.

Joint Finance: Delete provision as non-fiscal policy.

Assembly/Legislature: Restore provision, but apply it first to forfeitures imposed on October 1, 2001, or the first day of the first month beginning after the effective date of the bill, whichever is later.

[Act 16 Sections: 3878, 3894, 3895, 9352(4k) and 9452(5k)]

15. MOTORCYCLE BRAKE LIGHTS

Assembly/Legislature: Specify that a stop lamp (brake light) on a motorcycle, in addition to a red light, may emit a blue light that is located in the center of the lamp and that comprises less than 10% of the surface area of the lamp. Modify a provision that specifies that the stop lamp on a motor vehicle, mobile home, trailer or semi-trailer must be red or amber to specify, instead, that it must be red.

Veto by Governor [B-121]: Delete provision.

[Act 16 Vetoed Sections: 3445dg and 3445dm]

16. MOTORCYCLE LICENSE PLATE SIZE

Assembly/Legislature: Require DOT to issue license plates for motorcycles that are four inches by seven inches in size and specify that the plates must have black lettering on a white background, beginning after the manufacturer of such motorcycle plates for DOT has depleted the existing stock of sheeting material used to manufacture the plates or on July 1, 2003, whichever occurs first. The current motorcycle plates are four and three-eighths inches by eight and one-eighth inches.

Veto by Governor [B-121]: Delete provision.

[Act 16 Vetoed Sections: 3390yd, 3390yw and 3406p]

17. VETERAN'S MOTORCYCLE LICENSE PLATE

SEG	\$34,600
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Assembly/Legislature: Require DOT, upon application to register a motorcycle by any person who is a resident of this state and a veteran of the U.S. armed forces, to issue to the person a special license plate whose colors and design indicate that the vehicle is owned by a veteran of the U.S. armed forces. Require DOT to specify the design of the plate. Specify that the plate shall be colored red, white and blue and be four inches by seven inches in size. Specify that the issuance and reissuance fee for the plate would be \$15. Specify that DOT may issue personalized veterans license plates composed of numbers or letters, or both, not exceeding five positions and not less than one position. Specify that these provisions would take effect on the first day of the seventh month beginning after the effective date of the bill. Provide \$34,600 in 2001-02 for the Division of Motor Vehicles for the initial data processing costs associated with developing the plate.

[Act 16 Sections: 3406p, 3407b thru 3407d and 9452(1q)]

18. LOW-SPEED VEHICLES

Assembly/Legislature: Create a category of vehicle called a "low-speed vehicle," which means a low-speed vehicle as defined under federal vehicle regulations that satisfies federal equipment standards and was originally manufactured to meet those standards. Specify that a low-speed vehicle does not include a golf cart. Define "golf cart" as a vehicle whose speed attainable in one mile does not exceed 20 miles per hour on a paved, level surface, and is used to convey one or more persons and equipment to play the game of golf in an area designated as a golf course.

Specify that no person may operate a low-speed vehicle upon any highway that has a speed limit of more than 35 miles per hour and that no person may operate a low-speed vehicle upon a state trunk highway or connecting highway except to cross through an intersection where traffic is controlled by an official traffic control device or at locations designated as low-

speed vehicle crossings by a municipality or county. Specify that these restrictions do not apply to vehicles registered by a public entity or vehicles exempted from these restrictions by DOT by rule. Specify that the governing body of any municipality or county may, by ordinance, designate locations for low-speed vehicles to cross a state trunk highway or connecting highway that is not a controlled-access highway and specify that the municipality or county may erect official signs or mark such a crossing only as directed by DOT.

Specify that no person may operate a low-speed vehicle upon any roadway that is under the jurisdiction of a local authority and that has a speed limit of more than 25 miles per hour, but not more than 35 miles per hour, unless the roadway is designated for low-speed vehicle operation by municipal or county ordinance. Specify that the governing body of any municipality or county may, by ordinance, designate any roadway under its jurisdiction having a speed limit of more than 25 miles per hour, but not more than 35 miles per hour, upon which a low-speed vehicle may be operated. Specify that a person may operate a low-speed vehicle upon any roadway that is under the jurisdiction of a local authority and that has a speed limit of 25 or less miles per hour. Specify that any person violating these speed limit and location restrictions for low-speed vehicles may be required to forfeit not less than \$30 nor more than \$300. Add low-speed vehicles to the list of vehicles that may not be operated on any expressway or freeway when official signs have been erected indicating that this is the case and to the list of vehicles which the authority in charge of the maintenance of an expressway or freeway may prohibit from using the expressway or freeway.

Specify that DOT may, by rule, establish special equipment standards for low-speed vehicles that differ from the statutory equipment standards for other vehicles. Specify that such rules must be identical to federal standards established under federal regulations, except that the rules may establish additional equipment standards not required under those federal regulations. Specify that any municipality or county may enact and enforce an ordinance that regulates the equipment of a low-speed vehicle if the ordinance strictly conforms to the equipment standard rules promulgated by DOT. Specify that such an ordinance shall be considered to be in strict conformity and not contrary to or inconsistent with the DOT rules if it incorporates by reference the existing and future amendments of the rules. Specify that DOT must register a specially designed vehicle for operation by a person holding a special restricted operator's license if the vehicle meets the equipment standards established by DOT for low-speed vehicles.

Establish a biennial registration period for low-speed vehicles with a registration fee of \$23, which is identical to the registration period and registration fee for motorcycles. Specify that current law provisions that apply to motorcycles apply to low-speed vehicles in provisions related to the following: (a) the definition of a motor vehicle dealer; (b) bond requirements for motor vehicle dealers; (c) the reporting of vehicle damages by a manufacturer to a dealer; (d) the refund to consumers for a vehicle returned to a manufacturer under warranty; (e) the definition of an automobile for the purpose of general motor vehicle and driver licensing provisions and the definition of a "motor vehicle" for the purpose of commercial motor vehicle regulation provisions (both of which exclude motorcycles and certain other vehicles from the

defined term); (f) the payment of part-period registration fees; (g) the transfer of plates from one vehicle to a different vehicle of the same type under various circumstances; and (h) mechanics liens for repairs or other work done on any detached vehicle accessory, fitting or part.

Add low-speed vehicles to the list of vehicles for which DOT may issue a restricted license for persons who are at least 14 years of age, but not more than 18 years of age, and to the list of vehicles for which DOT may issue a special restricted license.

Exempt low-speed vehicles from emissions inspection requirements and exempt low-speed vehicles from property taxation.

Veto by Governor [B-120]: Delete provision.

[Act 16 Vetoed Sections: 2114c, 2972k, 3020q thru 3020u, 3219L, 3219v, 3390u thru 3390y, 3407e thru 3407v, 3408t, 3408v, 3408y, 3409n, 3409r, 3442d, 3445be thru 3445bp, 3456mg, 3456nm, 3456s and 3816m]

19. REPORTING OF DRIVER'S LICENSE INFORMATION TO THE SELECTIVE SERVICE SYSTEM

Assembly: Require DOT to forward to the Selective Service System, in electronic format, any information on an application for a driver's license, permit or identification card submitted by a male who is at least 18 years of age, but less than 26 years of age, that is requested by the Selective Service System for the purpose of registering the applicant. Specify that this does not apply if the Selective Service System does not register applicants on the basis of information forwarded by DOT. Specify that the application forms for instruction permits, driver's licenses, identification cards and duplicate licenses shall notify the applicant, if the application is made by a male who is at least 18 years of age, but less than 26 years of age, that by submitting the application to the Department, the applicant gives his consent to be registered, if required by federal law, with the Selective Service System and that he authorizes the Department to forward information to the Selective Service System. Create an exception for the disclosure of information to the Selective Service System from a provision that prohibits DOT from disclosing personal identifying information for a person if the person has designated on an application form that he or she does not want his or her personal identifying information to be disclosed. Specify that these provisions first apply to applications submitted to DOT on the first day of the sixth month beginning after the effective date of the bill.

Conference Committee/Legislature: Delete provision.

20. STUDY OF AUTOMATED DRIVER'S LICENSE TESTING

Assembly/Legislature: Require DOT to conduct a study to determine whether to require automated driver's license testing throughout the state and to prepare a report, to be submitted to the Governor and Legislature by June 30, 2003, containing its findings and recommendations.

Veto by Governor [B-119]: Delete provision.

[Act 16 Vetoed Section: 9152(3k)]

21. DUTIES OF MOTORISTS NOT INVOLVED IN AN ACCIDENT WHO CAUSED THE ACCIDENT

Assembly: Specify that the duties that apply to the operator of a vehicle involved in an accident that causes injury to or death of any person or damage to any vehicle (including providing name, address, vehicle registration and driver's license information and rendering reasonable assistance to any person who is injured) also apply to an operator of a vehicle that has not collided with another person or vehicle whenever facts and circumstances provide notice to the operator that his or her operation of the vehicle was a primary cause of an accident resulting in injury to or death of any person or in damage to a vehicle that is driven or attended by any person. Specify that any person found in violation of these requirements would be subject to the following penalties: (a) a fine of not less than \$150 nor more than \$500 or a jail term of not more than three months, or both, if the accident did not involve death or injury to a person; (b) a fine of not less than \$300 nor more than \$2,500 or a jail term of not more than one year, or both, if the accident involved injury to a person, but the person did not suffer great bodily harm; and (c) a fine of not more than \$10,000 or a jail term of not more than one year, or both, if the accident involved injury to a person and the person suffered great bodily harm or if the accident involved the death of a person. Modify the duties of the operator of a vehicle involved in an accident or the operator of a vehicle not involved in an accident, but whose operation of the vehicle was a primary cause of an accident, to specify that the operator must provide the information to any person who is struck or injured as a result of the accident or to the operator or occupant of, or person attending, any vehicle that is damaged as a result of the accident. Specify that these provisions first apply to accidents occurring on the effective date of the bill.

Conference Committee/Legislature: Delete provision.

22. DRIVER'S LICENSE SUSPENSION FOR ABSCONDING WITHOUT PAYING FOR FUEL

Assembly: Prohibit any person from intentionally absconding from a service station, garage or other place where gasoline or diesel fuel is sold at retail or offered for sale at retail, after obtaining gasoline or diesel fuel, without paying for the gasoline or diesel fuel. Specify

that the refusal to pay the established charge for gasoline or diesel fuel provided by the service station, garage or other place constitutes prima facie evidence of an intent to abscond without payment. Specify that a person who is guilty of this prohibition may be subject to a forfeiture of not more than \$200. Require courts to suspend the operating privilege of an offender for not more than six months for a first violation of this prohibition and for one year for a second or subsequent violation.

Specify that any person who incurs injury to his or her business as a result of a violation of this prohibition may bring a civil action against the offender for the retail value of the fuel if the person exercises due diligence in demanding payment for the fuel. Specify that the offender would not be liable under a civil action for the recovery of the retail value of the fuel if he or she pays the amount due prior to the commencement of the action.

Conference Committee/Legislature: Delete provision.

23. WEIGHT LIMITS ON CLASS "B" HIGHWAYS

Assembly/Legislature: Modify a provision that allows any motor vehicle to pick up or deliver on a class "B" highway as long as the gross weight imposed on the highway by the wheels of any one axle does not exceed 16,500 pounds, subject to the approval of local authorities in charge of the highway, to eliminate the 16,500 pound per axle limit and local authority approval requirement and, instead, specify that such vehicles may operate on class "B" highways without complying with the gross vehicle weight limitations imposed for class "B" highways. Clarify that pick up or delivery on a class "B" highway includes the operation of a motor vehicle for the purpose of moving or delivering supplies or commodities to or from any place of business or residence that has an entrance on a class "B" highway. Specify that these provisions would first apply to the operation of a motor vehicle on the effective date of the bill, but would not preclude the counting of other convictions as prior convictions for the purposes of sentencing by a court. Class "B" highways are designated as such by local authorities in order to put into effect lower weight limitations and may not include state or connecting highways.

[Act 16 Sections: 3445p and 9352(8k)]

State Patrol

1. MOTOR CARRIER SAFETY ASSISTANCE PROGRAM

SEG	\$1,916,100
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Governor/Legislature: Provide \$916,100 in 2001-02 and \$1,000,000 in 2002-03 to provide a 20% match for federal funds received for commercial motor carrier enforcement activities. In

past fiscal years, the match for the federal funds was paid primarily from savings generated by high vacancy rates among state troopers and inspectors. However, DOT anticipates that this funding will no longer be available since the number of vacancies is expected to remain low throughout the biennium. This funding would provide the match to both the current level of federal funding and anticipated increases in the 2001-03 biennium. However, the funding would be placed in unallotted reserve and only the amounts necessary to match the amount of federal funds actually received would be released.

2. DIGITAL MICROWAVE COMMUNICATIONS EQUIPMENT

SEG	\$350,700
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Governor/Legislature: Provide \$116,900 in 2001-02 and \$233,800 in 2002-03 to make payments on a seven-year master lease for the purchase of digital microwave communications equipment in the eastern part of the state. Microwave communications equipment is used to send radio signals over long distances in order to link communication towers to State Patrol dispatch centers located in district headquarters. The digital equipment that would be purchased would replace older, analog technology. The full cost of the equipment is \$1,309,100. Funding was provided in the 1999-01 budget for the master lease purchase of digital microwave equipment for the western part of the state.

3. PUBLIC SAFETY RADIO PROGRAM

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
SEG	\$138,600	-\$46,000	\$92,600

Governor: Provide \$69,300 annually in the State Patrol's appropriation for making payments to the PR-S appropriation for the public safety radio management program. This amount, when added to the base of \$68,700 in the State Patrol's appropriation for this purpose, would provide a total of \$138,000 annually for making the payment.

In the past, the funding for the PR-S appropriation has been split evenly between DOT and DNR. DOT's share was split between the State Patrol (68%) and the state highway rehabilitation program (32%). According to DOT, an agreement was reached with DNR, based on radio usage, to increase DOT's share to 60% and reduce DNR's share to 40%. The funding provided by this item reflects DOT's higher share and a decision to pay the full amount from the State Patrol's appropriation. Base funding in the state highway rehabilitation program for making the payment would not be deleted by the bill and so could be used for other purposes in that program.

The amount available in the State Patrol's budget for making the payment (\$138,000) and the amount provided to DNR for making this payment (\$92,000, summarized in a separate item under the Department of Natural Resources) totals \$230,000 annually. However, total funding in the bill for the public safety radio management PR-S appropriation is only \$219,300 annually.

DOT indicates that the additional funds were requested to cover anticipated pay plan adjustments and possible supplies and services increases that may be requested during the biennium under s. 16.515.

Assembly/Legislature: Specify that DOT can not pay more than 50% of the costs of the Department's public safety radio program, or \$138,000 per year, whichever is less. Reduce funding by \$23,000 annually in the appropriation for the State Patrol to reflect this decision.

Veto by Governor [B-128]: Delete the provision that would have prohibited DOT from paying more than 50% of the costs of the public safety radio program, or \$138,000 per year, whichever is less.

[Act 16 Vetoed Section: 2321p]

4. FEES FOR STATE PATROL SERVICES

PR	\$175,200
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Governor: Modify a provision that allows DOT to charge an event sponsor a fee for security and traffic enforcement services provided by the State Patrol at any public event for which an admission fee is charged if the event is organized by a private organization, to, instead, allow DOT to charge a fee for any such public event, regardless of whether the event is organized by a private organization. This would allow DOT to charge a fee for an event organized by a public entity. According to DOT, an example of a public entity that may be charged is the University of Wisconsin-Madison for services provided at UW home football games.

Allow DOT to charge any person a fee, in an amount calculated under a uniform method established by rule, for security and traffic enforcement services provided by the State Patrol during that person's installation, inspection, removal, relocation or repair of a utility facility located along a highway if that person requests such services in writing. Specify that the fees collected for such services be deposited in the PR appropriation for providing escort, security and traffic enforcement services.

Specify that these provisions would first apply to security and traffic enforcement services requested or provided on the effective date of the bill. Provide \$87,600 annually to reflect anticipated charges for traffic enforcement services provided at public events and for utility work.

Joint Finance/Legislature: Prohibit DOT from charging any sponsor of Farm Progress Days for any costs incurred by the Department associated with Farm Progress Days. Require DOT to promulgate rules specifying eligibility as a sponsor of Farm Progress Days and determining conditions that must be satisfied to qualify as Farm Progress Days.

Veto by Governor [B-125]: Delete the provision that would have prohibited DOT from charging for costs associated with Farm Progress Days.

[Act 16 Sections: 2338 thru 2339g, 2340 and 9352(3)]

[Act 16 Vetoed Sections: 2339, 2339m and 2340i]

5. DNR PAYMENTS FOR DOT RADIO SERVICES [LFB Paper 935]

Joint Finance/Legislature: Require DNR to make quarterly payments of \$111,450 to DOT for radio services, if DOT provides such services to DNR. The 1999-01 budget required DNR to make payments to DOT for radio services in 1999-00 and 2000-01, to reflect the consolidation of the two departments' radio maintenance facilities under the administration of DOT. However, no ongoing requirement for payments was created. This item would establish an ongoing payment requirement.

Veto by Governor [B-128]: Delete provision.

[Act 16 Vetoed Section: 2321m]

6. RESTRICTION ON THE USE OF PASSIVE ALCOHOL SENSORS

Joint Finance/Legislature: Prohibit law enforcement officers from using a passive alcohol sensor for the purpose of detecting the presence of alcohol in a person's breath unless the person consents to its use. Define a "passive alcohol sensor" as a device that is used to determine the presence of alcohol in the air, but that does not require a person to breathe directly into it through a mouthpiece, tube or similar device. Define a "law enforcement officer" as any person employed by the State of Wisconsin or any political subdivision of Wisconsin for the purpose of detecting and preventing crime and enforcing laws or ordinances and who is authorized to make arrests for violations of the laws or ordinances he or she is employed to enforce.

Veto by Governor [B-126]: Delete provision.

[Act 16 Vetoed Section: 2882m]

Other Divisions

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget for: (a) turnover reduction (-\$3,580,500 SEG annually); (b) removal of noncontinuing elements (-\$183,600 SEG annually and -\$1,000,000 FED in 2001-02 and -\$1,014,100 FED and -0.5 FED position in 2002-03); (c) full funding of continuing position salaries and fringe benefits (\$620,000 SEG, \$418,200 FED and 1.0 FED position, \$33,900 SEG-S and -\$99,700 PR annually); (d) BadgerNet increases (\$58,300 SEG annually); (e) overtime (\$2,962,800 SEG, \$37,000 FED, \$14,800 SEG-S and \$94,900 PR annually); (f) night and weekend salary differentials (\$270,100 SEG, \$5,000 FED and \$300 SEG-S annually); (g) fifth week of vacation as cash (\$159,800 SEG annually); and (h) full funding of lease costs and directed moves (\$20,600 SEG annually).

Funding Positions		
FED	-\$1,093,700	0.50
PR	- 9,600	0.00
SEG	655,000	0.00
SEG-S	98,000	0.00
Total	-\$350,300	0.50

2. ADMINISTRATIVE FACILITY BONDING

SEG-S	\$4,806,500
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Governor/Legislature: Provide \$1,591,900 in 2001-02 and \$3,214,600 in 2002-03 in revenue bond funds for various capital improvement projects involving DOT's administrative facilities. The funding would be used for such projects as the renovation of buildings used by the Divisions of Motor Vehicles, State Patrol and Transportation Districts and the renovation or replacement of communication towers used by the State Patrol. Debt service on administrative facility revenue bonds is deducted from revenue generated by motor vehicle registration fees.

3. RENT AND LEASEHOLD IMPROVEMENTS

SEG	\$364,600
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Governor/Legislature: Provide \$186,200 in 2001-02 and \$178,400 in 2002-03 for facility rent increases and leasehold improvements. These amounts would be used as follows: (a) \$22,500 in 2001-02 and \$68,600 in 2002-03 for the rental of new DMV facilities and rent increases due to leasehold improvements on existing facilities in Antigo, Appleton, Hudson, Minocqua and Tomah; (b) \$9,000 in 2001-02 and \$7,000 in 2002-03 in one-time funding for leasehold improvements at the new DMV facilities; (c) \$26,200 in 2002-03 for the rental of additional space at the Transportation District office in La Crosse; (d) \$9,700 in 2001-02 and \$23,600 in 2002-03 for rent increases at five leased communication tower sites used by the State Patrol; and (e) \$145,000 in 2001-02 and \$53,000 in 2002-03 in one-time funding for the rental of temporary office space while other facilities are renovated.

4. SCHOLARSHIP AND LOAN REPAYMENT INCENTIVE GRANT PROGRAM

SEG	\$84,000
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Governor: Change the name of the minority civil engineer scholarship and loan repayment incentive grant program to the scholarship and loan repayment incentive grant program and provide an increase of \$42,000 annually for the program. Specify that the purpose of the modified program would be to assist in improving the representation of targeted group members within job classifications in which targeted group members are underutilized in the Department, as opposed to, under current law, assisting in improving the representation of minorities among DOT employees who are classified as civil engineers. Define "targeted group member" as a person with disabilities or a person who belongs to a class of race, color or sex whose percent of the workforce within any job classification in the Department is less than that class's percent of the statewide labor market for such job activities. Define "person with a disability" as any person who has a physical or mental disability that constitutes or results in a substantial barrier to employment.

Modify a provision that allows DOT to award scholarships to minority civil engineering students to, instead, allow the Department to award scholarships to targeted group members who are students in a bachelor degree program. The amount of these scholarships would remain at the current law limits of \$1,500 for a sophomore, \$2,000 for a junior and \$2,500 for a senior. Specify that DOT could award scholarships of not more than \$2,000 each to any targeted group member who is registered in his or her second year of full-time enrollment in an associate degree program or vocational diploma program at a technical college in the state. Modify a provision that allows DOT to make loan repayment grants to minority civil engineers who are Department employees to, instead, allow DOT to make such grants to targeted group members who are Department employees.

Base funding for the minority civil engineer scholarship and loan repayment incentive grant program is \$42,000.

Assembly: Delete the \$42,000 annual funding increase.

Conference Committee/Legislature: Include Governor's provision.

[Act 16 Sections: 667 and 2312 thru 2320]

5. TRANSPORTATION PLANNING GRANTS TRANSFER

Governor/Legislature: Transfer \$1,000,000 FED annually from DOT's highway administration and planning appropriation to the departmental management and operations appropriation to reflect a decision to transfer the responsibility for making a transfer of federal highway funds to DOA's transportation planning grants program from DOT's Division of

Infrastructure Development to the Division of Investment Management. Modify the statutory language for these appropriations to reflect this decision.

[Act 16 Sections: 663, 670 and 831]

6. TRANSPORTATION INFORMATION CENTER TRANSFER

Governor/Legislature: Transfer \$10,000 SEG and \$245,000 FED annually from DOT's highway administration and planning appropriations to the departmental management and operations appropriations to reflect a decision to transfer the responsibility for funding the Transportation Information Center (TIC) at the UW-Extension from DOT's Division of Infrastructure Development to the Division of Investment Management. The TIC provides technical assistance and produces educational materials for local governments on improving and maintaining roads.

7. POSITION TRANSFERS

Governor/Legislature: Transfer \$189,000 SEG and 4.0 SEG positions annually from DOT's highway administration and planning (for the funding) and clearing account (for the positions) appropriations to the departmental management and operations appropriation. One of these positions would be reclassified from a program assistant (vacant) to a deputy division administrator for the Division of Business Management. The other three would be doing substantially the same duties as they were doing before the conversion, except that they would be funded exclusively with SEG funds instead of a combination of SEG and FED funds. DOA had provisionally approved these position transfers for 2000-01 and DOT funded them in 2000-01 with base resources in the departmental management and operations appropriation.

8. SAFE-RIDE GRANT PROGRAM -- FUNDING MECHANISM [LFB Paper 940]

Governor: Delete the requirement that the Secretary of the Department of Administration must transfer 3.76% of the operating while intoxicated (OWI) driver improvement surcharge revenue deposited in a Department of Health and Family Services (DHFS) clearinghouse appropriation to the DOT appropriation for the safe-ride grant program. Instead, specify that the DOA Secretary may transfer funds to this appropriation after consultation with the DOT Secretary. Specify that the unencumbered balance in the safe-ride grant program appropriation shall be transferred back to the DHFS appropriation on June 30 of each year. Since there is no funding reflected in the Chapter 20 appropriation schedule for the safe-ride grant program, this item would allow the DOA Secretary, in consultation with the DOT Secretary, to determine how much funding is transferred for this program.

Joint Finance/Legislature: Delete provision.

9. VEHICLE EXTRICATION TRAINING GRANT

	Jt. Finance /Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG	\$375,000	-\$375,000	\$0

Joint Finance/Legislature: Provide \$375,000 in 2002-03 in a new, annual appropriation for making extrication training grants. Require DOT to make a grant of \$375,000 in 2002-03 and annually thereafter to a nonprofit corporation that has experience in providing training that meets the standards of the National Fire Protection Association and that prepares trained individuals to teach extrication techniques used for all types of vehicles. Specify that the grant may be used to provide training, acquire extrication equipment or develop extrication curricula. Prohibit DOT from making such a grant unless the recipient first enters into a written agreement with the Department that specifies the conditions for the use of the grant, including the use of any training curriculum developed with the grant proceeds.

Veto by Governor [B-122]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.395(5)(ds)), 671h and 2337k]

10. JOINT COMMITTEE ON FINANCE REVIEW OF DOT SAFETY CONTRACTS

Joint Finance/Legislature: Prohibit DOT from entering into a contract relating to alcohol or traffic enforcement activities to be funded in whole or in part with federal transportation safety funds, unless the Department first notifies the Joint Committee on Finance in writing of the proposed contract. Specify that if the Co-chairs do not notify DOT within 14 working days after the date of the Department's notification that the Committee has scheduled a meeting to review the proposed contract, DOT may enter into the proposed contract. Specify that if, within 14 working days after the Department's notification, the Co-chairs notify DOT that the Committee has scheduled a meeting to review the proposed contract, DOT may enter into the contract only upon approval of the Committee. Specify that this provision would first apply to contracts entered into on the general effective date of the bill.

Veto by Governor [B-102]: Delete provision.

[Act 16 Vetoed Sections: 2340t and 9352(3y)]

11. FUNDING FOR PAYMENTS FOR MUNICIPAL SERVICES
[LFB Paper 941]

SEG	\$69,400
SEG-Reserve	- 141,900
Total	- \$72,500

Joint Finance/Legislature: Provide \$34,700 SEG annually in the appropriation for departmental management and operations for the payment of payments for

municipal services (PMS) assessments and delete \$58,900 SEG-Reserve in 2001-02 and \$83,000 SEG-Reserve in 2002-03 to reflect: (a) a reestimate of the amount of funding needed for PMS assessments under the bill; and (b) a decision to appropriate this amount, rather than place this amount in transportation fund reserves. Base funding in the appropriation for departmental management and operations for PMS assessments is \$182,000 and DOT's assessments during the 2001-03 biennium are estimated at \$216,700 annually.

12. APPROPRIATION REDUCTIONS TO REFLECT PENSION CASE SETTLEMENT

SEG-Lapse \$3,530,800

Senate/Assembly/Legislature: Require DOT to submit a plan to the Joint Committee on Finance for allocating reductions of \$3,530,800 in 2001-02 among the Department's SEG, SEG-S, PR and PR-S appropriations to reflect credits to DOT's appropriations made by the Department of Employee Trust Funds to implement a "premium holiday" provision of 1999 Act 11, less any amount lapsed in 2000-01 as a result of credits made in that year. Specify that the plan shall require that the amount of any proposed reductions from PR, PR-S or SEG-S appropriations lapse to the transportation fund. Specify that the plan shall be submitted to the Joint Committee on Finance within 30 days of the final credits to the Department's appropriations being made by the Department of Employee Trust Funds. Specify that if the Co-chairs do not notify DOT within 14 working days after the date of the submittal that the Committee has scheduled a meeting to review the plan, DOT may implement the plan. Specify that if, within 14 working days after the Department's submittal, the Co-chairs notify DOT that the Committee has scheduled a meeting to review the plan, DOT may not implement the plan until it is approved by the Committee, as submitted or as modified.

Veto by Governor [B-91]: Delete the requirement that the plan be submitted to the Joint Committee on Finance under a 14-day passive review process. In his veto message, the Governor indicates that he is requesting that the plan instead be submitted to the Department of Administration for approval.

[Act 16 Section: 9152(2cd)]

[Act 16 Vetoed Section: 9152(2cd)]

13. ADMINISTRATIVE APPROPRIATION REDUCTION

SEG-Lapse \$1,600,000

Assembly: Require DOT to submit a plan to the Joint Committee on Finance for lapsing \$900,000 annually from the Department's 2001-03 SEG appropriations for departmental management and operations, highway administration and planning, the delivery cost portion of other highway appropriations, the Division of Motor Vehicles and the Division of State Patrol. Specify that the plan shall be submitted to the Joint Committee on Finance as part of the plan for implementing the lapse of "premium holiday" credits. Specify that if the Co-chairs do not notify DOT within 14 working days after the date of the submittal that the Committee has scheduled a

meeting to review the plan, DOT may implement the plan. Specify that if, within 14 working days after the Department's submittal, the Co-chairs notify DOT that the Committee has scheduled a meeting to review the plan, DOT may not implement the plan until it is approved by the Committee, as submitted or as modified.

Increase estimated transportation fund appropriation lapses by \$900,000 annually to reflect this action.

Conference Committee/Legislature: Include the Assembly provision, but specify that the appropriation lapses must equal \$800,000 annually, instead of \$900,000 annually.

Veto by Governor [B-91]: Delete the requirement that the plan be submitted to the Joint Committee on Finance under a 14-day passive review process. In his veto message, the Governor indicates that he is requesting that the plan instead be submitted to the Department of Administration for approval.

[Act 16 Section: 9152(2cd)]

[Act 16 Vetoed Section: 9152(2cd)]

14. MOTORCYCLE RIDER EDUCATION PROGRAM

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG	\$812,000	-\$812,000	\$0

Assembly: Provide \$430,000 annually in the appropriation for departmental management and operations for the motorcycle, moped and motor bicycle safety program. The Department currently spends \$549,000 per year in SEG and FED funds for this program.

Conference Committee/Legislature: Include the Assembly provision, but provide \$406,000 annually, instead of \$430,000 annually.

Veto by Governor [B-121]: Delete provision.

[Act 16 Vetoed Section: 395 (as it relates to s. 20.395(4)(aq))]

15. PRETRIAL INTOXICATED DRIVER INTERVENTION GRANT PROGRAM

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR	\$500,000	-\$500,000	\$0

Senate/Legislature: Create a new, continuing PR appropriation for the pretrial intoxicated driver intervention grant program for the expenditure of \$250,000 annually in federal funds received by DOT from the Office of Justice Assistance. OJA would be required to make this grant under the act. A separate item, summarized under DOA--Office of Justice Assistance, describes the OJA grant requirement. With this grant, total funding for the pretrial intoxicated driver intervention grant program would be \$1,029,400 annually.

Veto by Governor [D-21]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.395(5)(jt)), 672L and 2340q]

16. STATEWIDE TRAUMA CARE SYSTEM

Assembly/Legislature: Require DOT to transfer \$185,000 in 2001-02 and \$500,000 in 2002-03 from the FED appropriation for departmental management and operations to the Department of Health and Family Services for the purposes of the statewide trauma care system. The transferred funding would come from federal traffic safety funds received by the state and administered by DOT. A separate item, summarized under DHFS--Health, describes the use of these funds for the trauma system.

Veto by Governor [C-18]: Delete provision.

[Act 16 Vetoed Sections: 670 and 9152(2t)]

17. LONG-RANGE SURFACE TRANSPORTATION INVESTMENT PLANNING COMMITTEE

Senate/Legislature: Create a Long-Range Surface Transportation Investment Planning Committee with the following duties: (a) gather information relating to state and local needs for surface transportation programs, including state highways, transit, local roads, passenger rail, including commuter rail, and bicycle and pedestrian transportation; (b) involve the participation of relevant groups, including those with interests in all relevant transportation modes, local and state government, the environment, transportation program users, persons with disabilities and private business; (c) assess potential, future long-range funding needs for surface transportation programs up to a 20-year planning horizon or the year 2020; (d) develop a recommended multi-program state surface transportation investment plan, including funding; and (e) prepare a report containing the Committee's evaluation, findings and recommendations. Specify that the Committee must commence meeting not later than 28 days after the effective date of the bill and must report its recommendations to the Governor and Legislature no later than October 15, 2002. Specify that the Department of Transportation and the Legislative Fiscal Bureau shall provide staff assistance to the Committee.

Specify that the membership of the Committee shall include the Governor, or a representative of the Governor and 14 members nominated jointly by the Speaker of the Assembly and the Majority Leader of the Senate and appointed by the Governor, including a representative each from the Senate and Assembly and members representing the following: (a) the Wisconsin Alliance of Cities; (b) the League of Wisconsin Municipalities; (c) the Wisconsin Towns Association; (g) the Wisconsin Counties Association; (h) the Wisconsin Transportation Builders Association; (i) the Wisconsin Urban and Rural Transit Association; (j) the Citizens for a Better Environment; (k) the American Automobile Association of Wisconsin; (L) the Wisconsin Council of the Blind; (m) the Wisconsin Association of Railroad Passengers; (n) a community proposing a commuter rail initiative; and (o) the Bicycle Federation of Wisconsin. Require members to be nominated and appointed within 20 days after the effective date of the bill. Specify that the members shall select a chair of the Committee at the first meeting.

Veto by Governor [B-105]: Delete provision.

[Act 16 Vetoed Section: 9152(3b)]

UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS AUTHORITY

1. BONDING AUTHORITY [LFB Paper 945]

Governor/Legislature: Increase the amount of bonds the Authority could issue or the indebtedness it could incur from \$106,500,000 to \$175,000,000; an increase of \$68,500,000. Under current law, the Authority may not issue bonds, or incur indebtedness to the Wisconsin Health and Educational Facilities Authority (WHEFA), if the aggregate principal amount of the Authority's outstanding bonds and indebtedness to WHEFA would exceed \$106,500,000. This limitation on bonds and indebtedness does not apply to bonds issued to refund outstanding bonds, or indebtedness incurred to pay off or purchase outstanding indebtedness.

[Act 16 Section: 3096]

2. CONFLICTS OF INTEREST

Senate: Specify that no member of the Board of Directors of the UW Hospital and Clinics Authority could hold an ownership interest, be employed by or affiliated with, any business providing services or goods to the Authority. In addition, the Authority could not contract with a person for the provision of services or goods to the Authority if the person is owned by, employs or is in any manner affiliated with a former member within one year of the member's resignation or expiration of term from the board. A violation of the provision would be subject to a forfeiture of not more than \$10,000 for each violation. Each day of violation would be considered a separate offense.

Conference Committee/Legislature: Delete provision.

UNIVERSITY OF WISCONSIN HOSPITAL AND CLINICS BOARD

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
PR	\$135,058,400	\$162,247,000	\$162,247,000	\$162,247,000	\$162,247,000	\$27,188,600	20.1%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
PR	1,634.54	1,887.22	1,887.22	1,887.22	1,887.22	252.68

Budget Change Item

1. STAFF SALARIES AND RELATED FUNDING

	Funding	Positions
PR	\$27,188,600	252.68

Governor/Legislature: Provide \$12,010,500 in 2001-02 and \$15,178,100 in 2002-03 and provide 253.28 classified positions and delete 0.60 project positions beginning in 2001-02. The funding would be provided for the following: (a) \$7,196,100 in 2001-02 and \$9,380,700 in 2002-03 for classified position salary increases; (b) \$4,861,700 in 2001-02 and \$5,837,000 in 2002-03 for fringe benefit costs; (c) -\$36,700 in 2001-02 and -\$29,600 in 2002-03 for adjustments to project position salaries; and (d) -\$10,600 in 2001-02 and -\$10,000 in 2002-03 for related supplies and services. The funding increases are based on projected revenues in the 2001-03 biennium and reflect the Board's current law authority to expend all monies received from the UW Hospitals and Clinics Authority under its continuing appropriation. The position increase updates the number of positions to reflect current staffing levels at the Board. The Board has the authority to create and abolish positions under current law.

UNIVERSITY OF WISCONSIN SYSTEM

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$2,030,565,800	\$2,086,188,300	\$2,093,088,100	\$2,114,074,900	\$2,108,074,900	\$77,509,100	3.8%
FED	1,275,605,000	1,275,605,000	1,275,605,000	1,275,605,000	1,275,605,000	0	0.0
PR	2,752,150,400	3,060,474,400	3,068,813,100	3,065,343,100	3,071,095,100	318,944,700	11.6
SEG	<u>50,891,800</u>	<u>50,189,800</u>	<u>50,281,800</u>	<u>51,665,400</u>	<u>50,589,800</u>	<u>- 302,000</u>	<u>- 0.6</u>
TOTAL	\$6,109,213,000	\$6,472,457,500	\$6,487,788,000	\$6,506,688,400	\$6,505,364,800	\$396,151,800	6.5%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	18,621.94	18,623.94	18,871.44	19,141.35	19,141.35	519.41
FED	3,886.22	3,886.22	3,886.22	3,886.22	3,886.22	0.00
PR	6,324.50	6,341.50	6,341.00	6,341.00	6,340.00	15.50
SEG	<u>85.69</u>	<u>81.19</u>	<u>81.19</u>	<u>85.69</u>	<u>85.69</u>	<u>0.00</u>
TOTAL	28,918.35	28,932.85	29,179.85	29,454.26	29,453.26	534.91

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 958]

GPR	\$18,617,800
PR	<u>8,167,200</u>
Total	<u>\$26,785,000</u>

Governor/Legislature: Adjust the base budget by \$9,308,900 GPR and \$4,083,600 PR annually for: (a) removal of noncontinuing items (-\$400,000 GPR annually); (b) full funding of continuing salaries and fringe benefits (\$9,281,400 GPR and \$3,906,000 PR annually); and (c) funding for fifth week of vacation taken as cash (\$427,500 GPR and \$177,600 PR annually). Base funding of \$441,300 GPR and \$237,600 PR, that could have been removed as a noncontinuing item, would be retained as ongoing funding for UW-La Crosse Health Science Center operating costs.

Note: For all items under the UW System, the source of program revenues (PR) is tuition and fees, unless otherwise noted.

2. **BASE FUNDING REDUCTION** [LFB Paper 245]

GPR	- \$12,690,000
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Governor: Reduce the agency's largest GPR state operations appropriation by \$6,345,000 in each year. Executive budget documents indicate that the total reduction amount was derived by making a reduction of 5% to the adjusted base relating to administrative costs of UW System's total state operations appropriations, excluding debt service and energy costs. This would represent an approximate 0.7% reduction in these state operations appropriations. Include session law language permitting the agency to submit an alternative plan to the Secretary of Administration for allocating the required reduction among its sum certain GPR appropriations for state operations purposes. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of Administration does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally intended.

Joint Finance/Legislature: Transfer \$503,000 annually of the University's reduction for administrative purposes from the UW System's general program operations appropriation to the appropriation for System administration. Modify the Governor's recommendation to provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency.

[Act 16 Section: 9159(1)]

3. **REESTIMATE FUEL AND UTILITIES EXPENSES**

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$21,613,300	-\$4,300,000	\$17,313,300

Governor: Reestimate fuel and utility expenses for the UW System by \$11,798,000 in 2001-02 and \$9,815,300 in 2002-03. Increased funding reflects projected fuel and utility costs in the 2001-03 biennium.

Assembly/Legislature: Reduce funding for fuel and utilities by \$2,300,000 in 2001-02 and \$2,000,000 in 2002-03.

4. REESTIMATE DEBT SERVICE [LFB Paper 266]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$16,056,200	\$8,838,000	\$24,894,200
PR	<u>809,500</u>	<u>0</u>	<u>809,500</u>
Total	\$16,865,700	\$8,838,000	\$25,703,700

Governor: Reestimate debt service costs by \$10,844,800 GPR and -\$562,900 PR in 2001-02 and \$5,211,400 GPR and \$1,372,400 PR in 2002-03.

Joint Finance/Legislature: Provide \$3,422,200 GPR in 2001-02 and \$5,415,800 GPR in 2002-03 to reflect a reestimate of debt service costs.

5. FUNDING FOR UW-MADISON INITIATIVE [LFB Paper 950]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$2,000,000	0.00	\$0	85.00	\$12,000,000	45.00	\$14,000,000	130.00
PR	<u>9,800,000</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>9,800,000</u>	<u>0.00</u>
Total	\$11,800,000	0.00	0	85.00	\$12,000,000	45.00	\$23,800,000	130.00

Governor: Provide \$1,000,000 GPR and \$2,800,000 PR in 2001-02 and \$1,000,000 GPR and \$7,000,000 PR in 2002-03 for the second phase of a four-year UW-Madison initiative. According to executive budget documents, the goals of the initiative are to increase learning options for undergraduates, enhance economic development and support additional strategic faculty recruitment efforts.

Joint Finance: Provide 85.0 GPR positions, with 38.0 positions starting in 2001-02 and 47.0 positions in 2002-03 in order to hire additional faculty and staff to carry out the initiative.

Senate: Provide \$4,200,000 GPR and 21.0 positions in 2001-02 and \$12,000,000 GPR with an additional 45.0 positions in 2002-03 in order to provide additional faculty and staff to carry out the UW-Madison Initiative. In addition, require that at least one of the new positions must be hired as part of the UW-Madison's math department.

Conference Committee/Legislature: Modify Senate provisions to provide \$12,000,000 GPR and 45.0 GPR positions starting in 2002-03.

[Act 16 Section: 9156(3g)]

6. FUNDING FOR UW-MILWAUKEE [LFB Paper 951]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$3,400,000	0.00	\$0	119.00	\$11,350,000	120.00	\$14,750,000	239.00
PR	<u>8,400,000</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>-3,350,000</u>	<u>0.00</u>	<u>5,050,000</u>	<u>0.00</u>
Total	\$11,800,000	0.00	\$0	119.00	\$8,000,000	120.00	\$19,800,000	239.00

Governor: Provide \$1,000,000 GPR and \$2,800,000 PR in 2001-02 and \$2,400,000 GPR and \$5,600,000 PR in 2002-03 for UW-Milwaukee. According to executive budget documents, the funding would be used for the following: (a) \$1,000,000 GPR in 2002-03 to create a residential honors college at UW-Milwaukee that would enable the campus to attract more high-achieving students; and (b) \$3,800,000 (\$1,000,000 GPR and \$2,800,000 PR) in 2001-02 and \$7,000,000 (\$1,400,000 GPR and \$5,600,000 PR) in 2002-03 for implementation of the Milwaukee Idea. According to UW System staff and executive budget documents, the major goals of this initiative are to encourage public-private partnerships, expand faculty and enrollments in high-demand programs and increase research efforts. It is expected that a portion of the revenues needed to support the increased PR funding would be generated by additional enrollments.

Joint Finance: Provide 119.00 GPR positions, with 37.0 positions starting in 2001-02 and an additional 82.0 positions in 2002-03 to hire additional faculty and staff.

Senate: Provide \$5,920,000 GPR with 38.0 GPR positions and delete \$1,720,000 PR in 2001-02 and provide \$11,350,000 GPR with 120.0 GPR positions and delete \$3,350,000 PR in 2002-03 in order to provide total funding of \$24.0 million and 239.0 GPR positions during the 2001-03 biennium for the UW-Milwaukee as requested in the UW-System economic stimulus request.

Conference Committee/Legislature: Modify Senate provisions to provide \$11,350,000 GPR and 120.0 GPR positions and delete \$3,350,000 PR starting in 2002-03.

7. INFORMATION TECHNOLOGY AND BIOTECHNOLOGY COURSES [LFB Paper 952]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$1,500,000	0.00	\$0	54.00	\$8,030,700	108.91	\$9,530,700	162.91
PR	<u>7,744,000</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>630,000</u>	<u>0.00</u>	<u>8,374,000</u>	<u>0.00</u>
Total	\$9,244,000	0.00	0	54.00	\$8,660,700	108.91	\$17,904,700	162.91

Governor: Provide \$3,407,500 PR in 2001-02 and \$1,500,000 GPR and \$4,336,500 PR in 2002-03. According to executive budget documents, the funding would be used for expanded enrollment in information technology and biotechnology courses. It is expected that a portion of the PR funding would be generated through expanded enrollment.

Joint Finance: Provide 54.0 GPR positions, with 35.0 positions in 2001-02 and an additional 19.0 positions in 2002-03. These positions and related funding could be used for programs that would be considered "high technology" or in fields of high demand for business and workforce development.

Senate: Provide an additional \$4,774,000 GPR and \$225,900 PR with 88.7 GPR positions in 2001-02 and \$7,878,400 GPR and \$615,900 PR with 134.3 GPR positions in 2002-03 to fund the following:

a. *Systemwide.* Provide an additional \$4,282,900 GPR and \$138,400 PR with 81.7 GPR positions in 2001-02 and \$6,941,200 GPR and \$440,900 PR with an additional 38.6 GPR positions in 2002-03 in order to provide additional faculty and staff to expand enrollment systemwide in information technology, biotechnology courses and programs that would be considered "high technology" or in fields of high demand for business and workforce development.

b. *UW-Green Bay.* Provide \$162,500 GPR and \$87,500 PR with 4.0 GPR positions in 2001-02 and \$325,000 GPR and \$175,000 PR with an additional 4.0 GPR positions in 2002-03 for UW-Green Bay first-year programs.

c. *UW-Extension.* Provide \$328,600 GPR with 3.0 GPR positions in 2001-02 and \$612,200 GPR with an additional 3.0 GPR positions in 2002-03 for UW-Extension to expand the services of the small business development centers to serve the high-tech industry.

Assembly: Provide an additional \$3,225,000 GPR and \$1,684,000 PR with 41.0 GPR positions in 2001-02 and \$5,087,500 GPR and \$2,553,500 PR and with 70.0 GPR positions in 2002-03 to fund programs and initiatives related to increasing enrollment in high tech and high demand fields at the following UW System campuses:

a. *Chippewa Valley Initiative.* Provide \$1,575,000 GPR and \$850,000 PR with 20.0 GPR positions in 2001-02 and \$2,225,000 GPR and \$1,200,000 PR with 34.0 GPR positions in 2002-03 to fund the Chippewa Valley initiative. Specify that the funds would be allocated to expand information systems and computer science programs at UW-Eau Claire and initiate a work-based university consortium at UW-Stout. The work-based consortium would initiate a regional education partnership between industries and the Chippewa Valley institutions of higher education in order to address the region's workforce needs.

b. *UW-Whitewater.* Provide \$625,000 GPR and \$336,000 PR with 9.0 GPR positions in 2001-02 and \$1,375,000 GPR and \$741,000 PR with 18.0 GPR positions in 2002-03. Specify that the funds would be allocated for the expansion of computer, Internet, technology and media studies programs at UW-Whitewater.

c. *UW-Platteville and Fox Valley Engineering Education.* Provide \$700,000 GPR and \$323,000 PR in 2001-02 and \$500,000 GPR and \$323,000 PR in 2002-03 with 5.0 GPR positions beginning in 2001-02 to fund delivery of undergraduate engineering education to the Fox River Valley. UW-Platteville would partner with UW-Oshkosh and UW-Fox Valley for space for on-

site instruction and general education courses. Funding in 2001-02 includes one-time funds of \$200,000 GPR for start-up equipment. Specify that these funds would be allocated for this collaboration.

d. *UW-River Falls.* Provide \$162,500 GPR and \$87,500 PR with 3.0 GPR positions in 2001-02 and \$212,500 GPR and \$114,500 PR with 5.0 GPR positions in 2002-03 to increase enrollment in computer science and high tech courses at UW-River Falls. Specify that these funds would be allocated for additional course sections in these areas at UW-River Falls.

e. *UW-Green Bay.* Provide \$162,500 GPR and \$87,500 PR with 4.0 GPR positions in 2001-02 and \$325,000 GPR and \$175,000 PR with an additional 4.0 GPR positions in 2002-03 for UW-Green Bay. The funding would be used to decrease the student to faculty ratio and fund salaries and fringe benefits for new staff and student help. Specify that these funds would be allocated for additional faculty and staff at UW-Green Bay.

f. *UW-Extension.* Provide \$450,000 GPR in 2002-03 to increase funding for the UW-Extension small business development centers. Funding would establish a new business research center and information clearinghouse for the 13 existing statewide small business development centers. This center would evaluate and implement strategies for developing high-technology business and employees in Wisconsin.

Conference Committee/Legislature: Provide \$8,030,700 GPR and \$630,000 PR with 108.91 GPR positions in 2002-03 and specify funds and positions be allocated for the following programs:

a. *Chippewa Valley Initiative.* Provide \$1,850,000 GPR with 26.0 GPR positions in 2002-03 to fund the Chippewa Valley initiative.

b. *UW-Whitewater.* Provide \$1,320,000 GPR with 11.1 GPR positions in 2002-03 for the expansion of computer, Internet, technology and media studies programs at UW-Whitewater.

c. *UW-Platteville and Fox Valley Engineering Education.* Provide \$295,000 GPR in 2002-03 with 3.66 GPR positions to fund delivery of undergraduate engineering education to the Fox River Valley through UW-Platteville, UW-Oshkosh and UW-Fox Valley.

d. *UW-River Falls.* Provide \$266,000 GPR with 4.0 GPR positions in 2002-03 to fund additional course offerings in computer science and informational technology courses at UW-River Falls.

e. *UW-Green Bay.* Provide \$325,000 GPR with 8.0 GPR positions in 2002-03 for additional faculty and staff.

f. *UW-Extension.* Provide \$612,000 GPR with 6.0 GPR positions in 2002-03 to increase funding for the UW-Extension small business development centers.

g. *UW-La Crosse*. Provide \$277,900 GPR with 3.0 GPR positions in 2002-03 to offer high technology courses.

h. *UW-Oshkosh*. Provide \$293,600 GPR with 3.5 GPR positions in 2002-03 to establish an adult student access and advocacy office to expand the number of students in the Master of Science in information systems program.

i. *UW-Parkside*. Provide \$403,000 GPR with 3.33 GPR positions in 2002-03 to fund faculty and staff to expand high technology courses and establish a molecular biology and bio-informatics certificate program.

j. *UW-Stevens Point*. Provide \$1,204,500 GPR with 26.33 GPR positions in 2002-03 to fund faculty and staff to develop digital science coursework delivered via distance education to non-traditional students.

k. *UW-Superior*. Provide \$200,200 GPR with 0.33 GPR positions in 2002-03 to fund faculty and staff to implement a transportation and logistics management bachelor's degree program.

l. *UW-Colleges*. Provide \$983,500 GPR and 13.66 GPR positions to expand technology courses targeted at working adults.

[Act 16 Section: 9156(5p)]

8. TUITION AUTHORITY [LFB Paper 953]

Governor: Eliminate restrictions on the Board of Regents for increasing resident undergraduate tuition and fees beginning in the 2002-03 academic year.

Under current law, the Board is restricted from increasing tuition, including differential tuition, for resident undergraduate students beyond an amount sufficient to fund the following: (a) the amount shown in the appropriation schedule for the tuition appropriation; (b) approved compensation and fringe benefits adjustments for faculty and staff; (c) revenue losses caused by unforeseen enrollment changes; (d) state imposed costs not covered by GPR as determined by the Board; (e) distance education, intersession and nontraditional courses; and (f) differential tuition that is approved by the Board but not included in the amount in the tuition appropriation schedule.

A provision enacted in 1999 Act 9 changed the appropriation for tuition and fee revenues from an annual, sum certain to a continuing appropriation, but established the restrictions on tuition increases proposed for elimination under the bill. Under current law, the Board may set separate tuition rates for state residents and nonresidents and also for different classes of students, extension courses, summer sessions and special programs, and the UW System may

expend all monies received under the tuition and fee appropriation without limit and without the approval of the Legislature or the Joint Committee on Finance.

Joint Finance: Delete provision.

Assembly: Restore Governor's recommendation.

Legislature: Delete provision

9. GPR POSITION AUTHORITY [LFB Paper 954]

Governor: Permit the Board of Regents to create or abolish faculty and academic staff positions funded from the UW's largest GPR general program operations appropriations without legislative approval provided it submits a request to, and receives approval from, the Department of Administration. Prohibit the Board from requesting any funds for compensation adjustments for these positions and from requesting funding for these positions through its biennial agency budget request. Requests to create or abolish GPR-funded positions would need to be submitted by December 1 of the previous academic year and contain a clear explanation of how the requested position would be filled. The Board would be able to create or abolish GPR positions beginning in 2001-02 provided it submits a request with a clear explanation of how the requested position would be filled by September 1, 2001 and receives approval from the Department of Administration.

Under current law, the UW System is allowed to create or abolish positions funded by auxiliaries, operational receipts, federal indirect cost reimbursements and trust funds without legislative approval. Under current law, no GPR positions can be created or abolished except by the Legislature by law or the Joint Committee on Finance acting under s. 13.10 of the statutes.

Joint Finance/Legislature: Delete provision. Instead, allow the Board of Regents to create or abolish GPR academic staff or faculty positions from funds appropriated under the UW System's largest GPR general program operations appropriation.

Require the Board to submit a report annually, no later than September 30, to the Department of Administration and the Co-chairpersons of the Joint Committee on Finance concerning the number of GPR full-time equivalent positions created or abolished in the prior fiscal year.

Require the UW System and DOA to develop a memorandum of understanding no later than September 1, 2002, to establish a methodology for tracking and accounting for the cost of funding any new GPR positions created under this provision, before the UW System could create or abolish any positions. Specify that the UW System, in requesting monies as a supplement for compensation and fringe benefits and in its agency biennial budget request, could only request that portion of the cost of funding these positions that is permitted under the

memorandum of understanding (as an example, additional health insurance costs associated with created positions could be excluded).

[Act 16 Section: 235, 239 and 242]

10. PR POSITION AUTHORITY [LFB Paper 954]

Governor: Establish a new, separate PR appropriation for student academic fees for courses charged on a fee-recovery basis. Specify that the Board of Regents could create or abolish positions for this appropriation funded from program revenue generated from courses for which nonresident and resident students pay the same tuition and for which the tuition charged equals 100% of the cost of offering the course. As under current law for similar appropriations, the Board would be required to report the number of full-time equivalent positions created or abolished under this provision to the Department of Administration and the Co-chairpersons of the Joint Committee on Finance during the preceding calendar quarter along with the source of funding for each position.

Courses that would qualify for PR position authority that are currently offered by the UW System include distance education, professional seminars and continuing education. Under current law, the Board may create or abolish positions funded by auxiliary enterprises, UW-Extension student fees, operational receipts, gifts and donations, federal aid and federal indirect cost reimbursement and trust fund income.

Joint Finance: Delete provision. Instead, require the Board of Regents to submit an annual report by October 31, starting in October, 2001, to the Co-chairpersons of the Joint Committee on Finance concerning the number and type of courses offered by the UW System that are charged on a fee-recovery basis (charges cover at least 100% of cost) and the number of students served by such courses.

Senate/Assembly/Legislature: Modify the Joint Finance provision to also authorize the UW Board of Regents to create program positions under the tuition continuing appropriation from revenues that are generated from increased enrollment and from courses for which academic fees or tuition charged equals the full cost of offering the courses. Require the Board to submit a report to the Secretary of the Department of Administration and the Co-chairpersons of the Joint Committee on Finance concerning the number of full-time equivalent positions created or abolished through the PR position authority during the preceding calendar quarter and the source of funding for each position.

[Act 16 Sections: 240m and 1351r]

11. EXECUTIVE SALARY RANGES

Joint Finance/Legislature: Remove certain UW System executive positions from the state's salary plan, and permit the Board of Regents to set the salary ranges and salaries for these positions. The positions affected by this provision include the UW System President and senior vice presidents, chancellors of UW institutions, the chancellor of the UW Colleges, the chancellor of UW-Extension and the vice chancellors serving as deputy at the Madison and Milwaukee campuses. Specify that the sum of senior vice presidents and vice presidents appointed by the UW System President could not exceed four. Require that any changes to salary levels be based on an analysis of salaries paid for similar positions at comparable universities in other states.

[Act 16 Sections: 989m, 1349e, 1349m, 1349r and 3061m]

12. TECHNOLOGY ITEMS FUNDED FROM WATF DISSOLUTION [LFB Paper 146]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR-Lapse	\$0	\$6,750,000	\$6,750,000
PR	\$7,250,000	-\$6,750,000	\$500,000

Governor: Provide \$7,250,000 in 2001-02 for various technology-related items for the UW System. Funding for this initiative would come from the dissolution of the Wisconsin Advanced Telecommunications Foundation's endowment fund. Funding would be used for the following:

a. *UW Learning Innovations (UWLI).* \$3,000,000 increased support for UWLI's basic operations and \$250,000 to establish a nonstock, nonprofit corporation to set up distance education classrooms in Wisconsin trade offices abroad and offer UW courses from these classrooms. Currently, UWLI produces on-line courses for the UW System and private clients.

b. *Internet2 and Wireless Networking.* \$2,000,000 to purchase equipment and infrastructure to provide Internet2 capability at UW system campuses, and \$500,000 for equipment to provide wireless networking capability at UW system campuses.

c. *Wisconsin Advanced Distributed Learning Co-Laboratory.* \$1,000,000 funding for the Wisconsin advanced distributed learning co-laboratory. The bill would require the UW to report to the Department of Administration by September 1, 2003, on how the funding was used to benefit the co-laboratory and describe any federal funding received. The co-laboratory was formed as a partnership between the UW System, the Wisconsin Technical College System and the U.S. Department of Defense to develop standards and software applications for distance education and is located in the Pyle Center at UW-Madison. The lab has not received federal

funding and it is hoped that the funding would serve as seed money for attracting federal funding for the lab.

d. *Digital Mammography Machine.* \$500,000 for the purchase of a digital mammography machine for the UW Medical School.

Senate: Delete \$250,000 of funding in 2001-02 related to establishing a nonstock, nonprofit corporation through UW Learning Innovations, the purpose of which would be to establish distance education classrooms abroad and market UW System courses from those classrooms. In addition, delete \$500,000 of funding in 2001-02 related to funding equipment to provide wireless networking capability at UW system campuses.

Assembly/Legislature: Reduce funding by \$6,750,000 in 2001-02 for various technology-related items under a. through c. for the UW System. The remaining \$500,000 would be for the purchase of a digital mammography machine for the UW Medical School.

Under the provisions of Act 16, the unallocated WATF proceeds would be used for TEACH block grants and would offset GPR expenditures for this purpose.

[Act 16 Section: 9101(10)]

13. FULL FUNDING OF COMPENSATION ADJUSTMENTS

GPR	\$3,044,800
PR	<u>1,073,000</u>
Total	\$4,117,800

Governor/Legislature: Provide \$1,522,400 GPR and \$536,500 PR annually for the cost of 1998-99 and 1999-00 performance recognition awards (PRAs) granted by the UW System. Of this funding amount, \$1,698,800 annually is for salary costs and \$360,100 annually is for fringe benefit costs associated with the PRAs. The Joint Committee on Employment Relations authorized state agencies to provide PRAs of up to 1.5% of the eligible classified salary base in 1998-99 and 1% in 1999-00, and in both 1998-99 and 1999-00 agencies were allowed to provide discretionary market adjustments to eligible staff. The funding for PRAs and discretionary market adjustments is included in the base for other agencies but is requested separately for the UW System.

14. NON-RESIDENT STUDENT TUITION AND BASE REDUCTION

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	-\$6,000,000	-\$6,000,000	-\$12,000,000
PR	<u>6,000,000</u>	<u>6,000,000</u>	<u>12,000,000</u>
Total	\$0	\$0	\$0

Assembly/Legislature: Require the UW Board of Regents to increase non-resident undergraduate tuition by 2.5% in each year of the biennium and reduce the UW System general

program operations appropriation by \$2,000,000 GPR in 2001-02 and \$4,000,000 GPR in 2002-03. Reestimate tuition funding by \$2,000,000 PR in 2001-02 and \$4,000,000 PR in 2002-03.

Veto by Governor [A-20]: Delete an additional \$2,000,000 GPR in 2001-02 and \$4,000,000 in 2002-03 in the UW's general program operations appropriation. In addition, the Governor's veto of "2." of the "2.5%" nonresident regular tuition increase specified in the bill requires the Board to increase nonresident undergraduate tuition by 5% in each year of the 2001-03 biennium in addition to the regular tuition increases approved by the Board. Because the UW's tuition appropriation allows the expenditure of all revenues received, the effect of the Governor's veto would be to increase estimated PR funding from tuition by \$2,000,000 in 2001-02 and \$4,000,000 in 2002-03.

[Act 16 Section: 9156(3pn)]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.285(1)(a)) and 9156(3pn)]

15. AGRICULTURAL STEWARDSHIP INITIATIVE [LFB Paper 955]

Funding Positions		
GPR	\$1,812,400	2.00

Governor: Provide \$1,812,400 and 2.0 positions starting in 2002-03 to implement the Wisconsin agricultural stewardship initiative at UW-Platteville's Pioneer Farm. Based on executive budget documents, the initiative would focus on developing agricultural management practices that are both profitable and environmentally beneficial, and a ten-member coordinating council would direct the initiative with representatives from UW-Platteville, the agricultural industry and environmental groups. Pioneer Farm is currently used as an agricultural laboratory for the UW-Platteville School of Agriculture.

Assembly: Delete \$250,000 GPR from the University of Wisconsin System that the Governor and Joint Committee on Finance had provided in 2002-03 to implement the Wisconsin agricultural stewardship initiative at UW-Platteville's Pioneer Farm.

Rather, provide \$250,000 GPR in 2002-03 in a new, annual DATCP appropriation for a Wisconsin agricultural research and development initiative. Require DATCP to promulgate rules for the initiative. Require DATCP to provide funds from the appropriation to a nonprofit corporation to make grants for agricultural research and development projects and for administrative costs associated with making the grants if the nonprofit corporation: (a) is described in section 501(c) and is exempt from federal taxation under 501(a) of the Internal Revenue Code; (b) promotes and funds agricultural research and development projects to benefit Wisconsin agricultural producers as its primary purpose; (c) contains a Board of Directors consisting of persons selected by organizations that represent Wisconsin agricultural production; and (d) selects agricultural research and development projects for funding through its Board of Directors, based on research priorities identified by the Board and recommended by technical advisory groups established by the Board.

Require any nonprofit corporation that receives these DATCP funds to make grants only pursuant to an agreement with the grant recipient, and require the nonprofit corporation to submit a final draft of such proposed agreements for DATCP review. Provide DATCP the authority to either approve or disapprove the proposed agreement without being subject to the current law judicial review process. However, specify that a proposed agreement, a final agreement between the nonprofit corporation and a grant recipient, and any agreement amendments are public records. Allow any nonprofit corporation that receives these DATCP funds to use the funds to purchase administrative services from any public or private entity. Further, allow the nonprofit corporation to require a grant recipient to obtain a portion of the funds needed for the project from other sources.

Require a nonprofit corporation that receives DATCP funds to: (a) require each grant recipient to submit a final research report to the nonprofit corporation and require an annual report for each project funded for more than one year; (b) require each grant recipient to convey research findings to potential users of those findings; and (c) submit an annual report to the chief clerk of each house of the Legislature and to the Governor describing expenditures of funds received and the progress and results of the funded research and development projects.

Conference Committee/Legislature: Include the Governor's recommendation.

16. FUNDING FOR THE DAIRY PROFITABILITY CENTER

Senate: Provide \$250,000 GPR in 2001-02 to the UW System for the Center for Dairy Profitability (CDP) for the development and operation of an Internet program for beginning dairy farmers through UW-Extension. The CDP is co-located with research functions housed at UW-Madison in the College of Agriculture and Life Sciences and outreach activities housed under UW-Extension. The CDP develops, coordinates and conducts educational and applied research programs on dairy industry business practices and profitability.

Conference Committee/Legislature: Delete provision.

17. UW-EXTENSION PAY PLAN SUPPLEMENT

GPR	\$268,000
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Governor/Legislature: Provide \$134,000 annually to fund 2000-01 pay plan increases for federally-funded Smith-Lever positions. Of this funding amount, \$109,000 annually is for salary costs and \$25,000 annually is for fringe benefit costs associated with the pay plan for these positions. These positions did not receive any federal funding for such increases in 1999-00 and are not expected to receive federal funding for such increases in 2000-01. Current law requires that the state provide a GPR supplement to cover the difference between increases in the federal funding and the cost of compensation increases for these positions.

18. FUNDING FOR LAWTON AND ADVANCED OPPORTUNITY PROGRAM (AOP) GRANTS

GPR	\$951,900
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Senate: Provide \$184,700 in 2001-02 and \$382,200 in 2002-03 to increase funding for the Lawton minority undergraduate need-based grant program by 7.0% annually. Total funding would increase from \$2,638,000 in 2000-01 to \$2,822,700 in 2001-02 and \$3,020,200 in 2002-03.

Provide \$301,700 in 2001-02 and \$624,400 in 2002-03 to increase funding for the AOP grants for minority and economically disadvantaged graduate students by 7.0% annually. Total funding would increase from \$4,309,400 in 2000-01 to \$4,611,100 in 2001-02 and \$4,933,800 in 2002-03.

In addition, link annual increases for the Lawton and AOP need based aid program appropriations to the average annual increase of undergraduate resident tuition during the prior academic year within the UW System starting in 2003-04. Modify these appropriations from biennial sum certain to be sum sufficient appropriations effective July 1, 2003.

Conference Committee/Legislature: Provide \$118,700 in 2001-02 and \$242,800 in 2002-03 to increase funding for the Lawton minority undergraduate need-based grant program by 4.5% annually. Total funding would increase from \$2,638,000 in 2000-01 to \$2,756,700 in 2001-02 and \$2,880,800 in 2002-03.

Provide \$193,900 in 2001-02 and \$396,500 in 2002-03 to increase funding for the AOP grants for minority and economically disadvantaged graduate students by 4.5% annually. Total funding would increase from \$4,309,400 in 2000-01 to \$4,503,300 in 2001-02 and \$4,705,900 in 2002-03.

Delete provision that would link increases for the Lawton and AOP program appropriation to average annual prior-year increase of undergraduate resident tuition starting in 2003-04.

19. UW-MADISON INTERCOLLEGIATE ATHLETICS [LFB Paper 956]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$0	0.00	-\$1,411,400	-10.50	-\$1,411,400	-10.50
PR	3,242,900	0.00	8,465,600	14.50	11,708,500	14.50
Total	\$3,242,900	0.00	\$7,054,200	4.00	\$10,297,100	4.00

Governor: Provide \$1,684,000 in 2001-02 and \$1,558,900 in 2002-03 above a base level of \$44,160,400 for UW-Madison intercollegiate athletics. Of these amounts, executive budget documents indicate that \$1,473,995 in 2001-02 and \$1,128,425 in 2002-03 would be provided for general program operations, \$130,000 in 2001-02 and \$266,500 in 2002-03 would be provided for the University Ridge golf course, and \$80,000 in 2001-02 and \$164,000 in 2002-03 would be provided for camps and clinics.

Joint Finance/Legislature: Delete \$705,700 GPR annually and 10.5 GPR positions and provide \$705,700 PR annually and 10.5 PR positions. In addition, provide \$3,527,100 PR annually and 4.0 PR positions to establish a revised budget for each year of the 2001-03 biennium and to provide 2.0 positions for NCAA compliance and other administrative activities and 2.0 positions for staffing in the sports medicine area.

20. DOA AND UW-MADISON FLEET MAINTENANCE CONSOLIDATION

	Funding Positions	
GPR	-\$302,000	- 3.00

Assembly/Legislature: Delete \$151,000 and 3.0 positions annually from the UW-System general program operations appropriation to reflect efficiencies arising from the consolidation of the UW-Madison and DOA fleet maintenance operations.

Require that all of the following UW-Madison vehicle fleet maintenance operations, as determined by the Secretary of DOA, would be transferred on the effective date of the biennial budget act to DOA's fleet maintenance functions: (a) all assets and liabilities; (b) all tangible personal property, including records; (c) all pending contracts; and (d) all rules, orders and pending matters. Direct DOA to carry out any transferred contractual obligations until the contract is modified or rescinded by DOA, to the extent allowed under the contract.

Require the Board of Regents of the UW-System to submit information in the System's 2003-05 budget request that reflects any savings incurred from consolidation of vehicle fleet maintenance functions under this provision. Require the Board of Regents of the UW-System to fully cooperate with the DOA in implementing this consolidation.

Veto by Governor [E-4]: Delete the statutory provisions directing the consolidation of the UW-Madison's fleet maintenance function with DOA fleet maintenance function. However, the funding and position authority for the UW-Madison fleet maintenance function remain deleted under the Governor's partial veto.

[Act 16 Vetoed Section: 9156(3s)]

21. ELIMINATE THE PHARMACY INTERNSHIP BOARD

GPR	- \$220,000
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Senate: Eliminate the pharmacy internship board (PIB) effective December 31, 2001, and delete \$110,000 annually related to the PIB from the UW System general program operations appropriation. In addition, delete the current pharmacy internship program and requirements.

Under current law, the PIB is attached to the UW System and consists of seven members. Although funding would be deleted from the UW System, the UW Madison's School of Pharmacy would retain its authorized 2.0 positions for pharmacy program administration.

Assembly/Legislature: Eliminate the pharmacy internship board and delete \$110,000 annually related to the PIB from the UW System general program operations appropriation. In addition, delete the current pharmacy internship program and requirements.

Delete the requirement that internships in the practice of pharmacy be conducted under the general supervision and according to the procedures and standards of the PIB. Repeal the requirements that: (a) the internship consist of practical experience in the responsibilities of the profession; (b) the internship be under the supervision of a Board-approved pharmacist; and (c) the director of the pharmacy internship program determine when an individual has completed the internship. The provision would not modify the current law requirement that applicants for licensure as pharmacists complete an internship or have comparable practical experience.

Exempt the following persons from the requirement that an individual possess a license issued by the Pharmacy Examining Board in order to practice pharmacy in the state: (a) a student enrolled in an accredited school of pharmacy who has successfully completed his or her second year and whose practice of pharmacy is limited to performing duties under the direct supervision of a licensed pharmacist; and (b) a person who has applied for licensure and whose practice of pharmacy is limited to performing duties under the direct supervision of a licensed pharmacist during the period before the Board takes final action on the person's application.

Specify that these provisions would be effective December 31, 2001.

[Act 16 Sections: 187d, 386m, 1356L, 3608bh thru 3608bL and 9443(3f)]

22. ELIMINATE DRIVERS EDUCATION

	Funding	Positions
GPR	-\$123,800	- 1.00

Assembly/Legislature: Eliminate the appropriation for drivers education teachers with \$61,900 annually and 1.0 position. The drivers education teacher program coordinates and provides continuing education for driver education teachers.

[Act 16 Section: 577m]

23. REESTIMATE GIFT FUNDS

PR	\$91,676,600
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Governor/Legislature: Reestimate gift funds donated to the University by \$32,892,700 in 2001-02 and \$58,783,900 in 2002-03. These increases reflect projected growth in private gifts and bequests and corporate donations as well as related expenditures.

24. FULL FUNDING OF 1999-01 COMPENSATION CHANGES

PR	\$83,553,600
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Governor/Legislature: Provide \$41,776,800 annually for the cost of certain 1999-01 compensation adjustments for specific unclassified employees and graduate assistants. This request would add the tuition funding needed to adjust the base budget for the UW System to reflect the annual 5.2% pay plan increase for these employees.

25. REESTIMATE TRUST AND OTHER FUNDS

PR	\$56,802,800
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Governor/Legislature: Reestimate expenditures from gifts, trusts and other continuing PR appropriations by \$28,401,400 annually. These increases are due to adjustments to reflect current expenditure levels as well as anticipated growth in gifts and donations and trust income.

26. TUITION OFFSET

PR	-\$56,000,000
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Governor/Legislature: Delete \$28,000,000 annually from the tuition appropriation. The 1999-01 biennial budget included \$28,000,000 GPR to freeze undergraduate resident tuition in 2000-01 at the 1999-00 level. This item would remove the funding from the tuition appropriation that was offset by GPR in 2000-01.

27. AUXILIARY ENTERPRISES AND BUILDING PROJECTS

PR	\$52,071,600
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Governor: Reestimate the appropriation for auxiliary enterprises by \$17,118,200 in 2001-02 and \$34,953,400 in 2002-03 above the base level of \$395,667,800. The reestimate reflects projected growth and cost increases for enterprises that are self-supporting through student segregated fees and the sale of goods and services. These enterprises include student housing, parking, bookstores, student health services and student unions.

Assembly: Transfer \$2,500,000 annually during the 2001-03 biennium from UW System's auxiliary reserve account to the general fund on June 30 of each year. Funding would come from the UW System's fee funded auxiliary reserve account. Under current law, the UW may accumulate reserves up to 15% of the previous fiscal year's total revenues from student segregated fees. The reserve balances are used to fund future obligations including debt

service, maintenance, to cover unanticipated expenditures and stabilize rate increases for students.

Conference Committee/Legislature: Include Governor's recommendation.

28. INCREASE TUITION AND FEE REVENUES

PR	\$29,577,200
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Governor/Legislature: Increase by \$14,788,600 annually the base level funding of tuition and fee revenues to the 2000-01 operating budget level. In 1999-01, the biennial budget included a provision which converted academic fees from an annual appropriation to a continuing appropriation. This item reflects the UW System's projected expenditure level in 2000-01 from this appropriation.

29. REESTIMATE GENERAL OPERATING RECEIPTS

PR	\$2,484,200
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Governor/Legislature: Reestimate general operating receipts by \$816,600 in 2001-02 and \$1,667,600 in 2002-03 above the base level of \$79,152,800. The reestimate reflects adjustments for estimated growth and cost increases for operations that are self-supporting through the sale of goods and services. These include activities such as conferences, camps, workshops, clinics and outreach programs in business, education and engineering and sales of products or services resulting from instructional endeavors.

30. ADJUSTMENT TO REFLECT STUDENT TECHNOLOGY FEES

PR	\$864,600
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Governor/Legislature: Provide \$432,300 annually of instructional technology fees to reflect general tuition revenue growth and provide funding for student technology fee initiatives started in previous biennia. The student technology fee funds information technology initiatives. Currently, the fee is set at 2% of the tuition at all campuses except UW Madison, where it is 2.5%.

31. CAREER COUNSELING AND ADVISING SERVICES [LFB Paper 957]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$750,000	15.00	-\$750,000	- 15.00	\$0	0.00

Governor: Provide \$750,000 and 15.0 positions in 2002-03 to enhance student career counseling and advising services. The additional funding would support increased advising resources and staff at all system campuses.

Joint Finance: Delete provision.

Senate: Provide \$1,300,000 GPR and \$750,000 PR with 29.5 GPR positions in 2002-03 to enhance student career counseling and advising services.

Conference Committee/Legislature: Delete provision.

32. FUNDING FOR UW SYSTEM LIBRARIES

Senate: Provide \$1,551,000 GPR in 2001-02 and \$3,149,000 GPR in 2002-03 for UW System libraries to fund acquisitions of books, journals and other documents.

Conference Committee/Legislature: Delete provision.

33. FUNDING FOR STUDY ABROAD SCHOLARSHIPS

Senate: Provide \$500,000 GPR in 2001-02 and \$1,000,000 GPR in 2002-03 to increase the available study abroad scholarships from 750 to 1,500 by 2002-03. Base level funding in 2000-01 is \$1,000,000.

Conference Committee/Legislature: Delete provision.

34. FUNDING FOR UW SYSTEM COLLABORATIVE LANGUAGES PROGRAM

Senate: Provide \$287,400 GPR in 2001-02 and \$570,100 GPR in 2002-03 for the UW System collaborative languages program (CLP). The funding would enable the UW System to provide distance education instruction in Japanese, Chinese, Russian and Portuguese to students at campuses that do not currently offer these languages.

Conference Committee/Legislature: Delete provision.

35. FUNDING FOR UW STOUT STEPS PROGRAM

Senate: Provide \$66,900 GPR in 2001-02 and \$671,300 GPR with 1.5 GPR positions in 2002-03 for the UW Stout science, technology and engineering preview (STEPS) program to increase the number of women and minorities in science, technology and engineering careers. The STEPS program was created by UW-Stout in 1997 and is currently funded through internal allocations and grants.

Conference Committee/Legislature: Delete provision.

36. ELIMINATE RECYCLING EDUCATION [LFB Paper 697]

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
SEG	-\$1,083,600	- 4.50	\$983,600	4.50	-\$983,600	0.00	-\$1,083,600	0.00

Governor: Delete \$541,800 and 4.5 positions annually, funded by the recycling fund, for the following: (a) delete \$336,900 and 4.0 positions from the UW-Extension Solid and Hazardous Waster Education Center which provides educational and technical assistance programs in recycling and recycling market development; and (b) delete \$204,900 and 0.5 position annually from the UW System for solid waste experiment centers and grants made by the Solid Waste Research Council.

Senate: Restore current law funding of \$204,900 annually with 0.5 position for the UW System solid waste experiment centers and grants by the Solid Waste Research Council, and restore current law funding of \$336,900 and 4.0 positions for the UW-Extension Solid and Hazardous Waste Education Center.

Assembly: Restore \$168,500 annually with 2.0 positions for the UW-Extension Solid and Hazardous Waste Education Center.

Conference Committee/Legislature: Restore \$154,900 annually with 0.5 position for the UW System solid waste experiment centers and grants by the Solid Waste Research Council. (This would be a decrease of \$50,000 from current law funding levels.) In addition, restore current law funding of \$336,900 and 4.0 positions for the UW-Extension Solid and Hazardous Waste Education Center.

Veto by Governor [B-36]: Delete funding of \$336,900 annually in the extension recycling education appropriation and delete funding of \$154,900 annually in the solid waste research and experiments appropriation. As a result, no funding would be provided from the recycling fund to the UW-System and UW-Extension and the 4.0 extension positions and 0.5 solid waste research positions would be unfunded during the 2001-03 biennium.

[Act 16 Vetoes Section: 395 (as it relates to s. 20.285(1)(tb)&(tm))]

37. REESTIMATE WISCONSIN VETERINARY DIAGNOSTIC LAB REVENUE

PR	- \$940,800
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Governor/Legislature: Reestimate Wisconsin veterinary diagnostic lab revenue by -\$471,600 in 2001-02 and -\$469,200 in 2002-03. The reestimate reflects adjustments for estimated reductions in supplies and service expenditures, LTE employee salaries and fringes and unallotted reserves as well as increases in expenses for permanent property.

38. FULL FUNDING OF CHARGEBACK ITEMS

PR	\$241,600
SEG	<u>381,600</u>
Total	\$623,200

Governor/Legislature: Provide \$120,800 PR and \$190,800 SEG annually in order to fund increases paid to the Department of Administration for services provided to the UW System (chargebacks). The chargeback funding would fund cost increases for Badgernet and funding would come from tuition revenues and the universal service fund.

39. DEPRECIATION OFFSET [LFB Paper 959]

GPR	-\$526,800
PR	<u>526,800</u>
Total	\$0

Joint Finance/Legislature: Reduce funding by \$181,600 GPR in 2001-02 and \$345,200 GPR in 2002-03 and provide \$181,600 PR in 2001-02 and \$345,200 PR in 2002-03 to reflect the application of tuition revenues to be received in 2001-03 from depreciation charges assessed to students for instructional buildings.

40. AQUACULTURE DEMONSTRATION FACILITY [LFB Paper 172]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$300,000	2.00	-\$50,000	- 1.00	\$250,000	1.00
BR	\$0		\$350,000		\$350,000	

Governor: Provide \$300,000 and 2.0 positions beginning in 2002-03 for operations and maintenance of the UW aquaculture demonstration facility. Construction of the facility was approved under 1999 Act 9; however, construction of the facility is not expected to be completed before the end of the 2001-03 biennium. Funding would support initial staffing and supplies expenses related to the establishment of the facility and would come from Indian gaming revenues.

Joint Finance: Modify the Governor's recommendation by deleting \$50,000 and 1.0 position in 2002-03. In addition, increase the 1999 Act 9 project enumeration by \$350,000 and authorize an additional \$350,000 in program revenue supported general obligation bonding for the purchase of movable equipment for the aquaculture facility. Debt service on the bonds would be paid with tribal gaming revenues beginning in 2003-04. In addition, prohibit any person from introducing sturgeon reared at the aquaculture facility into any natural body of water in this state.

Assembly: Delete Joint Finance provision that would prohibit any person from introducing sturgeon reared at the aquaculture facility into any natural body of water in

Wisconsin and instead, prohibit any person from using any aquaculture facility of the UW System to conduct research for purposes related to commercial production of sturgeon.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [A-28]: Delete the prohibitions on releasing sturgeon reared at the aquaculture demonstration facility into any natural body of water in the state.

[Act 16 Sections: 962g and 9107(3f)]

[Act 16 Vetoed Section: 1349v]

41. ENVIRONMENTAL EDUCATION GRANTS

GPR	- \$400,000
SEG	400,000
Total	\$0

Assembly: Delete \$200,000 GPR annually for environmental education grants. Base funding of \$430,000 (\$200,000 GPR, \$200,000 SEG from the forestry account of the conservation fund and \$30,000 SEG from environmental assessments) is currently provided for these grants.

Conference Committee/Legislature: Modify Assembly provision to provide \$200,000 SEG annually from the forestry account of the conservation fund.

42. WSLH -- INCREASE DRIVER IMPROVEMENT SURCHARGE

PR	\$456,000
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Governor/Legislature: Provide \$152,000 in 2001-02 and \$304,000 in 2002-03 above a base level of \$859,800. Transfer 5.0 positions to meet workload increases in the implied consent testing program from the Wisconsin State Laboratory of Hygiene's (WSLH) PR appropriation for general operations. The additional expenditure authority would be funded with an increase in the driver improvement surcharge from \$345 to \$355. The surcharge is imposed if a court imposes a fine or forfeiture as a penalty for operating a motor vehicle while under the influence of an intoxicant, controlled substance, or other drug. Specify that the surcharge increase would first apply to surcharges imposed for violations committed on the effective date of the bill.

[Act 16 Sections: 3444 and 9352(5)]

43. WSLH -- WATER QUALITY TESTING FEES

Assembly: Prohibit the State Laboratory of Hygiene from providing water-quality testing for a fee that is less than the current average fee charged by private, commercial labs in the state. Require the State Laboratory to notify a party seeking water-quality testing services if the party is permitted to obtain those services from private, commercial labs under state and federal law. Require the State Laboratory to consult with not fewer than three private, commercial labs

annually to determine the current average fee for each type of water-quality test performed by the State Laboratory.

Conference Committee/Legislature: Delete provision.

44. WATERSHED CENTER

Senate: Require the Board of Regents to establish in the College of Natural Resources at UW-Stevens Point, a center to conduct studies and research relating to watershed management. The Department of Natural Resources would be required to provide an annual grant of \$150,000 from the conservation fund to the Board for the establishment and operation of the Center.

Conference Committee/Legislature: Clarify Senate provision that funding for the watershed center would be from the water resources account of the conservation fund.

Veto by Governor [B-46]: Delete provision.

[Act 16 Vetoed Sections: 1066d and 1358m]

45. UW-EXTENSION GRAZING EDUCATION GRANTS

	Jt. Finance/Leg (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR	\$200,000	-\$200,000	\$0

Joint Finance: Provide \$100,000 annually from tribal gaming revenues for land and water education grants, administered by UW-Extension. Funds could not be encumbered from this appropriation after June 30, 2006. Grants would be awarded for innovative educational or conservation practice assessment programs related to environmentally sound grazing practices or agricultural nutrient management. To be eligible for a grant, a program would be required to do all of the following: (a) emphasize education in the area in which the program is conducted; (b) focus on county, regional, or statewide natural resource concerns; (c) promote at least one of the following goals: (i) helping agricultural producers to identify and understand their natural resource and environmental conditions; (ii) helping agricultural producers to plan, design, implement, operate or maintain conservation practices on agricultural land. Eligible applicants would include state agencies that deal with agricultural and natural resource issues, the federal Natural Resource Conservation Service, UW System institutions and colleges, UW-Extension, local government units, and nonprofit organizations. A person who would manage a program could submit more than one application, but UW-Extension could not award more than one grant to such a person in any grant selection cycle. UW-Extension would award grants on a competitive basis, giving preference to programs that focus education efforts on areas that are designated priority areas under the federal environmental quality initiatives program, and to programs that target traditionally underserved groups, such as agricultural producers who are

Native American, African American, Asian American, Amish, women, or who have low incomes. UW-Extension would establish maximum grant amounts depending on the number and content of applications submitted.

Senate/Legislature: Modify Joint Finance to exclude agricultural nutrient management from the eligible programs and delete the specification that grants be awarded for innovative educational or conservation practice assessment programs. Specify instead that funding be provided to UW-Extension for a grazing education grant program for grants to provide funds for educational and technical assistance in management intensive grazing. Delete eligibility requirements and do not specify eligible applicants. Delete restrictions on the number of grants UW-Extension could award to one person in a grant selection cycle. Delete the requirement that grants be awarded on a competitive basis as well as the criteria for preference in awarding grants. Delete specification that UW-Extension would establish maximum grant amounts depending on the number and content of applications submitted.

Veto by Governor [F-31]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.285(1)(kj)), 580t, 890n and 1356g]

46. UW-EXTENSION -- PEST MANAGEMENT PROGRAM IN SCHOOL DISTRICTS

	Jt. Finance/Leg (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG	\$92,000	-\$92,000	\$0

Joint Finance/Legislature: Provide the UW-Extension with \$92,000 from the agricultural management program fund in 2001-02 for a pest management program in school districts. Require the UW-Extension to provide programs to train employees of school districts and other persons about using integrated pest management. Further, require that the training include information about the development and implementation of pest management plans to prevent unacceptable levels of pest activity and damage in schools and on school grounds while minimizing hazards to persons, property and the environment. Require UW-Extension and state cooperative educational service agencies to cooperate in providing the training.

Require DATCP and the UW Board of Regents to enter into a memorandum of understanding concerning school pest management and UW-Extension training to ensure cooperation between DATCP and UW-Extension and to avoid duplication of activities. Require DATCP, in cooperation with the UW-Extension and DHFS, to submit a report evaluating the above school pesticide program on or before January 1 of each even-numbered year to the Legislature.

Veto by Governor [B-3]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.285(1)(s)), 582k and 1357k]

47. UW-STEVENS POINT WILDLIFE BIOLOGIST

	Jt. Finance/Leg. (Chg. to Base)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$48,000	1.00	-\$48,000	-1.00	\$0	0.00

Joint Finance: Provide \$24,000 annually and 1.0 position from funds transferred from the DNR from the fish and wildlife account of the conservation fund for a big game ecologist position at the UW-Stevens Point, College of Natural Resources.

Assembly/Legislature: Require that the job description for the wildlife biologist research position at UW-Stevens Point would require the person to devote a significant portion of time to bear hunting research and data collection.

Veto by Governor [B-77]: Delete provision.

[Act 16 Vetoes Sections: 395 (as it relates to s. 20.285(1)(k) and 20.370(1)(mu)) and 1351zf]

48. STRAY VOLTAGE RESEARCH FUNDING [LFB Paper 781]

PR	-\$101,700
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Joint Finance/Legislature: Reduce expenditure authority under the University of Wisconsin stray voltage research appropriation by \$29,500 in 2001-02 and \$72,200 in 2002-03 to reflect the current project budget. Further, repeal the UW System stray voltage research appropriation on July 1, 2003 and repeal the statutory language requiring the UW Board of Regents to establish a stray voltage research program, effective July 1, 2003. Funding for the research was provided through the Public Service Commission from assessments on electric utilities.

[Act 16 Sections: 582g, 582h, 1357m and 9456(1w)]

49. CONVERT LTE POSITIONS AT UW-MADISON TO PERMANENT POSITIONS

Senate: Create a two-year pilot program at UW-Madison ending July 1, 2003, during which time the Board of Regents may convert up to 100 long-term LTE positions, as determined by the Board in consultation with the Department of Employment Relations, to full-time classified GPR, SEG or PR positions. Permit the Board to appoint LTEs who have held appointments at UW-Madison for at least one year and exempt appointees from competitive examination requirements. Specify that the Board could not request a supplement for compensation and fringe benefits for any GPR position prior to July 1, 2003. Require the UW System Board to submit a quarterly report during the 2001-03 biennium to the DOA and the

Joint Committee on Finance on the number of LTEs appointed to classified service positions under this provision. In addition, require the Board to submit a report by September 1, 2003 to the Governor, Department of Employment Relations and the Legislature on the number of positions created, the reduction in the number of LTE appointments at UW-Madison and service-related information on appointees, as well as the reasons why any individual in a converted position later terminated employment with the Board.

In addition, require the Board to provide all LTEs at UW-Madison who would otherwise meet the current law test of being participating employees (works at least one-third time, expected duration of employment greater than one year), with paid vacation and sick leave during the 2001-03 biennium as provided to permanent employees.

Conference Committee/Legislature: Modify to allow the Board to convert up to 50, rather than 100, long-term LTE positions.

Veto by Governor [A-24]: Delete the provisions that would have required the UW System to provide all LTEs at UW-Madison who would otherwise meet the current law test of being participating employees with paid vacation and sick leave during the 2001-03 biennium as provided to permanent employees.

[Act 16 Section: 9156(3c)]

[Act 16 Vetoed Section: 9156(3e)]

50. COURSE OFFERINGS DURING EVENINGS, WEEKENDS OR BY ELECTRONIC MEANS

Governor: Require the Board of Regents to ensure that at least 15 percent of all course sections that are offered for credit and that do not exclude undergraduate students are offered during evenings, on weekends or by electronic means and delete a current requirement that the Board make all reasonable efforts to provide night courses. Specify that this new requirement would first apply to course sections offered the 2002-03 academic year. The Board would be required to report annually to the Department of Administration, beginning October 1, 2003, on the number of such course sections offered in the previous academic year and the percentage of all system course sections.

Joint Finance/Legislature: Delete provision.

51. CREDIT REQUIREMENT FOR UNDERGRADUATE MAJORS

Assembly: Require the UW Board of Regents to ensure that at least 70% of undergraduate degree programs could be completed with 124 credit hours of instruction. Specify that this provision would take effect on July 1, 2002.

Legislature: Delete provision.

52. TUITION AWARD PROGRAM

Governor/Legislature: Eliminate the sunset date for the tuition award program, currently set to sunset at the end of the 2000-01 academic year. Under this program, a limited number of nonresident students at UW-Parkside and UW-Superior may be exempted from nonresident tuition provided they are enrolled in programs identified as having excess capacity. According to UW System staff, in the fall semester of 1999-00, there were 189 students enrolled at Parkside and 112 students enrolled at Superior under the program.

[Act 16 Section: 1361]

53. WISCONSIN ENVIRONMENTAL EDUCATION BOARD COMPOSITION

Joint Finance/Legislature: Permit the President of the UW System to appoint two new members to the Wisconsin Environmental Education Board, one each representing the forestry and energy industries.

[Act 16 Sections: 187g and 187r]

54. NONRESIDENT TUITION REMISSION FOR CERTAIN VETERANS

Joint Finance: Require the UW System to provide a nonresident tuition remission for military veterans, their spouses and dependents, if they filed Wisconsin state income taxes for at least eight of the past ten years of active military duty and received an honorable discharge within three years of registering at a UW System institution.

Assembly/Legislature: Modify to provide a nonresident tuition remission for veterans if they received an honorable discharge within three years of registering at a UW System institution to instead allow the remission if the honorable discharge occurred within four-years.

[Act 16 Section: 1359m]

55. NONRESIDENT TUITION REMISSION FOR CERTAIN UNDOCUMENTED PERSONS

Senate/Legislature: Require the UW System to provide a nonresident tuition remission for a person who is a citizen of another country, if that person meets all of the following requirements: (a) graduated from a Wisconsin high school or received a high school graduation equivalency; (b) the person resided in Wisconsin for at least three years after graduating from high school; and (c) the person provides the institution with an affidavit that the person will file

an application for a permanent resident visa with the Immigration and Naturalization Service as soon as the person is eligible to do so.

Veto by Governor [A-23]: Delete provision.

[Act 16 Vetoed Section: 1360m]

56. WTCS AND UW SYSTEM CREDIT AND STUDENT TRANSFER

Senate: Provide \$1,105,000 and 22.5 positions in 2002-03 to enhance Wisconsin Technical College System and UW System student transfer opportunities. Funding would be used to create eight new degree completion programs at UW-Eau Claire, UW-Milwaukee, UW-Oshkosh, UW-Parkside and UW-Stout. Degree completion programs would be offered in the following areas: health care administration, management information services, software engineering, information resources, early childhood, services management and a broad-based bachelor of applied sciences.

Assembly/Legislature: Require the UW Board of Regents to ensure that all UW System institutions accept credits transferred from the Wisconsin Technical College System and from within the UW System for general education courses and for courses included under a current plan for coordinating the transfer of credits. Permit the Board on a case-by-case basis to request that the standing committees of the Legislature relating to higher education block the transfer of certain credits, which would occur if approved by a majority vote from both of the legislative committees on higher education.

Veto by Governor [A-21]: Delete provision.

[Act 16 Vetoed Section: 1351x]

57. REPORT ON TRANSFER OF CREDITS BETWEEN UW SYSTEM AND TECHNICAL COLLEGE SYSTEM

Joint Finance/Legislature: Require the President of the UW Board of Regents, the President of the UW System, the President of the Wisconsin Technical College System (WTCS) Board and the State Director of WTCS to submit a report on or before October 15, 2001, April 15, 2002, October 15, 2002 and April 15, 2003 to the education committees of the Assembly and the Senate. The report would deal with the status of implementing the joint UW-WTCS resolution concerning transfer of credits from WTCS to the UW System. In addition, specify that the report must identify high-demand occupations by geographical region and a plan to expand programs to meet these needs.

[Act 16 Sections: 9156(2mp)]

58. TRIBAL LOGO STUDY

Joint Finance/Legislature: Require the La Follette Institute of Public Affairs of the UW System, working in consultation with federally recognized American Indian tribes and bands in Wisconsin, to develop a tribal logo that is representative of federally recognized American Indian tribes and bands in this state for display on official state notifications of grants funded in whole or in part by Indian gaming receipts. In addition to the logo, require a plan to implement the use of the logo, including ways to determine when the logo should be used, the cost of developing and using the logo and how this cost would be funded. Require the Institute to submit the proposed logo and plan to the Joint Committee on Finance under a 14-day passive review process, and to the governing bodies of each tribe and band for approval. Provide that the plan may be implemented if approved by the Joint Committee on Finance and the governing bodies of each tribe and band.

Veto by Governor [A-25]: Delete provision.

[Act 16 Vetoed Section: 1351t]

59. FOND DU LAC AVENUE STUDY

Senate: Provide \$300,000 GPR in 2001-02 to UW-Milwaukee's Center for Economic Development for an economic development study of the Fond du Lac Avenue corridor from North Avenue to Capitol Drive in the City of Milwaukee.

Conference Committee/Legislature: Modify Senate provision to require the study but without funding.

[Act 16 Section: 1351wc]

60. DOA POST SECONDARY EDUCATION COMMISSION STUDY

Assembly/Legislature: Require the Department of Administration to study the feasibility of creating a post-secondary education commission to provide a comprehensive and coordinated framework for post-secondary education and training. Require the DOA to report the results of the study, together with its findings and recommendations, to the Legislature no later than January 1, 2003.

Veto by Governor [A-27]: Delete provision.

[Act 16 Vetoed Section: 9101(21jm)]

61. SEX OFFENDER NOTIFICATION

Assembly/Legislature: Require the UW System Board of Regents to provide information, on request, to students and their parents or guardians of the enrollment or employment of sex offenders at the UW System institution at which the sex offender works or is a student. Require the Department of Corrections to provide information on sex offenders employed or enrolled at the UW System to the Board of Regents, including: (a) the person's name, including any aliases; (b) identifying physical characteristics; (c) the nature of the conviction; (d) the address of the person; (e) the location where the person is employed or attending; and (f) the most recent date that the information was updated. This provision would first apply to a person who is required to register with Corrections or who updates information with Corrections after the effective date of the bill.

Veto by Governor [A-22]: Delete provision.

[Act 16 Vetoed Sections: 1351zd, 3352p, 3352w and 9311(7c)]

62. DOMESTIC ABUSE TRAINING

Assembly/Legislature: Require the UW Board of Regents to ensure that training for medical students and nursing students in dealing with the emotional and psychological impact of domestic abuse on victims is increased.

Veto by Governor [A-26]: Delete provision.

[Act 16 Vetoed Section: 1351za]

VETERANS AFFAIRS

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$5,089,400	\$3,920,800	\$4,047,400	\$4,306,000	\$4,306,000	-\$783,400	- 15.4%
FED	1,629,000	1,710,400	1,710,400	1,710,400	1,710,400	81,400	5.0
PR	82,878,400	89,371,200	88,911,600	91,577,300	91,577,300	8,698,900	10.5
SEG	<u>221,318,600</u>	<u>240,273,700</u>	<u>231,022,300</u>	<u>230,631,100</u>	<u>230,631,100</u>	<u>9,312,500</u>	4.2
TOTAL	\$310,915,400	\$335,276,100	\$325,691,700	\$328,224,800	\$328,224,800	\$17,309,400	5.6%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	8.80	8.80	8.80	9.30	9.30	0.50
FED	7.50	5.00	5.00	5.00	5.00	- 2.50
PR	744.24	748.74	749.74	779.24	779.24	35.00
SEG	145.76	<u>162.76</u>	<u>150.76</u>	<u>149.76</u>	<u>149.76</u>	<u>4.00</u>
TOTAL	906.30	925.30	914.30	943.30	943.30	37.00

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 995]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$11,200	0.00	\$0	0.00	\$11,200	0.00
FED	-29,000	-2.00	0	0.00	-29,000	-2.00
PR	2,634,000	-1.00	-17,000	0.00	2,617,000	-1.00
SEG	<u>-1,319,400</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>-1,319,400</u>	<u>0.00</u>
TOTAL	\$1,296,800	-3.00	-\$17,000	0.00	\$1,279,800	-3.00

Governor: Provide standard adjustments to the base budget totaling \$5,600 GPR, -\$14,600 FED, \$1,317,000 PR and -\$659,700 SEG in 2001-02 and \$5,600 GPR, -\$14,400 FED, \$1,317,000 PR and -\$659,700 SEG in 2002-03 and -2.0 FED positions and -1.0 PR project position annually for: (a) turnover reduction (-\$429,500 PR and -\$144,700 SEG annually); (b) removal of noncontinuing elements from the base (-\$31,400 GPR, -\$57,900 FED, -\$288,200 PR and -\$750,600 SEG in 2001-02 and -\$31,400 GPR, -\$57,700 FED -\$288,200 PR and -\$750,600 SEG in 2002-03 and -2.0 FED positions and -1.0 PR project position annually); (c) full funding of continuing salaries and fringe benefits (\$36,400 GPR, \$43,300 FED, \$865,300 PR and \$197,800 SEG annually); (d) BadgerNet increases (\$900 PR and \$2,000 SEG annually); (e) overtime (\$541,900 PR and \$14,900 SEG annually); (f) night and weekend differential (\$624,300 PR annually); (g) fifth week of vacation as cash (\$600 GPR, \$2,300 PR and \$8,300 SEG annually); (h) full funding of lease costs and directed moves (\$12,600 SEG annually); and (i) minor offsetting transfers within the same appropriation.

Joint Finance/Legislature: Reduce funding by \$8,500 PR annually to reflect the application of the appropriate fringe benefit rate to the adjustment for night and weekend differential pay at the Veterans Home at King. Reduce medical assistance (MA) benefits funding budgeted in the Department of Health and Family Services by \$3,000 GPR and \$4,200 FED annually to reflect projected MA savings. The fiscal effect of the MA benefit reduction is identified under "Health and Family Services -- Medical Assistance".

2. DEBT SERVICE REESTIMATES [LFB Paper 266]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$237,600	\$126,600	- \$111,000
PR	1,211,700	0	1,211,700
SEG	6,575,500	0	6,575,500
TOTAL	\$7,549,600	\$126,600	\$7,676,200

Governor: Reestimate the agency's debt service requirements by -\$81,400 GPR, \$334,100 PR and \$321,100 SEG in 2001-02 and -\$156,200 GPR, \$877,600 PR and \$6,254,400 SEG in 2002-03 for the following programs: (a) facilities at the veterans homes (-\$81,400 GPR and \$334,100 PR in 2001-02 and -\$156,200 GPR and \$877,600 PR in 2002-03); (b) veterans personal loan program (-\$1,263,300 SEG annually); (c) tax exempt borrowing for the veteran mortgage loan program (\$1,058,000 SEG in 2001-02 and \$5,211,400 SEG in 2002-03); (d) taxable borrowing for the veteran mortgage loan program (\$453,000 SEG in 2001-02 and \$2,233,400 SEG in 2002-03); and (e) capital construction at the Southern Wisconsin Veterans Memorial Cemetery (\$73,400 SEG in 2001-02 and \$72,900 SEG in 2002-03).

Joint Finance/Legislature: Reestimate debt service costs for facilities at the veterans homes by \$63,600 GPR in 2001-02 and \$63,000 GPR 2002-03.

3. IN-HOUSE SERVICING OF THE PRIMARY MORTGAGE LOAN PROGRAM PORTFOLIO [LFB Paper 970]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$5,739,400	- \$5,709,400	\$30,000

Governor: Authorize the Department to assume the servicing of the veterans primary mortgage loan portfolio and to purchase from authorized lenders the servicing rights for such portfolios. Provide \$4,840,600 in 2001-02 and \$898,800 in 2002-03 for the likely implementation of an in-house loan servicing function following the development of a plan for the most cost-effective method of servicing such loans, as follows:

Loan Servicing Administration. Create a SEG-funded sum certain appropriation, funded from the veterans mortgage loan repayment fund, to support the in-house servicing of the veterans primary mortgage loan portfolio and provide \$1,297,000 in 2001-02 and \$898,800 for this purpose. Of the amounts provided, all but \$30,000 in 2001-02 for supplies and services costs would be budgeted in unallotted reserve. No new positions for the agency would be authorized under this appropriation. Define the Department as a "mortgage banker" for the purpose of providing the in-house servicing of the veterans primary mortgage loan portfolio.

Escrow Payments. Create a SEG-funded continuing appropriation, funded from the veterans mortgage loan repayment fund, to which would be credited monthly escrow payments from borrowers for real estate taxes and casualty insurance premiums, in the event that the Department assumes the in-house servicing of the veterans primary mortgage loan portfolio. Require the Department to hold in escrow all such payments and to pay all of the required amounts due for real estate taxes and casualty insurance premiums for each borrower making escrow payments, even if the amounts held in escrow are insufficient. In the case of an insufficiency, the Department would be directed to recover the amount of the insufficiency from the veteran. If the amounts in the borrower's escrow account were in excess of the amounts required for the real estate taxes and casualty insurance premium payments, the Department would be required to pay all of the amounts due and refund the amount of the excess to the veteran. Extend the current law provision requiring that borrowers maintain adequate fire and extended coverage insurance to specify that the Department also be named as an insured in the event that it assumes the in-house servicing of the veterans primary mortgage loan portfolio. No expenditures are estimated under this new appropriation.

Loan Servicing Rights. Create a SEG-funded biennial appropriation, funded from the veterans mortgage loan repayment fund, to support the purchase of loan servicing rights from existing authorized lending institutions and provide \$3,543,600 in 2001-02 for this purpose. All of these amounts would be budgeted in unallotted reserve. It is anticipated that this level of funding would be sufficient to pay the cost (equivalent to 0.5% of the value of the loans) of terminating loan servicing contracts with lending institutions for an estimated outstanding loan volume of \$708.7 million.

Development of a Plan for Servicing Primary Mortgage Loans. Require the Department and DOA to develop a plan for the most cost-effective method for the in-house servicing of the veterans primary mortgage loan portfolio. Specify that the Secretary of DOA could not authorize the encumbrance or the expenditure of funds under any of the new appropriations described above until after the plan developed by the two agencies had been completed. Although \$30,000 in 2001-02 has been made available under the new loan servicing administration appropriation for the study and development of this plan, the language of the bill precludes its use prior to the actual completion of the plan. Finally, the Department would be prohibited from holding any escrow payments until after the actual completion of the plan.

Joint Finance: Delete \$4,810,600 in 2001-02 and \$898,800 in 2002-03 recommended for in-house loan servicing administration and the purchase of loan-servicing rights. Place equivalent amounts in the Joint Committee on Finance's s. 20.865(4)(u) appropriation for possible future release to the Department, once the Committee has reviewed and approved the plan developed by DVA and DOA for the most cost-effective method for implementing the in-house servicing of the veterans primary mortgage portfolio.

Conference Committee/Legislature: Include a technical modification to Joint Finance provision to permit the Secretary of DOA to authorize the encumbrance of \$30,000 already appropriated in 2001-02 for DOA and DVA to jointly develop a plan for the most cost-effective method for the in-house servicing of the veterans primary mortgage loan portfolio.

[Act 16 Sections: 795 thru 797, 1475 thru 1477, 1479, 1480, 1482, 3029 and 9157(1)]

4. DOCUMENT IMAGING OF AGENCY RECORDS [LFB Paper 971]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$1,099,600	5.00	-\$1,074,600	-5.00	\$25,000	0.00

Governor: Provide \$910,700 in 2001-02 and \$188,900 in 2002-03 and 5.0 four-year project positions to begin an initiative to convert the agency's estimated 1.5 million pages of veterans' files from a paper storage format to an electronic imaging format. Of the amounts provided, \$25,000 in 2001-02 would fund a feasibility study to determine the advisability of a document imaging project for veterans' records and program usage files. All of the remaining funds would be budgeted in unallotted reserve (\$885,700 in 2001-02 and \$188,900 in 2002-03) for release by DOA, based on its concurrence with the study recommendations.

Joint Finance/Legislature: Delete \$885,700 in 2001-02 and \$188,900 in 2002-03 and 5.0 four-year project positions for a document imaging initiative. Place an equivalent amount in the Joint Committee on Finance's s. 20.865(4)(u) appropriation for possible future release to the Department, once a documents imaging feasibility study had been completed. A total of \$25,000 in 2001-02 would be provided for the feasibility study. The feasibility study would have

to include the results of requests for information for the costs of the documents imaging project, if undertaken by the State Records Center or by private vendors, and an assessment by DVA of the most cost-effective strategy for the documents conversion project. The position authority for 5.0 project positions is deleted pending a determination of whether or not the documents imaging project would be undertaken in-house or contracted out.

5. INFORMATION TECHNOLOGY INITIATIVES

PR	\$133,700
SEG	235,200
Total	\$368,900

Governor/Legislature: Provide \$110,600 PR and \$160,100 SEG in 2001-02 and \$23,100 PR and \$75,100 SEG in 2002-03 for the following IT initiatives: (a) consultant services to facilitate the development of electronic communications with the agency's clients including the capability of applying electronically for agency programs and services (one-time funding of \$85,000 SEG in 2001-02); (b) basic IT infrastructure purchases for the new community-based residential facilities at the Southern Wisconsin Veterans Retirement Center (one-time funding of \$65,000 PR in 2001-02); and (c) on-going agencywide IT infrastructure upgrading and replacement purchases of personal computers, printers and networking equipment (\$45,600 PR and \$75,100 SEG in 2001-02 and \$23,100 PR and \$75,100 SEG in 2002-03).

6. ESTABLISHMENT OF REGIONAL SERVICE DELIVERY CENTERS [LFB Paper 972]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$792,900	9.00	-\$475,900	- 6.00	\$317,000	3.00

Governor: Provide \$154,400 in 2001-02 and \$638,500 in 2002-03 and 9.0 positions annually to enable the agency to establish six regional service delivery centers and seven video conferencing systems in the state. Funds would be used for: (a) benefits specialists, clerical staff and associated supplies and services to support the operation of the new centers (\$12,400 in 2001-02 and \$441,000 in 2002-03 and 9.0 positions annually); (b) one-time funding for the purchase of computer equipment, copiers, faxes, office furniture and three motor vehicles for each center's office (\$22,100 in 2001-02 and \$174,800 in 2002-03); (c) one-time funding for the purchase of videoconferencing equipment that would be placed in the Milwaukee claims office and six regional offices (\$97,200 in 2001-02); and (d) on-going funding for videoconferencing equipment (\$22,700 annually). It is anticipated that the new centers would become fully operational in the 2002-03 fiscal year. The 9.0 new positions would staff three of the new centers, while the Department would reallocate existing staff and base level resources to establish the remaining three centers.

The new regional service delivery centers would provide centralized veterans benefits counseling in an effort to secure additional federal veterans pension and health care benefits for

qualifying individuals. The centers would also include staff detailed from other federal, state and local agencies that provide benefits and services to veterans.

Require the Department to submit report to DOA no later than June 30, 2003, on the performance of the regional delivery centers, including each center's video conferencing system.

Joint Finance: Delete provision. Instead, provide \$226,700 in 2001-02 and \$90,300 in 2002-03 and 3.0 positions, as follows: (a) \$67,800 in 2001-02 and \$90,300 in 2002-03 and 2.0 FTE mobile claims officer positions and 1.0 FTE claims officer position to provide veterans pension and health care benefits counseling; and (b) \$158,900 in 2001-02 for transportation and computers for regional coordinators, claims officers, and mobile claims officers.

Prohibit the Department from employing more than five regional coordinators to provide claims and benefit application assistance to veterans in coordination with the appropriate county veterans service officers in order to maximize assistance to veterans.

Prohibit the Department from employing more than seven claims officers to provide federal claims and benefit assistance to veterans. Specify that these claims officer positions be based in the agency's regional office in Milwaukee County. Specify that the Department may not employ more than two mobile claims officers in the agency's southeast region and may not employ more than one mobile claims officer in each of the agency's three remaining regions to provide claim and benefit assistance to veterans in coordination with the appropriate county veterans service officers.

Additional Claims Officers and Regional Coordinators. In consultation with veterans service organizations, county veterans' service officer organizations and county veterans' service officers, require the Department to study whether additional mobile claims officers and regional coordinators are needed to provide claim and benefit assistance to veterans located outside the agency's southeast region service area. If the Department determines that additional mobile claims officers are needed, authorize it to submit a proposal to the Joint Committee on Finance under a 14-day passive review procedure to increase the number of authorized mobile claims officer positions in the Department for mobile claims officers. If the Department determines, with the concurrence of veterans service organizations, county veterans' service officer organizations and county veterans' service officers, that additional regional coordinators are needed, authorize it to submit a proposal to the Joint Committee on Finance under a 14-day passive review procedure to increase the number of regional coordinators in the agency. Under either type of submission, specify that the Department would not have to show that an emergency exists in order to request the additional funding and position authority.

Senate/Legislature: Modify the provision by authorizing the agency to employ no more than eight (rather than five) regional coordinators. Delete the requirement that the agency must obtain the concurrence of veterans' service organizations and county veterans' service officers. As a result of the modification, the agency would be required to obtain the concurrence only of

the county veterans service officer organizations in order to submit a request to the Joint Committee on Finance for additional regional coordinator positions.

Veto by Governor [E-37]: Delete provisions limiting the agency to a maximum of eight regional coordinators, seven claims officers, two mobile claims officers in the agency's southeast region, and one mobile claims officer in each of the remaining three regions. Delete the requirement that the Department consult with county veterans' service officer organizations before requesting additional regional coordinators and the requirement that any proposed additional mobile claims officer staff be located outside of DVA's southeast region.

[Act 16 Sections: 1451m thru 1451r and 9157(5mk)]

[Act 16 Vetoed Sections: 1451m thru 1451r and 9157(5mk)]

7. FUEL AND UTILITY COST INCREASES

PR	\$449,000
SEG	26,100
Total	\$475,100

Governor/Legislature: Provide \$311,400 PR and \$14,100 SEG in 2001-02 and \$137,600 PR and \$12,000 SEG for increased fuel and utility costs at agency facilities.

8. VETERANS MUSEUM OPERATIONS [LFB Paper 166]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$942,200	0.00	\$0	0.00	\$205,600	0.50	-\$736,600	0.50
PR	0	0.00	200,000	0.00	205,600	0.50	405,600	0.50
SEG	1,257,400	1.00	-200,000	0.00	-411,200	-1.00	646,200	0.00
Total	\$315,200	1.00	\$0	0.00	\$0	0.00	\$315,200	1.00

Governor: Provide -\$471,100 GPR and \$680,500 SEG in 2001-02 and -\$471,100 GPR and \$576,900 SEG in 2002-03 and 1.0 SEG two-year project position annually for the following Veterans Museum initiatives:

Museum Space Rental and Utilities Funding Conversion. Delete \$471,100 GPR annually and provide \$471,100 SEG annually from the Veterans Trust Fund to reflect the conversion of the funding source for the Veterans Museum's space rental and fuel and utilities costs. Repeal the Veterans Museum's GPR-funded space rental appropriation.

Museum Staffing. Provide funding and staffing for: (a) a temporary program assistant position to continue data entry of the Veterans Museum collection inventory in order to produce an electronic, machine readable catalogue (\$31,700 SEG for 2001-02 and \$33,100 SEG for 2002-03 and 1.0 SEG two-year project position); and (b) deletion of excess salary and fringe benefits funding for which no position authorization currently exists (-\$48,000 SEG annually).

Museum Exhibit Enhancements. Provide funding for: (a) installation costs associated with a major special exhibit in November, 2001 (one-time funding of \$30,000 SEG in 2001-02); (b) ongoing-support for the installation of temporary exhibits (\$25,000 SEG annually); and (c) ongoing funding to support the development of exhibits for the Wisconsin National Guard education center and library (\$50,000 SEG annually).

Other Museum Operations. Provide funding for the following Veterans Museum operating costs: (a) replacement of the Veterans Museum phone system (one-time funding of \$15,000 SEG in 2001-02); (b) reestimate of anticipated Veterans Museum store sales during the 2001-03 biennium (\$15,000 SEG annually); (c) increased contract costs for security guards and the monitoring of security cameras by the State Capitol police (\$6,000 SEG in 2001-02 and \$6,200 SEG in 2002-03); (d) one-time funding for distance learning hardware and software for an audio visual system for the distance learning program, and telephone lines, lighting upgrade and electrician charges (\$60,200 in 2001-02); and (e) public education programs (\$24,500 annually).

Joint Finance: Provide \$100,000 PR annually from tribal gaming revenues to fund operational costs of the Veterans Museum and create a new appropriation for this purpose. Delete \$100,000 SEG annually provided for Veterans Museum operations

Assembly: Modify the Joint Finance provision allocating tribal gaming revenues for a portion of Veterans Museum operations by providing an additional \$128,700 PR in 2001-02 and \$76,900 PR in 2002-03 and 0.5 PR two-year project position annually from tribal gaming revenues and by deleting a corresponding \$128,700 SEG in 2001-02 and \$76,900 SEG in 2002-03 and 0.5 SEG two-year project position annually to reflect this funding conversion. Under the modification, tribal gaming revenues would fund 50% of the amounts and the Veterans Trust Fund would fund the remaining 50% of the amounts for the following initiatives recommended by the Governor:

Museum Staffing. A temporary program assistant position to continue data entry of the Veterans Museum collection inventory in order to produce an electronic, machine readable catalogue (\$31,700 for 2001-02 and \$33,100 for 2002-03 and 1.0 FTE two-year project position).

Museum Exhibit Enhancements. Support for: (a) installation costs associated with a major special exhibit in November, 2001 (one-time funding of \$30,000 in 2001-02); (b) on-going funding for the installation of temporary exhibits (\$25,000 annually); and (c) on-going funding to support the development of exhibits for the Wisconsin National Guard education center and library (\$50,000 annually).

Other Museum Operations. Support for: (a) replacement of the Veterans Museum phone system (one-time funding of \$15,000 in 2001-02); (b) a reestimate of anticipated Veterans Museum store sales during the 2001-03 biennium (\$15,000 annually); (c) increased contract costs for security guards and the monitoring of security cameras by the State Capitol police (\$6,000 in 2001-02 and \$6,200 in 2002-03); (d) one-time funding for distance learning hardware and software for an audio visual system for the distance learning program, and telephone lines,

lighting upgrade and electrician charges (\$60,200 in 2001-02); and (e) public education programs (\$24,500 annually).

Conference Committee/Legislature: Modify Assembly provision by providing \$128,700 GPR in 2001-02 and \$76,900 GPR in 2002-03 and 0.5 GPR two-year project position annually and by deleting \$128,700 SEG in 2001-02 and \$76,900 SEG in 2002-03 and 0.5 SEG two-year project position annually to reflect the full funding of the Veterans Museum initiatives identified under the Assembly provision from sources other than the Veterans Trust Fund.

[Act 16 Sections: 784, 787k and 887t]

9. MILITARY HONORS FUNERAL COST INCREASES

SEG	\$264,000
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Governor/Legislature: Provide \$139,300 in 2001-02 and \$124,700 in 2002-03 for expanded services under the military honors funeral program, created by 1999 Wisconsin Act 136. Funding would be used for: (a) increased travel costs for members of two departmental honor guard teams established by Act 136 (\$54,700 annually); (b) purchasing two additional vehicles to permit the existing departmental honor guard teams to be located at three locations in the state, rather than the current two locations, as provided under Act 136 (one-time funding of \$39,600 in 2001-02); and (c) a likely increased volume of \$50 per funeral reimbursements payable to veterans organizations that provide honor guard details (\$45,000 in 2001-02 and \$70,000 in 2002-03). The amounts provided for the increased \$50 reimbursements would be placed in unallotted reserve for release by DOA. Base level funding for honor guard team travel is currently \$25,300 annually, and the base level funding available for funeral honor guard reimbursements to local veterans organizations is \$55,000 annually.

Provisions of 1999 Wisconsin Act 136 authorized the Adjutant General of the Wisconsin National Guard to activate guard members to provide military honors details for local veterans groups. The Act also established and funded two seven-member honor guard teams in the Department and located one of the teams in the northern part of the state and the other team in the southern part of the state. Finally, the Act created a \$50 reimbursement grant payable to any local veterans organization that provides honor guard details at the funeral of a deceased veteran.

10. NORTHERN WISCONSIN VETERANS MEMORIAL CEMETERY FUNDING

FED	- \$36,400
PR	36,400
SEG	- 251,400
Total	- \$251,400

Governor/Legislature: Make the following funding changes relating to the operation of the Northern Wisconsin Veterans Memorial Cemetery: (a) delete \$125,700 SEG annually that was budgeted in unallotted reserve pending receipt of a federal grant (which has now been received) to construct the cemetery and provide limited administration and maintenance support; (b) shift \$117,800 SEG annually of remaining funds budgeted in unallotted reserve to support on-going cemetery administration and maintenance

activities; (c) delete \$18,200 FED annually budgeted in unallotted reserve for federal cemetery operations assistance; and (d) provide expenditure authority of \$18,200 PR annually for cemetery operations and maintenance. The source of revenues for the PR account would derive from fees that the Department may charge for burials.

11. VETERANS OUTREACH INITIATIVES

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG	\$225,800	\$143,000	\$20,000	\$388,800

Governor: Provide \$125,000 in 2001-02 and \$100,800 in 2002-03 for the following veterans outreach initiatives:

Veterans Service Organization Grant Increases. Provide \$30,000 annually to fund the anticipated increased costs from increasing the maximum annual grant available to veterans service organizations from \$20,000 to \$30,000. Under current law, upon application by a veterans service organization (such as the American Legion, Veterans of Foreign Wars, or Disabled American Veterans) the Department must provide a grant to the organization if applicant has maintained a full-time service office at its regional office for at least five of the last 10 years. The grants equal 25% of all salaries and travel expenses of the organization, subject to an overall grant minimum of \$2,500. The current base level funding for the grant program is \$75,000 annually.

County Veterans Service Officer Training. Provide \$65,000 in 2001-02 and \$65,800 in 2002-03 to: (a) enable the Department to offer to county veterans service officers at least two formal training sessions annually on new veterans benefits and agency-provided services (\$20,000 annually); and (b) retain a consultant who would provide technical legal training to county veterans service officers to promote increased advocacy for and representation of veterans, including the development of benefits claims (\$45,000 in 2001-02 and \$45,800 in 2002-03).

Milwaukee Claims Office Enhancements. Provide one-time funding of \$25,000 in 2001-02 for the purchase of a van and laptop computer for the agency's Milwaukee claims office in order to facilitate the collection of veterans benefit applications in southeastern Wisconsin.

Veterans Benefits Fairs. Provide \$5,000 annually to support additional veterans benefits fairs to be held around the state.

Joint Finance: Provide \$84,000 in 2001-02 and \$59,000 in 2002-03 for the following additional veterans outreach initiatives.

Veterans Benefits Fairs and Promotional Activities. Provide \$45,000 annually for additional veterans benefits fairs (\$20,000) and associated promotional efforts (\$25,000).

Reimbursements for Vietnam Veterans of America Certification Courses. Provide \$12,500 annually for a grant to the Vietnam Veterans of America to reimburse the costs of basic and advanced training of qualified individuals for certification courses that would allow these individuals to represent veterans in disputes over federal benefits. Provide that these grants would not count against the annual awards amounts currently granted to veterans service organizations by the Department.

Supportive Living Environment for Veterans. Provide \$25,000 in 2001-02 to provide a one-time grant to Armitage, Inc., to establish a supportive living environment for veterans in Onalaska.

County Veterans Service Office Grants. Provide \$1,500 annually for county veterans service office grant funding to reflect increased annual funding due to the movement of a county into a higher grant payment category due to an increase in population.

Assembly/Legislature: Provide \$20,000 in 2002-03 for the following additional veterans outreach initiative:

Emergency Aid Pilot Program. Provide a one-time grant of \$20,000 in 2002-03 to the Monroe County Veterans Service Office to administer an emergency aid pilot program. Specify that the pilot would provide emergency aid to low-income veterans who have received services from the USDVA Medical Center at Tomah or from its associated Veterans Assistance Center. Stipulate that the Monroe County veterans service officer would determine a veteran's eligibility for this aid. Specify that the grant could be used only for the emergency aid pilot program and the assistance provided under the pilot could be used only for such emergency services as transportation services, food or temporary housing. Repeal the authority to make veterans emergency aid pilot program grants, effective June 30, 2003.

Veto by Governor [E-38 and E-39]: *Reimbursements for Vietnam Veterans of America Certification Courses.* Delete the statutory language authorizing \$12,500 annually for a grant to the Vietnam Veterans of America to reimburse the costs of basic and advanced training of qualified individuals for certification courses that would allow these individuals to represent veterans in disputes over federal benefits. The Governor's partial veto does not reduce the \$12,500 appropriated annually under the s. 20.485(2)(vw) appropriation originally associated with these on-going training grants to the Vietnam Veterans of America.

Supportive Living Environment for Veterans. Delete the statutory language authorizing \$25,000 in 2001-02 for a one-time grant to Armitage, Inc., to establish a supportive living environment for veterans in Onalaska. The Governor's partial veto does not reduce the \$25,000 appropriated in 2001-02 under the s. 20.485(2)(rm) appropriation originally associated with this one-time grant to Armitage, Inc.

Emergency Aid Pilot Program. Delete the statutory language authorizing \$20,000 in 2002-03 for a one-time grant to the Monroe County Veterans Service Office to administer an emergency aid pilot program. The Governor's partial veto does not reduce the \$20,000 appropriated in 2002-03 under the s. 20.485(2)(rm) appropriation originally associated with this one-time grant to the Monroe County Veterans Service Office.

[Act 16 Sections: 788s, 788sf and 1457]

[Act 16 Vetoed Sections: 788s, 788sf, 792j, 1458m, 9157(6c)&(8c) and 9457(3c)]

12. MANAGEMENT TRAVEL INCREASES [LFB Paper 973]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$50,000	-\$50,000	\$0

Governor: Provide \$25,000 annually to support increased travel expenses for Department senior management and other staff. The increased travel would allow for staff attendance at town meetings with veterans, national conferences and conventions and would permit increased interaction with federal executive and legislative branch officials.

Joint Finance/Legislature: Delete provision.

13. EMPLOYMENT AND TRAINING PROGRAM RESOURCES

	Funding Positions	
SEG	\$38,400	1.00

Governor/Legislature: Provide \$23,000 in 2001-02 and \$15,400 in 2002-03 and 1.0 position annually associated with the following veterans training and employment placement activities:

Employment and Training Program Staffing Increase. Provide \$83,000 in 2001-02 and \$75,400 in 2002-03 and 1.0 position annually to coordinate training and employment placement efforts for veterans and assist veterans with the transition from military service to private and public sector employment. The proposed position would coordinate with participants in the agency's existing retraining grant program, assist in securing academic credit for military experience and develop and promote a certification and credentialing program based on military training and experience.

Reduction in Base Level Supplies and Services Funding. Delete \$60,000 annually of excess base level supplies and services funding budgeted for the veterans employment and training function.

14. SASI INITIATIVE

PR	\$23,000
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Governor/Legislature: Provide \$11,500 annually for basic desktop information technology support as part of a small agency support infrastructure (SASI) program. This support is currently provided to small agencies by DOA. The proposed funding is intended to support DOA user charges of \$2,200 per year for each of the nine accounts at the Educational Approval Board, which is attached administratively to the Department. While total funding of \$19,800 annually is indicated for the Board based on its current number of users, only \$11,500 annually would actually be provided under the Governor's recommendation. The services supported at DOA include desktop applications and hardware; continuous help desk support; network infrastructure and security; centralized data storage, backup and disaster recovery; dialup service; and E-mail/messaging services.

15. ADDITIONAL UNCLASSIFIED DIVISION ADMINISTRATORS [LFB Paper 974]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$2,500	0.00	-\$2,500	0.00	\$0	0.00
SEG	13,400	1.00	-13,400	-1.00	0	0.00
Total	\$15,900	1.00	-\$15,900	-1.00	\$0	0.00

Governor: Convert the existing positions of director of the Veterans Museum and administrator of the Division of Administrative Services from the classified to the unclassified service and provide an additional \$1,100 PR and \$5,800 SEG in 2001-02 and \$1,400 PR and \$7,600 SEG in 2002-03 for salary and fringe benefits for these positions. The additional salary and fringe benefits funding is based on the expectation that the new unclassified positions would be assigned to executive salary group 3. Typically, the Department of Employment Relations studies the characteristics of each new unclassified division administrator position and then recommends the appropriate executive salary group assignment.

Authorize an additional 1.0 SEG unfunded unclassified division administrator position to enable the agency to establish a new Division of Veterans Services. Include statutory language increasing the authorized number of unclassified division administrators in the agency from two to five. Unclassified administrators receive a higher WRS multiplier for retirement purposes and, if they are not already in the career executive program, an additional week of vacation.

Joint Finance/Legislature: Delete provision.

16. AMERICAN INDIAN VETERANS SERVICE GRANTS

PR	\$10,000
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Governor/Legislature: Provide \$5,000 annually for additional grants to assist American Indian veterans in obtaining state and federal benefits. This increased funding would be

provided from tribal gaming revenues received and disbursed by DOA's Division of Gaming. Currently, each of the eleven tribes in the state may apply for a veterans service grant of up to \$2,500 if they enter into an agreement with the Department regarding the creation, goals and duties of a tribal veterans service officer. Base level funding for American Indian veterans service grants is \$10,000 annually.

17. EDUCATIONAL APPROVAL BOARD FUNCTIONS AND FUNDING

Funding Positions		
FED	-\$115,600	- 0.50
PR	115,500	0.50
Total	\$100	0.00

Governor/Legislature: Provide -\$57,800 FED and \$56,000 PR in 2001-02 and -\$57,800 FED and \$59,500 PR and -0.5 FED and 0.5 PR position annually to reflect the following conversions of the functions and funding for the Educational Approval Board (EAB), which is attached administratively to the Department.

Transfer of GI Bill Education and Training Approval Functions. Transfer the EAB's current oversight and approval of education and training programs for veterans under the GI Bill to the Department and make necessary cross-reference changes to reflect this shift of functions. Delete \$231,000 FED and 3.0 FED positions annually under the EAB and provide an increase of \$231,000 FED and 3.0 FED positions annually under the Department to reflect this transfer of 3.0 FTE of the current 3.5 FTE staff at the EAB engaged in these oversight and approval functions. Delete the FED appropriation supporting these positions under the EAB and transfer the unencumbered balances in the appropriation to a federal funds appropriation under the Department.

Partial Funding Conversion. Delete the remaining \$57,800 FED and 0.5 FED position annually under the EAB and provide \$56,000 PR in 2001-02 and \$59,500 PR and 0.5 PR position to reflect the funding conversion of the remaining 0.5 FED position that would not be transferred from the EAB to the Department under the GI Bill realignment. The EAB's program revenue-supported functions are funded through fees that are assessed for approving private postsecondary schools and courses of instruction.

Transition Provisions. Specify that on the general effective date of the biennial budget act, the 3.0 FTE positions and incumbent employees, as jointly determined by the EAB and the Department, would be transferred to the Department. The EAB and the Department would be required to develop a plan for the orderly transfer of the employees, and in the event that the parties cannot agree on the transfers, the Secretary of DOA would resolve the matter and develop such a plan. Specify that all transferred employees would retain the same rights and employee status they held prior to the transfer and no employee who had attained permanent status in his or her classified position could be required to serve a new probationary period.

[Act 16 Sections: 785, 788, 793, 798, 1120, 1441, 1448 thru 1451, 1453, 1471, 1472, 9157(3) and 9257(1)]

18. RESTORATION OF THE "VICTORIOUS CHARGE" CIVIL WAR MONUMENT

GPR	\$50,000
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Senate/Legislature: Provide \$50,000 in 2001-02 for restoration services on the "Victorious Charge" Civil War monument in the City of Milwaukee and create an appropriation specifically for this one-time grant appropriation. Require the Department to make a one-time grant to the Milwaukee Arts Board for this restoration project. The total cost of renovation is estimated at \$139,000.

[Act 16 Sections: 785g and 9157(7v)]

19. WISCONSIN VETERANS TRIBUTE MEMORIAL

GPR	\$3,000
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Senate/Legislature: Provide one-time funding of \$3,000 in 2001-02 to permit the Department to make a matching grant to the Wisconsin Veterans Tribute Memorial at Cadott (Chippewa County) for the repair and replacement of flags at the Memorial. Require the Wisconsin Veterans Tribute Memorial to provide matching funds of \$3,000 before the Department may make the grant.

[Act 16 Sections: 785e and 9157(8g)]

Trust Fund Programs and Veterans Benefits

1. PRIMARY MORTGAGE LOAN PROGRAM BONDING AUTHORITY

BR	\$100,640,000
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Governor/Legislature: Increase bonding authority for the primary mortgage loan program by \$100,640,000. The total bonding authority for the program would increase from \$2,020,500,000 to \$2,120,840,000.

[Act 16 Section: 978]

2. EDUCATIONAL GRANTS REIMBURSEMENT RATE INCREASE [LFB Paper 985]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$3,330,000	- \$2,351,200	\$978,800

Governor: *Tuition and Fee Reimbursement Grant Program.* Increase the grant reimbursement rate for qualifying veterans under the tuition and fee reimbursement grant program from 65% to 100% of the cost of tuition and fees for a UW-Madison resident undergraduate and provide \$812,300 in 2001-02 and \$1,048,600 in 2002-03 for this purpose. Delete a redundant statutory reference to a 100% reimbursement rate for disabled veterans since all veterans would be reimbursed at 100% under the proposed change. Under current law, reimbursements are authorized if the qualifying veteran attends any institution or center within the UW system, any state technical college or any similar institution that has a tuition reciprocity agreement with Wisconsin. The base level of funding for the tuition and fee reimbursement grant program is \$1,551,400 annually.

Part-Time Study Grant Program. Increase the grant reimbursement rate for qualifying veterans under the part-time study grant program from 65% to 100% of the cost of tuition and fees and provide \$679,800 in 2001-02 and \$789,300 in 2002-03 for this purpose. Under current law, reimbursements are authorized if the qualifying veteran attends an institution of higher education in the state or a public or private high school. The base level of funding for the part-time study grant program is \$415,600 annually.

Qualifying Schools. Authorize the educational grant reimbursement programs to be used by qualifying veterans who attend proprietary schools approved by the Educational Approval Board and clarify the proper statutory citation for the definition of "institution of higher education."

Under current law, eligibility for both the tuition and fee reimbursement program and the part-time study grants program is restricted to veterans with incomes of \$47,500 or less (plus \$500 for each dependent in excess of two).

Joint Finance/Legislature: *Tuition and Fee Reimbursement Grant Program.* Delete \$546,900 in 2001-02 and \$692,100 in 2002-03 to reflect an increase of the grant reimbursement rate for qualifying veterans under the tuition and fee reimbursement grant program from 65% to 85%, rather than to 100%, as recommended by the Governor. Provide that the change would first apply to 2001 fall semester courses. Retain the current 100% reimbursement rate for disabled veterans.

Part-Time Study Grant Program. Delete \$515,600 in 2001-02 and \$596,600 in 2002-03 to reflect an increase of the grant reimbursement rate for qualifying veterans under the part-time study grant program from 65% to 85%, rather than to 100%, as recommended by the Governor. Provide that the change would first apply to 2001 fall semester courses. Retain the current 100% reimbursement rate for disabled veterans.

[Act 16 Sections: 1442, 1444, 1447, 1465 thru 1468, 9357(1) and 9457(2pp)]

3. VETERANS EMERGENCY ASSISTANCE GRANT PROGRAM MODIFICATIONS
 [LFB paper 986]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$475,000	\$280,100	\$755,100

Governor: Make the following changes to the subsistence aid grant program and the health care aid grant program:

Subsistence Aid Grant Funding. Provide \$200,000 in 2001-02 and \$275,000 in 2002-03 to meet anticipated increases in demand for the subsistence aid grant program. This program provides temporary aid to veterans in the event of an illness, disability or death that causes a loss of income. Aid is generally limited to three months during any twelve-month period. The base level of funding for the subsistence aid grant program is \$300,600 annually.

Expanded Purposes for Which Subsistence Grants May Be Made. Authorize the Department to grant subsistence aid to an individual whose incapacitation is the result of alcohol or other drug abuse. This modification is made in conjunction with the changes to the health care aid grants program, as described below. Under current law, veterans who suffer from alcoholism or other drug abuse may apply for benefits under the separate health care aid grant program to cover treatment costs for these conditions.

Modify the Health Care Aid Grants Program. Repeal the current health care aid grant program and replace it with an eye and dental care grant program. Specify that the Department would be authorized to award grants to eligible veterans or their dependents for the costs of eyeglasses, contact lenses, hearing aids and basic dental care, including dentures. Retitle the existing health care aid grants program to apply instead to the new eye and dental care grant program. The base level of funding for the program is \$1,200,000 annually and would not be changed under the proposed modifications. Direct the Department to promulgate rules establishing criteria and procedures for awarding such grants. Specify that the rules must include eligibility requirements and application procedures. For the period prior to the promulgation of permanent rules, authorize the Department to promulgate emergency rules without first having to provide evidence of an emergency.

Under current law, health care aid grants help needy veterans pay for medical treatment (including treatment for alcoholism and drug abuse) and hospitalization. The program also covers dental care, hearing aid and eyeglasses costs. A veteran or resident dependent may not have liquid assets of more than \$1,000 without losing grant eligibility. Grants are limited to \$5,000 per veteran or dependent per year. Under the proposed modification, there would be no statutory annual limitation on the amount of aid a veteran could receive under the revised program.

Joint Finance/Legislature: Make the following changes to the subsistence aid grant program and the health care aid grant program:

Subsistence Aid Grant Funding. Provide an additional \$104,900 in 2001-02 and \$175,200 in 2002-03 for the subsistence aid grant program, based on a revised estimate of program needs.

Expanded Purposes for Which Subsistence Grants May Be Made. Specify that veterans receiving a subsistence aid grant for incapacitation due to alcohol or other drug abuse must be participating in an alcohol or other drug abuse treatment program that is approved by the Department.

Modify the Health Care Aid Grants Program. Delete provision.

[Act 16 Section: 1454]

4. VETERANS ASSISTANCE PROGRAM

FED	\$262,400
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Governor/Legislature: Provide \$37,700 in 2001-02 and \$224,700 in 2001-02 to expand the number of veterans assistance centers (VACs) by opening a 30-bed facility in Madison (\$187,000 in 2002-03) and reestimate the federal per diems received from the USDVA for resident veterans at VACs at the Veterans Home at King and at the Southern Wisconsin Veterans Retirement Center (\$37,700 annually). The VACs provides temporary housing, counseling, and access to medical services and training to homeless veterans, or veterans at high risk of becoming homeless to assist them in becoming self-supporting. Current VACs are located at Fort McCoy, the Veterans Home at King, Southern Wisconsin Center, Milwaukee and Tomah, and are operated through contracts with non-profit organizations.

All of the recommended new funding would be budgeted in unallotted reserve. The executive budget book indicates that these funds would be released by DOA to the Department upon submission of a report on the planned expenditure of per diem funds and an approval letter for the per diem funding from the USDVA.

5. TRANSPORTATION SERVICES GRANT FOR DISABLED VETERANS [LFB Paper 987]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$200,000	\$200,000	\$400,000

Governor: Create a SEG-funded annual appropriation and provide \$100,000 annually from the Veterans Trust Fund to support an annual grant to the Wisconsin Chapter of the Disabled American Veterans to provide transportation services to veterans. Direct the Department to make an annual grant in the amount of \$100,000 to the organization. It is anticipated that the organization would provide free transportation for veterans to community-based out patient clinics and medical centers in Wisconsin.

Joint Finance: Provide an additional \$100,000 annually for transportation services for veterans. Authorize the Department to distribute the additional funding as follows: (a) award grants of up to \$1,000 to counties that receive transportation services from the Disabled American Veterans Transportation Network to develop, maintain, and expand transportation services to veterans; and (b) award grants to counties not served by the Disabled American Veterans Transportation Network to develop, maintain, and expand transportation services to veterans. Counties would be authorized to receive awards for multi-county cooperative transportation services. Require the Department to promulgate rules specifying the application procedures and eligibility criteria for these grants. Prohibit a county from allocating any portion of a transportation services grant for use by another county department and from reducing funding to a county veterans service office based upon receipt of a transportation services grant. Require the Department and DOA to conduct a request for proposal in order to provide counties without Disabled American Veterans transportation service with a least-cost transportation option.

Senate: Delete provision that authorized grants of up to \$1,000 annually to counties that receive transportation services from the Disabled American Veterans Transportation Network to develop, maintain and expand transportation services for veterans.

Assembly: Restore provision that authorized grants of up to \$1,000 annually to counties that receive transportation services from the Disabled American Veterans Transportation Network to develop, maintain and expand transportation services for veterans.

Conference Committee/Legislature: Restore Senate provision.

[Act 16 Sections: 789, 1458, 1470m, 1470p and 9157(7e)]

6. MILWAUKEE VETERANS WAR MEMORIAL EDUCATION CENTER GRANT [LFB Paper 988]

SEG	\$200,000
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Governor: Create a biennial appropriation to fund a grant to the Wisconsin Veterans War Memorial/Milwaukee, Inc., to support its veterans education center and provide \$200,000 in 2001-02 for this purpose. Include a nonstatutory provision authorizing the Department to make one grant of \$100,000 during the 2001-03 biennium for the veterans education center. As drafted, the remaining \$100,000 in the appropriation would remain unspent and would lapse to the Veterans Trust Fund at the end of the biennium. Repeal the new appropriation effective July 1, 2003.

Joint Finance: Correct drafting error in order to provide a single grant of \$200,000 during the 2001-03 biennium.

Senate: Delete provision.

Assembly/Legislature: Restore provision, as modified by Joint Finance.

[Act 16 Sections: 791, 792, 9157(4) and 9457(1)]

7. RESIDENCY REQUIREMENTS FOR VETERANS PROGRAMS

Governor/Legislature: Modify the Wisconsin residency requirement for veterans to be eligible for benefits under most state veteran programs by redefining the residency requirement for persons who were not residents at the time of their enlistment or induction into military service. Newly specify that these veterans must have been a state resident for any consecutive twelve-month period after entry or reentry into the service and before application for a veteran benefit. Under current law, these veterans are required to have been a state resident for any consecutive five-year period after entry or reentry into the service and before application for a veteran benefit.

The statutory language specifically amends the residency requirements in the following areas: (a) the general statutory definition of a veteran for Department purposes; (b) the tuition and fee reimbursement program; (c) the definition of Veteran's Home membership for nonresidents; and (d) the eligibility for the home loan mortgage program. As under current law, once a veteran has satisfied the new residency requirement for a veterans benefit offered by the Department, the agency could not require the applicant to reestablish that he or she has met the new residency requirement for any other benefit program the agency offers. By modifying these statutory sections, all the Department's programs that have a specific residency requirement will be affected. Provide that the new residency requirements would first apply to applications for benefit programs administered by the Department and applications for admission to the Veterans Home at King and the Southern Wisconsin Veterans Retirement Center occurring on and after the general effective date of the biennial budget act.

[Act 16 Sections: 1443, 1452, 1462 thru 1464, 1473 and 9357(2)]

8. VETERANS HOUSING LOAN PROGRAM POLICY CHANGES

Governor/Legislature: Make the following modifications to the veterans housing loan program:

Origination Fees for Disabled Veterans. Require the Department to pay the approved loan origination fees charged by an authorized lender participating in the veterans housing loan program for any veterans who has at least a 30% service-connected disability rating. Provide that such payments would be made from the veterans mortgage loan repayment fund. Under current law, any person who receives a loan from an authorized lender under the veterans housing loan program must pay any required origination fee at the time of closing. The amount of the fee cannot exceed the amount that the lender would charge other borrowers.

Purposes for Which a Home Improvement Loan May Be Made. Authorize borrowers under the home improvement loan program to borrow up to \$25,000 for the removal or alteration of existing improvements that were made to a home to improve accessibility for disabled individuals. Under current law, home improvement loans of up to \$25,000 are authorized only for home improvements, including construction of a garage.

[Act 16 Sections: 794, 1474, 1478 and 1481]

9. VETERANS RETRAINING GRANTS PAYABLE DIRECTLY TO EMPLOYERS FOR ON-THE-JOB TRAINING

Governor/Legislature: Authorize the Department to pay a retraining grant on behalf of a veteran directly to the veteran's employer when the veteran is engaged in a structured, on-the-job training program. Under current law, the Department may grant to a qualifying veteran up to \$3,000 for job retraining in a training course at a technical college, in a proprietary school (other than one offering a four-year degree) or in a structured on-the-job training program. Currently, there is no provision to pay the grant to anyone other than the veteran. Base level funding for the retraining grant program is \$378,000 annually.

[Act 16 Section: 1470]

Homes and Facilities for Veterans

1. OVERTIME [LFB Paper 997]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$859,000	-\$492,600	\$366,400

Governor: Provide \$429,500 annually to support staff overtime costs resulting from vacancies in positions that provide direct care to the residents of the Veterans Home at King. The amount the Governor recommends is equal to the standard reduction from the agency's salary budget that is based on the expectation that normal turnover will reduce salary costs during the year. This funding would enable DVA to maintain staffing levels by funding overtime worked by staff when positions that provide direct care become vacant.

Joint Finance/Legislature: Reduce funding by \$246,300 annually. As a result, the bill would restore approximately one-half of the 2% turnover reduction to support overtime costs at the Veterans Home at King. Reduce medical assistance (MA) benefits funding budgeted in DHFS by \$86,400 GPR and \$123,000 FED in 2001-02 and \$86,900 GPR and \$122,500 FED in 2002-

03 to reflect projected MA savings. The fiscal effect of the MA benefit reduction is identified under "Health and Family Services -- Medical Assistance."

2. SUPPLIES AND SERVICES [LFB Paper 996]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$385,400	-\$217,100	\$168,300

Governor: Provide \$149,300 in 2001-02 and \$236,100 in 2002-03 to fund projected increases in the cost of supplies and services, including physician services, medical supplies, pharmaceuticals and food, at the Veterans Home at King. Base funding for supplies and services is \$6,232,100 annually.

Joint Finance/Legislature: Delete \$149,300 PR in 2001-02 and \$67,800 PR in 2002-03 to reflect a reestimate of the costs for supplies and services. Reduce MA benefits funding budgeted in DHFS by \$52,300 GPR and \$74,600 FED in 2001-02 and \$23,900 GPR and \$33,700 FED in 2002-03 to reflect projected MA savings. The fiscal effect of the MA benefit reduction is identified under "Health and Family Services -- Medical Assistance."

3. PROGRAM ASSISTANTS

	Funding Positions	
PR	\$121,200	1.50

Governor/Legislature: Provide \$60,600 annually and 1.5 program assistant positions, beginning in 2001-02, to convert 3.0 half-time positions to full-time positions at the King Home. One position currently provides clerical support to the Bureau of Activities, one position provides clerical support to the Bureau Engineering/Physical Plant, and the third position works primarily to transcribe medical notes and physicians' orders.

4. COMMANDANT POSITIONS

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$194,200	1.00	\$0	1.00	\$194,200	2.00

Governor: Provide \$87,200 in 2001-02 and \$107,000 in 2002-03 to fund 1.0 unclassified PR position, beginning in 2001-02, to serve as commandant for the new Southern Wisconsin Veterans Retirement Center (SWVRC) in Racine County.

Assembly: Modify the substitute amendment by providing 1.0 additional unclassified position, beginning in 2001-02, to serve as the commandant for the SWVRC in Racine County. In addition, authorize expenditures for the SWVRC from the appropriation that currently

supports the operation of the Veterans Home at King, and incorporate references to the southeastern facility in current statutes relating to DVA's responsibilities and operations.

Conference Committee/Legislature: Adopt the Assembly provision, but specify that the additional unclassified position would serve as the commandant for the Veterans Home at King. The current commandant position at King is expected to become the Administrator of the Division of Veterans Homes.

[Act 16 Sections: 783t, 1461x, 1461xf, 1464g thru 1464L, 3051, 3057 and 9157(8n)]

5. ACTIVITIES STAFF

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$127,500	1.50	\$69,600	1.00	\$197,100	2.50

Governor: Provide \$58,700 in 2001-02 and \$68,800 in 2002-03 to fund 1.0 activity therapist and 0.5 activity therapist assistant, beginning in 2001-02, to support organized activities for residents, especially lower functioning residents at the King Home.

Joint Finance/Legislature: Provide \$33,500 in 2001-02 and \$36,100 in 2002-03 to support 1.0 activity therapist assistant position, beginning in 2001-02, to coordinate outdoor activities for residents at the Veterans Home at King. Increase MA benefits funding budgeted in DHFS by \$11,700 GPR and \$16,800 FED in 2001-02 and \$12,700 GPR and \$18,000 FED in 2002-03 to reflect projected increases in MA costs relating to this item. The fiscal effect of the MA benefit increase is reflected under "Health and Family Services -- Medical Assistance."

6. LTE WAGE INCREASES

PR	\$100,400
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Governor/Legislature: Provide \$50,200 annually to fund wage increases for limited-term employees (LTEs) that were approved as part of recent labor contracts that have increased average wage rates by 8.7%. Base funding for LTE costs at the Veterans Home at King is \$535,600. The bill increases funding for LTE salaries by \$46,600 and fringe benefits for LTEs by \$3,600 annually, which represents 7.65% of the salary increase.

7. PHARMACY TECHNICIAN

	Funding Positions	
PR	\$60,000	1.00

Governor/Legislature: Provide \$29,600 in 2001-02 and \$30,400 in 2002-03 to fund 1.0 pharmacy technician, beginning in 2001-02, to provide pharmacy services at the Veterans Home at King. Currently, the facility is authorized three staff pharmacists, a pharmacy supervisor and four pharmacy technicians.

8. PROGRAM REVENUE REESTIMATES

PR	\$32,500
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Governor/Legislature: Provide \$15,500 in 2001-02 and \$17,000 in 2002-03 to reflect reestimates of the amount of revenue that will be available to support: (a) the Home Exchange, a store for residents at the Veterans Home at King, which is funded by sales (\$15,000 in 2001-02 and \$16,500 in 2002-03); and (b) burials at the cemetery, which are funded from the estates of decedents (\$500 annually).

9. MUNICIPAL SERVICES BILLING CORRECTION

PR	- \$3,200
SEG	3,200
Total	\$0

Governor/Legislature: Delete \$4,000 PR annually from the Veterans Home at King and provide \$2,400 PR annually to the Veterans Home at Southern Center and \$1,600 SEG annually for the Southern Wisconsin Veterans Memorial Cemetery to correct billings for municipal services provided to these sites.

10. SOUTHERN WISCONSIN VETERANS RETIREMENT CENTER -- STAFF FOR NEW CBRF

Funding Positions		
PR	\$2,460,100	28.00

Senate/Legislature: Provide \$412,600 in 2001-02 and \$2,047,500 in 2002-03 to fund 28.0 positions, beginning in 2001-02, to staff a new community-based residential facility (CBRF) that will be built as part of the Southern Wisconsin Veterans Retirement Center (SWVRC). Modify DVA's institutional operations appropriation to authorize DVA to expend funds from the appropriation to support the SWVRC.

1999 Wisconsin Act 9 provided \$23,100,300 in bonding authority to construct several facilities at the SWVRC, including a 48-bed CBRF. DVA estimates that construction of the facility will be completed in October, 2001.

[Act 16 Sections: 783t and 9157(8b)]

WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Budget Change Items

1. DEFINITION OF AN EDUCATIONAL FACILITY

Governor: Modify the definition of an "educational facility," as it relates to projects for which WHEFA may issue bonds, to delete the requirement that the facility be a post-secondary educational institution. Current law defines an "educational facility" as a regionally accredited, private, postsecondary educational institution that is considered tax exempt under section 501 (c) (3) of the Internal Revenue Code. Under this provision, facilities used for primary and secondary education would be eligible for WHEFA financing.

WHEFA is a quasi-public organization authorized to issue bonds to finance capital projects for health care institutions, independent colleges and universities and child care facilities.

Joint Finance: Delete provision as non-fiscal policy.

Senate/Assembly: Restore the Governor's provision.

Conference Committee/Legislature: Delete provision.

2. MINORITY INVESTMENT FIRMS AND FINANCIAL ADVISORS

Senate: Require WHEFA to ensure that at least six percent of the total bonds issued each year are underwritten by minority investment firms and that at least six percent of the total moneys expended for the services of financial advisors are expended for the services of minority financial advisors. Require WHEFA to ensure that at least six percent of the total moneys expended for the services of investment firms are expended for the services of minority investment firms.

Assembly/Legislature: Delete provision.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Budget Change Items

1. WISCONSIN DEVELOPMENT RESERVE FUND RATIO [LFB Paper 1005]

Governor: Reduce the amount required to be maintained in the Wisconsin Development Reserve Fund (WDRF) by increasing the reserve ratio to require one dollar in the cash balance for every \$5.50 in total outstanding guarantees (rather than \$4.50 currently) for all guarantee programs backed by the fund, except the remaining loan to the Taliesin Preservation Commission, which would remain at a \$1 to \$4 ratio. Require WHEDA to regularly monitor the WDRF to ensure that the cash balance in the fund is sufficient to fund the remaining guarantee to Taliesin, in addition to other outstanding claims and loan guarantee programs.

Joint Finance/Legislature: Delete the reserve ratio recommendation, but adopt the requirement that WHEDA regularly monitor the WDRF to ensure that the cash balance in the fund is sufficient to fund the remaining guarantee to Taliesin, in addition to other outstanding claims and loan guarantee programs.

[Act 16 Section: 3126]

2. LOAN GUARANTEE PROGRAM CONSOLIDATION [LFB Paper 1005]

Governor: Delete the individual maximum guarantee authority for the agribusiness, credit relief outreach program (CROP), farm asset reinvestment (FARM), recycling and small business loan guarantee programs that are backed by the WDRF. Replace the individual guarantee authority with an aggregate maximum guarantee authority of the total principal amount or total outstanding guaranteed principal amount of \$62 million, excluding the outstanding amount of a remaining loan to Taliesin. Further, allow WHEDA to request the Joint Committee on Finance to authorize an increase or decrease in the \$62 million aggregate guarantee authority. Require approval of the Joint Committee on Finance under s. 13.10 of the statutes before any change in aggregate guarantee authority becomes effective.

The WDRF currently backs guaranteed loans made by private lenders under these separate programs, reserving funds to repay lenders for any losses from defaulted loans made under any of these guaranteed programs. The total outstanding guaranteed principal amount of loans that WHEDA can guarantee under the FARM program is limited to the lesser of \$10 million or the difference between \$30 million and the total CROP outstanding principal amount. Thus, under current law, the total outstanding principal amount of loans that may be guaranteed under both the CROP and FARM programs cannot exceed \$30 million. The recycling loan fund program (which had a total principal guarantee amount of \$10 million) was

terminated in 1993, and there are no remaining guarantees outstanding. The total principal amount of loans that can be guaranteed by WHEDA under its existing loan guarantee programs is \$53.4 million, while the allowable guarantee authority on those loans equals \$46.3 million as shown below.

Prior Law Guarantee and Loan Authority

	Maximum Guaranteed Amount of Loans	Maximum Principal Amount of Loans
CROP/FARM	\$27,000,000	\$30,000,000
Small Business	14,270,000	17,837,500
Agribusiness	<u>5,000,000</u>	<u>5,555,556</u>
 Total	 \$46,270,000	 \$53,393,056

Under current law, WHEDA may request the Joint Committee on Finance to authorize an increase or decrease in the guarantee authority for any of the individual programs. The Authority must then receive the approval of the Joint Committee on Finance under s. 13.10 of the statutes before any change in guarantee authority becomes effective.

Joint Finance/Legislature: Set the aggregate, maximum guarantee authority at \$49.5 million instead of \$62 million. Further, require WHEDA, in its annual WDRF balance transfer report to the Joint Committee on Finance, to recommend for approval annual target caps for each of its guarantee programs, and allow WHEDA to modify the target caps, subject to Joint Finance 14-day passive review authority under s. 16.505/.515.

Veto by Governor [B-129]: Delete the Joint Finance provision that would have required WHEDA, in its annual WDRF balance transfer report to the Joint Committee on Finance, to recommend for approval annual target caps for each of its guarantee programs, and allowed WHEDA to modify the target caps, subject to the Joint Finance 14-day passive review authority under s. 16.505/.515.

[Act 16 Sections: 3100 thru 3102, 3110, 3111 and 3114 thru 3125c]

[Act 16 Vetoed Section: 3125c]

3. EXPAND SMALL BUSINESS LOAN GUARANTEE PROGRAM [LFB Paper 1005]

Governor: Allow WHEDA to guarantee loans under the small business loan guarantee program for direct or related expenses, including the purchase or improvement of land, buildings, machinery, equipment or inventory, associated with the start-up of a small business in a vacant storefront in the downtown area of a "rural community" (a city, town or village with

a population of less than 50,000). Under current law, loan proceeds may be used for the start-up of a day care or the expansion or acquisition of an existing small business.

Joint Finance/Legislature: Redefine a "rural community" as a city, town or village that either has a population of 12,000 or less or is located in a county with a population density of less than 150 persons per square mile.

[Act 16 Sections: 3099, 3103 thru 3109, 3112, 3113 and 9426(1)]

WISCONSIN TECHNICAL COLLEGE SYSTEM

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$290,536,200	\$297,568,000	\$297,568,000	\$296,568,000	\$293,768,000	\$3,231,800	1.1%
FED	59,846,000	61,432,800	61,432,800	61,432,800	61,432,800	1,586,800	2.7
PR	<u>11,777,200</u>	<u>13,191,200</u>	<u>13,807,200</u>	<u>11,807,200</u>	<u>11,807,200</u>	<u>30,000</u>	0.3
TOTAL	\$362,159,400	\$372,192,000	\$372,808,000	\$369,808,000	\$367,008,000	\$4,848,600	1.3%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	39.40	39.40	39.40	39.40	39.40	0.00
FED	29.65	29.65	29.65	29.65	29.65	0.00
PR	<u>12.00</u>	<u>15.00</u>	<u>15.00</u>	<u>12.00</u>	<u>12.00</u>	<u>0.00</u>
TOTAL	81.05	84.05	84.05	81.05	81.05	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget by \$238,700 GPR, \$63,400 FED and -\$293,000 PR annually for: (a) removal of noncontinuing items (-\$25,000 GPR and -\$300,000 PR annually); (b) full funding of salaries and fringe benefits (\$226,400 GPR, \$48,100 FED and \$5,800 PR annually); (c) fifth week of vacation as cash (\$34,400 GPR, \$12,400 FED and \$1,200 PR annually); and (d) full funding of lease costs (\$2,900 GPR and \$2,900 FED annually).

GPR	\$477,400
FED	126,800
PR	<u>-586,000</u>
Total	\$18,200

2. BASE FUNDING REDUCTION [LFB Paper 245]

Governor: Reduce the agency's largest GPR state operations appropriation by \$172,800 in each year. The total reduction amount was derived by making a reduction of 5% to the adjusted base of WTCS's total state operations appropriations. Include

GPR	- \$345,600
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session law language permitting the agency to submit an alternative plan to the Secretary of Administration for allocating the required reduction among its sum certain GPR appropriations for state operations purposes. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of Administration does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance/Legislature: Modify the Governor's recommendation to provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency.

[Act 16 Section: 9159(1)]

3. TECHNICAL AND OCCUPATIONAL PROGRAM GRANTS FOR STUDENTS [LFB Paper 1010]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$1,900,000	-\$4,300,000	-\$2,400,000

Governor: Provide \$400,000 in 2001-02 and \$1,500,000 in 2002-03 to fund anticipated increases in the number of eligible students for technical and occupational program (TOP) grants. Under this program, which was established in 1999 Act 9, recent high school graduates attending a technical college district full-time are eligible for \$500 annual grants for up to two years. In 2000-01, it is estimated that 8,000 students will receive TOP grant awards.

Joint Finance: Expand the eligibility requirement for technical and occupational program grants to include students enrolled in a technical college district within three years of receiving a certificate of general educational development (GED) from the state superintendent of public instruction. Under current law, only students who have enrolled in a district college within three years of graduating from a high school in this state are eligible for grants under this program.

Senate: Delete \$400,000 in 2001-02 and \$3,900,000 in 2002-03 from the technical and occupational program grant appropriation. Limit the TOP grant to just first year students effective July 1, 2001. Second-year students eligible for TOP grants during the 2001-02 academic year would be grandfathered to receive the second year grants. In addition, retain the Joint Finance provision that would expand eligibility for TOP grants to GED recipients.

Assembly: Delete \$200,000 in 2001-02 and \$8,100,000 in 2002-03 from the technical and occupational program grant appropriation. Eliminate the TOP grant program June 30, 2002.

Conference Committee/Legislature: Include Senate provision.

[Act 16 Sections: 1375m, 1375p and 9448(1e)]

4. CAPACITY GRANT PROGRAM TRANSFER AND FUNDING REDUCTION [LFB Paper 1011]

GPR	\$5,000,000
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Governor/Legislature: Transfer the capacity building grant program from the Department of Administration to the WTCS Board with \$5,000,000 of base level funding annually. Reduce funding for the program by \$2,000,000 in 2001-02 and \$3,000,000 in 2002-03 so that net funding for the program would be \$3,000,000 in 2001-02 and \$2,000,000 in 2002-03.

Provide that on the effective date of the budget act all contracts, rules and pending matters would be transferred from DOA to WTCS. Provide that all contracts that were in effect that are primarily related to the program, as determined by the Secretary of DOA, would remain in effect until their specified expiration date or until they were rescinded or modified by the WTCS Board to the extent allowed under the contract. Specify that all rules promulgated by DOA that are primarily related to the program, as determined by the Secretary of DOA, would remain in effect until their specified expiration date or until they were amended or repealed by the WTCS Board. Provide that pending matters that are primarily related to the program, as determined by the Secretary of DOA, are transferred to the WTCS Board, and all material submitted to DOA and actions taken by DOA concerning the pending matter would be considered as having been submitted to or been taken by the WTCS Board. Provide that all tangible personal property, including records, pertaining to the administration of the program as determined by the Secretary of DOA would be transferred to the WTCS Board.

This program was created in 1999 Act 9 under DOA to provide funds to WTCS districts to develop or expand programs in occupational areas of high demand.

[Act 16 Sections: 193, 842, 1375 and 9101(12)]

5. INTERNET COURSES [LFB Paper 146]

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-Lapse	\$0		\$2,000,000		\$2,000,000	
PR	\$2,000,000	3.00	-\$2,000,000	-3.00	\$0	0.00

Governor: Provide \$1,000,000 and 3.0 positions annually for improving access to technical college courses offered over the Internet in a new appropriation created to receive monies transferred from other state agencies. Require the WTCS Board to: (a) promulgate rules that allow students enrolled at a technical college district to take Internet courses at another technical college district without payment of additional fees to the district offering the course;

(b) develop an Internet site to provide information on Internet courses offered at technical colleges across Wisconsin; and (c) assist technical college district boards in the development of Internet courses. Funding would come from the dissolution of the Wisconsin Advanced Telecommunications Foundation's endowment fund.

Assembly/Legislature: Delete provision.

Under the provisions of Act 16, these unallocated WATF proceeds would be used for TEACH block grants and would offset GPR expenditures for this purpose.

6. FUNDING FOR INCENTIVE GRANTS FOR LIMITED FISCAL CAPACITY

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$1,500,000	-\$1,500,000	\$0

Senate: Provide \$1,000,000 annually for grants to districts with limited fiscal capacity. These grants would be awarded to support educational programs that would not otherwise be established or maintained in technical college districts which are restricted from raising additional local revenues due to the statutory 1.5 mill rate limit.

Assembly: Provide \$500,000 annually in the current appropriation for incentive grants. Specify that the WTCS Board award at least \$500,000 annually to districts with limited fiscal capacity as defined by the Board by rule.

Conference Committee/Legislature: Modify Assembly provision to provide \$750,000 annually in the current appropriation for incentive grants.

Veto by Governor [A-31]: Delete funding in the incentive grants appropriation by striking through the appropriation and writing a lower amount, reducing the incentive grants appropriation by \$750,000 annually. In addition, the Governor's veto deletes the requirement that the Board provide at least \$750,000 annually of incentive grant funding to districts with limited fiscal capacity by striking out "750,00" and leaving "\$0" as well as the provision requiring the Board to promulgate rules to define districts with limited fiscal capacity. As vetoed, Act 16 requires the Board provide at least \$0 annually to districts with limited fiscal capacity, as defined by the Board.

[Act 16 Section: 1374m]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.292(1)(dc)) and 1374m]

7. FUNDING FOR ADDITIONAL COURSE SECTIONS GRANTS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$1,500,000	-\$1,000,000	\$500,000

Senate: Provide \$650,000 annually to increase funding for grants for additional course sections above its base level funding of \$2,200,000 in 2000-01. This program provides grants to WTCS district boards for the purpose of adding sections in courses in which student demand exceeds capacity.

Assembly/Legislature: Provide \$750,000 annually to increase funding for grants for additional course sections.

Veto by Governor [A-30]: Delete \$500,000 annually by striking through the appropriation and writing in a lower amount, which results in annual funding for additional course section grants of \$2,450,000 compared to base level funding of \$2,200,000 in 2000-01.

[Act 16 Vetoed Section: 395 (as it relates to s. 20.292(1)(er))]

8. REESTIMATE FEDERAL REVENUES

FED	\$1,460,000
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Governor/Legislature: Reestimate expenditure of federal revenues by \$730,000 annually to reflect an increase in available funding. These monies would be allocated to current appropriations under WTCS for federal indirect cost reimbursements (\$30,000 annually), local assistance (\$300,000 annually) and aid to individuals and organizations (\$400,000 annually).

9. FUNDING FOR ASSISTIVE TECHNOLOGY GRANTS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$300,000	-\$300,000	\$0

Senate: Provide \$500,000 starting in 2002-03 in a new appropriation for assistive technology. The funds would be used to expand the availability of technical assistance, assistive technology and services for technical college students, and graduates, who have disabilities.

Conference Committee/Legislature: Modify Senate provision to provide \$300,000, rather than \$500,000, starting in 2002-03.

Veto by Governor [A-29]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.292(1)(cs)) and 582w]

10. EMERGENCY EXTRICATION TRAINING PROGRAM

Governor: Authorize the WTCS Board to establish and supervise training programs in emergency extrication, in addition to training programs in fire prevention and protection that are authorized under current law.

Joint Finance/Legislature: Delete provision.

11. TRANSFER FUNDING TO GENERAL PROGRAM OPERATIONS APPROPRIATION

Governor/Legislature: Transfer \$210,800 GPR and 2.80 GPR positions annually from the emergency medical technician basic training state operations appropriation to the agency's general program operations appropriation.

12. TRUCK DRIVER TRAINING GRANTS

PR	\$616,000
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Joint Finance/Legislature: Create a new \$8 assessment on violations that involve a commercial motor vehicle for deposit to an annual PR appropriation with \$616,000 PR in 2002-03 within the Wisconsin Technical College System to provide grants to Chippewa Valley Technical College, Fox Valley Technical College and Waukesha County Technical College for truck driver education. Require the State Director of WTCS to make a determination 12 months before the Waukesha County Technical College truck driver training center is scheduled to open and notify the Director of State Courts to begin to apply the assessment to fines and forfeitures imposed upon class A, B and C commercial licenses for violations occurring in a commercial motor vehicle. Specify that no grants could be awarded until the first day of the twelfth month after notification.

[Act 16 Sections: 583m, 1369g, 1375, 1996, 1997, 2013, 3428, 3429, 3430, 3432 thru 3442, 3444, 3456k, 3832c, 3834m, 4015, 4016, 4018 and 9148(1f)]

13. MILL RATE LIMIT REFERENDUM FOR TECHNICAL COLLEGE DISTRICTS

Assembly: Authorize technical college district boards to exceed the current 1.5 mill rate limit for operating costs provided the district board adopts a resolution and submits the resolution to approval through a referendum held not sooner than 42 days after the filing of their resolution. Require referendums for mill rate limits be held during the spring primary or election or September primary or general election. Require district boards to notify the state Technical College System Board of the scheduled date of the referendum and submit a copy of the resolution to the board within ten days after adopting a resolution and to certify the results of the referendum to the board within 10 days after the referendum is held. The district board secretary would be required to publish notices of the referendum and the referendum would be held in accordance with current law governing elections. Specify that the question submitted

would be whether the mill limit may be exceeded by a specified number of mills. Provide that if the referendum is approved, the mill limit otherwise applicable would be increased by the specified number of mills for that year.

Under current law, technical college district property tax levies for all purposes except debt service are limited to 1.5 mills of the district's equalized property valuation. In 2000-01, three of the state's 16 technical college districts had tax rates at the mill limit.

Conference Committee/Legislature: Delete provision.

14. INCREASE BUILDING PROJECT REFERENDUM APPROVAL THRESHOLD

Joint Finance/Legislature: Increase the current \$500,000 threshold for referenda approval of WTCS building projects to \$1,000,000 beginning in 2002-03. Specify that this increase would apply to current law governing both capital expenditures and the issuance of bonds or notes by WTCS districts, and would first apply to resolutions adopted by technical college district boards on July 1, 2002.

[Act 16 Sections: 1371g, 1371r, 2056g, 2056r and 9348(1x)]

15. MODIFY THE COMPOSITION OF THE APPOINTMENT COMMITTEE FOR CERTAIN DISTRICT BOARDS

Joint Finance/Legislature: Modify the composition of the appointment committee for a district board that governs a district encompassing a 1st class city to specify that the four members designated by the Board of School Directors in charge of the public schools of the 1st class city must be members of the Board of School Directors. Under current law, the four members designated by the Board of School Directors in charge of the public schools in the 1st class city do not have to be member of the Board of School Directors.

Veto by Governor [A-32]: Delete provision.

[Act 16 Vetoed Section: 1369m]

16. APPLIED TECHNOLOGY CENTER CAPITAL EXPENDITURES

Governor: Extend the sunset date for expenditures on applied technology centers without referendum approval from January 1, 2002 to July 1, 2003. Under this provision, which was established in 1999 Act 9, each WTCS district may expend up to \$5 million for the purchase or construction of an applied technology center without a mandatory referendum provided the district board meets certain criteria and the project is approved by the WTCS Board.

Joint Finance: Delete provision as non-fiscal policy.

Senate/Legislature: Restore Governor's recommendation.

[Act 16 Section: 1372g]

17. WTCS CREDIT TRANSFER REQUIREMENT

Assembly/Legislature: Require each Wisconsin technical college district board to accept credits transferred from another district or from an institution or college campus within the UW System for general education courses and for courses included under a current plan for coordinating the transfer of credits.

Veto by Governor [A-21]: Delete provision.

[Act 16 Vetoed Section: 1370m]

18. COMMUNITY DENTAL HEALTH REPORT

Senate: Require the Technical College System Board to prepare a report on the feasibility and cost of increasing the number of sites in the technical college system that offer community dental health education for dentists and dental hygienists. Require the Board to submit this report to the chief clerk of each house of the Legislature and to the Governor on the first day of the sixth month following the effective date of the bill.

Assembly/Legislature: Delete provision.

19. DOMESTIC ABUSE TRAINING

Assembly/Legislature: Require the UW Board of Regents, Wisconsin Technical College System district boards and the Medical College of Wisconsin to ensure that training for medical students and nursing students in dealing with the emotional and psychological impact of domestic abuse on victims is increased.

Veto by Governor [A-33]: Delete provision.

[Act 16 Vetoed Section: 1370n]

WORKFORCE DEVELOPMENT

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$468,678,000	\$414,336,700	\$436,162,000	\$435,719,700	\$435,569,700	-\$33,108,300	- 7.1%
FED	1,213,497,000	1,556,934,200	1,594,334,800	1,596,521,600	1,596,521,600	383,024,600	31.6
PR	316,487,000	298,209,500	402,891,400	402,501,400	402,501,400	86,014,400	27.2
SEG	<u>16,510,000</u>	<u>19,456,700</u>	<u>19,037,000</u>	<u>19,037,000</u>	<u>19,037,000</u>	<u>2,527,000</u>	15.3
TOTAL	\$2,015,172,000	\$2,288,937,100	\$2,452,425,200	\$2,453,779,700	\$2,453,629,700	\$438,457,700	21.8%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change
						Over 2000-01 Base
GPR	299.13	294.31	293.81	291.31	291.31	- 7.82
FED	1,438.75	1,445.82	1,428.82	1,428.82	1,428.82	- 9.93
PR	696.32	639.67	635.17	635.17	635.17	- 61.15
SEG	<u>7.50</u>	<u>7.50</u>	<u>7.50</u>	<u>7.50</u>	<u>7.50</u>	<u>0.00</u>
Total	2,441.70	2,387.30	2,365.30	2,362.80	2,362.80	- 78.90

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments of \$675,200 GPR, -2.0 FED positions and -44.90 PR positions annually, and \$1,798,100 FED and \$840,200 PR in 2001-02, and \$1,612,900 FED and \$741,000 PR in 2002-03 as standard budget adjustments.

Adjustments are for: (a) turnover reduction (-\$354,300 GPR, -\$1,528,300 FED and -\$828,000 PR annually); (b) removal of noncontinuing funding and positions (-\$159,700 FED and -2.00 FED positions and -\$122,700 PR and -44.90 PR positions annually); (c) full funding of continuing

Funding Positions		
GPR	\$1,350,400	0.00
FED	3,411,000	- 2.00
PR	<u>1,581,200</u>	<u>- 44.90</u>
Total	\$6,342,600	- 46.90

salaries and fringe benefits (\$487,200 GPR annually, and \$3,240,100 FED and \$1,435,100 PR in 2001-02, and \$3,054,900 FED and \$1,335,900 PR in 2002-03); (d) continued funding of a s. 13.10 approval for vocational rehabilitation case service aids and related expenses (\$500,000 GPR annually); (e) BadgerNet increases (\$24,300 GPR and \$174,100 FED annually); (f) overtime (\$224,500 PR annually); (g) night and weekend differential (\$95,500 PR annually); (h) fifth week vacation as cash (\$18,000 GPR, \$71,900 FED and \$35,800 PR annually); and (i) minor transfers within the same alpha appropriation. In total, changes due to standard budget adjustments would increase funding by \$3,313,500 in 2001-02 and \$3,029,100 in 2002-03. Total position authority would be decreased by 46.90 positions annually.

2. BASE BUDGET REDUCTION [LFB Paper 245]

GPR	- \$1,005,200
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Governor: Reduce the agency's largest GPR state operations appropriation by \$502,600 each year. The total reduction was derived by making a reduction of 5% to all of the Department's GPR state operations appropriations, excluding the Division of Vocational Rehabilitation (DVR) and the former Division of Economic Support. Include session law language permitting the agency to submit an alternative plan to the Secretary of Administration for allocating the required reduction among its sum certain GPR appropriations for state operations purposes. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of Administration does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance/Legislature: Modify the Governor's recommendation to provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency.

[Act 16 Section: 9159(1)]

3. FEDERAL REVENUE REESTIMATES

FED	\$73,053,700
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Governor/Legislature: Increase funding by \$41,796,000 in 2001-02 and \$31,257,700 in 2002-03 to reflect reestimates of federal revenue that will be available for programs administered by the Department. The following table summarizes the components of the reestimate.

Source and Use of Federal Revenue	Reestimate	
	2001-02	2002-03
Federal funding for administrative costs related to unemployment insurance, employment services, labor market information, disabled veterans outreach, local veterans employment representatives and other programs.	\$10,600,000	\$0
Federal funding for state child support enforcement.	8,995,900	8,995,900
Federal funding for state administration of the food stamp program.	5,258,300	5,258,300
Federal funding for county administration of the food stamp program.	5,087,400	5,087,400
Workforce Investment Act (WIA) funding for payments for individual incentives, training-related expenses and other support costs.	3,999,600	3,999,600
Federal funding for county administration of child support.	3,202,500	3,202,500
WIA funding for program administration.	2,185,800	2,247,500
Federal funding for refugee assistance programs.	1,700,000	1,700,000
Federal funds for specific limited-term projects expended as aids to individuals or organizations for vocational rehabilitation services.	\$518,600	\$518,600
WIA funding for local employment and training programs.	343,900	343,900
Federal funds for state administration of specific limited-term projects for vocational rehabilitation services.	-327,400	-327,400
Funds received through federal contracts supporting activity in the Divisions of Equal Rights, Unemployment Insurance, Workforce Solutions and Worker's Compensation. Includes funding for certain school-to-work programs of the Governor's Work-Based Learning Board, sharing wage and benefit information, research and veterans apprenticeships.	161,400	161,400
Federal funding for various economic support programs.	70,000	70,000
TOTAL	\$41,796,000	\$31,257,700

4. PROGRAM REVENUE REESTIMATES

PR	- \$7,277,400
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Governor/Legislature: Decrease funding by \$3,638,700 annually to reflect reestimates of the program revenue that will be available for programs administered by the Department. The following table summarizes the components of the reestimate.

Source and Use of Program Revenue	Reestimate	
	2001-02	2002-03
Funds received from the Department of Health and Family Services (DHFS) as reimbursement for medical support liability collections.	-\$8,889,400	-\$8,889,400
Funds from contracts or financial agreements with other state agencies or between DWD divisions for administrative services.	4,173,400	4,173,400
Funds received from DHFS for the medical assistance portion of a contract related to maintenance of the client assistance for reemployment and economic support (CARES) computer system.	1,047,500	1,047,500
Revenues received from other state agencies or from Department programs for administration of vocational rehabilitation programs and projects.	-145,800	-145,800
Revenue received from other state agencies or from Department programs for vocational rehabilitation aids to individuals and organizations.	\$145,800	\$145,800
Revenue from charges on the net proceeds from the operation of vending machines leased by non-blind operators. Revenue is used to support the supervised business enterprise program.	30,000	30,000
Gifts, grants and bequests to DWD.	-100	-100
Gifts, grants and bequests to the Division of Vocational Rehabilitation.	-100	-100
TOTAL	-\$3,638,700	-\$3,638,700

5. POSITION TRANSFER TO ADMINISTRATIVE SERVICES

	Funding Positions	
GPR	\$0	- 0.50
FED	130,200	0.25
PR	<u>321,000</u>	<u>1.00</u>
Total	\$451,200	0.75

Governor/Legislature: Provide \$65,100 FED and 0.25 FED position, \$160,500 PR and 1.0 PR position and delete 0.5 GPR position annually to reflect the transfer of positions from Department programs to the Division of Administrative Services. The transfer is intended to address program needs. The source of funding for the increased expenditure authority would be service fees charged to Department programs for services provided.

6. ADMINISTRATIVE SERVICES POSITION REDUCTION

	Positions
PR	- 9.25

Governor/Legislature: Eliminate 9.25 positions from the Division of Administrative Services annually to reflect the recommendations included in an October, 2000, approval of a DWD request under s. 16.515/16.505 of the statutes. In its request, DWD asked for 19.0 PR permanent positions to provide job training services to workforce development boards under the federal Workforce Investment Act and 11.0 PR positions to provide job training services under the state workforce attachment and advancement program. The request was modified to approve 13.0 PR permanent positions and 10.0 PR project positions, respectively. In addition, DWD was directed to freeze 9.25 positions in the Division of Administrative Services that had been vacant for one year or more, to be deleted through the 2001-03 budget process. This provision reflects that recommendation.

7. TRANSFER OF ELECTRICIAN POSITION TO DOA [LFB Paper 126]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$0	0.00	-\$159,000	- 1.00	-\$159,000	- 1.00

Governor: Include nonstatutory language to require the transfer, from DWD to DOA, of 1.0 PR position and the incumbent employee having responsibility for small projects requiring the services of an electrician. The employee that would be transferred from DWD to DOA would have the same rights and status as he or she had at DWD, and would not have to serve a probationary period. [It should be noted that the bill would not decrease the position authority or related funding under DWD to reflect the transfer. A technical adjustment would be needed to reduce the position authority and funding in DWD.]

Joint Finance/Legislature: Include provision and adjust the appropriations schedule to reflect the transfer.

[Act 16 Section: 9158(2)]

8. DIVISION OF VOCATIONAL REHABILITATION -- POSITION TRANSFER TO DOA [LFB Paper 127]

Governor: Include nonstatutory language to require the transfer, from DVR to DOA, of 1.0 PR position and the incumbent employee having responsibility for the rehabilitation of injured state employees. The employee that would be transferred from DVR to DOA would have the same rights and status as he or she had at DVR, and would not have to serve a probationary period. [It should be noted that the bill would not decrease the position authority or related funding under DVR to reflect the transfer. A technical adjustment would be needed to reduce the position authority and funding in DVR.]

Joint Finance/Legislature: Delete provision.

9. ELIMINATE THE DIVISION OF WORKFORCE EXCELLENCE

Governor/Legislature: Eliminate authority for a specific Division of Workforce Excellence (DWE) in DWD. In addition, authorize the Governor to designate a division administrator in DWD as a member of the Governor's Work-Based Learning Board to replace the division administrator of DWE. This action reflects the consolidation of the Divisions of Workforce Excellence and Economic Support into the Division of Workforce Solutions in February, 2001.

[Act 16 Sections: 177 and 179]

Employment, Training and Vocational Rehabilitation Programs

1. CREATE DIVISION OF COMMUNITY SERVICE PROGRAMS [LFB Paper 1025]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$97,000	0.50	-\$97,000	-0.50	\$0	0.00
FED	7,475,100	3.00	-7,475,100	-3.00	0	0.00
PR	<u>621,400</u>	<u>2.50</u>	<u>-621,400</u>	<u>-2.50</u>	<u>0</u>	<u>0.00</u>
Total	\$8,193,500	6.00	-\$8,193,500	-6.00	\$0	0.00

Governor: Provide \$48,500 GPR, 0.50 GPR position, 3.00 FED positions, and 2.50 PR positions annually, and \$3,736,700 FED and \$308,100 PR in 2001-02, and \$3,738,400 FED and \$313,300 PR in 2002-03 to create the Division of Community Service Programs in DWD. The Division would consist of: (a) the Wisconsin Conservation Corps (WCC); (b) the National and Community Service Board; (c) the Alliance for Wisconsin Youth; and (d) the Wisconsin Service Corps. The Division would also be required to work with Operation Fresh Start in Dane County.

National and Community Service Board. The state National and Community Service Board would be transferred from DOA to DWD and attached for administrative purposes. The Secretary of Workforce Development would replace the Secretary of Administration on the Board. The new Division of Community Service Programs would be provided \$41,800 PR, 1.0 PR position, \$3,736,700 FED and 4.0 FED positions in 2001-02, and \$47,000 PR, 1.0 PR position, \$3,738,400 FED and 4.0 FED positions in 2002-03 to staff and administer the Board and its programs. Of the total funding, \$3,694,900 FED and 3.0 FED positions in 2001-02 and \$3,691,100

FED and 3.0 FED positions in 2002-03 would be transferred from DOA. Another \$41,800 PR and 1.0 PR position in 2001-02 and \$47,000 PR and 1.0 PR position in 2002-03 would be transferred from DHFS. Finally, \$41,800 FED and 1.0 FED position in 2001-02 and \$47,300 FED and 1.0 FED position in 2002-03 in new funding and position authority would be provided.

The bill includes transitional provisions that would specify that assets and liabilities, 3.0 incumbent employees, tangible personal property, including records, and contracts primarily related to the functions of the National and Community Service Board, as determined by the Secretary of Administration, would be transferred from DOA to DWD on the bill's general effective date. All employees transferred from DOA to DWD would have the same rights and status that they had in DOA, and would not have to serve a probationary period.

The state National and Community Services Board includes 16 members appointed to serve three-year terms. The duties of the Board include: (a) developing and updating a three-year plan for the provision of national service programs in the state; (b) preparing applications for financial assistance from the federal Corporation for National Service; (c) providing technical assistance to persons applying for financial assistance who plan to implement a national service program; (d) assisting in providing health and child care for participants; (e) providing a system of recruitment and placement of participants in programs and sharing information concerning service programs to the public; (f) on request, providing training and materials to programs; (g) distributing funds made available by the Corporation, giving priority to persons providing youth programs; and (h) providing oversight and evaluation to the programs funded.

The Board receives federal funding for staff, administration and for two service programs: AmeriCorps and Learn and Serve America Community-Based Program. The AmeriCorps program provides education awards to individuals in exchange for a year of community service. Community service can include tutoring and mentoring children, coordinating after-school programs, building homes, organizing neighborhood watch groups, cleaning parks, and other community improvement activities. The Learn and Serve America Community-Based program provides grants to schools, colleges, and community organizations for service-learning that assist youth in performing community service activities, while improving academic skills and learning the habits of good citizenship.

Alliance for Wisconsin Youth. The Alliance for Wisconsin Youth would be transferred from DHFS to the new division in DWD. The Division would be provided \$48,500 GPR, 0.50 GPR position, \$266,300 PR and 1.50 PR positions annually to administer the program.

The Alliance is a youth anti-drug program that: (a) develops local organizations that coordinate substance abuse program resources; (b) promotes collaboration of state agencies and programs to assist local prevention efforts; and (c) provides public education on substance abuse issues. The source of program revenue funding is drug abuse program improvement surcharge (DAPIS) funds.

Wisconsin Service Corps Program. The new Division of Community Service Programs would be given authority to administer the Wisconsin Service Corps program. The current GPR appropriation for service corps member compensation and project costs not paid by sponsors would be eliminated and \$94,300 GPR in annual funding would be transferred to the Division and placed in the general enrollee operations GPR appropriation for the WCC. Statutory provisions would be modified to allow the appropriation to be a source of funding for Wisconsin Service Corps general program operations. Similarly, the current Service Corps appropriations for sponsor contributions and service funds would be eliminated and authority for Service Corps program revenue and expenditures would be consolidated in WCC appropriations used for the same purpose. The definition of public assistance under the program would be modified to include eligibility for low-income weatherization assistance.

The Wisconsin Service Corps program was established to: (a) provide employment for young adults; (b) encourage and develop work skills, meaningful work experiences, and training and educational opportunities for corps members; and (c) address the social, health and economic needs of a community that is located in a county with a population of 500,000 or more (Milwaukee County). Corps members are required to work on projects developed, in cooperation with DWD, by state agencies, local units of government or private organizations that operate in Milwaukee County. In order to qualify as an approved project, a project must provide employment opportunities to corps members, consist of community service activities, and be located in Milwaukee County. To be eligible for participating in the Corps, individuals must be unemployed and between the ages of 18 and 26. DWD is directed to attempt to hire at least 50% of corps members from persons who are receiving public assistance or have received it within a year of application for employment. The funding is provided for DWD Service Corps member wages and, in certain cases, other project costs. Currently, there are no Service Corps projects.

Wisconsin Conservation Corps. The Division of Community Services Programs would be required to administer the WCC program. The WCC Board would be transferred to the new division and changed to the WCC Council and the Executive Director position would be eliminated. WCC staff and funding would also be transferred to the Division. The Division would assume all authority and responsibility currently held by the Board. As a result, the Division would be responsible for: (a) developing WCC program guidelines and policy; (b) employing administrative staff; (c) developing guidelines and administering the project approval process; (d) establishing guidelines for project selection; (e) preparing project cost estimates and work plans; (f) administering project and administrative funding; (g) developing administrative guidelines; (h) preparing and signing project responsibility agreements; (i) establishing qualifications, standards and requirements and classifying, selecting and hiring, supervising, employing, training, educating, equipping, promoting, disciplining, terminating, and compensating (including benefits, bonuses and vouchers) corps members, crew leaders, assistant crew leaders and regional crew leaders; (j) developing an affirmative action plan; (k) establishing residential facilities for corps members; and (l) preparing reports and evaluations.

The WCC Council would be required to advise the Division in: (a) developing WCC program guidelines; (b) establishing guidelines for project approval; (c) developing administrative guidelines; (d) establishing minimum levels of qualifications for assistant crew leaders, crew leaders and regional crew leaders; (e) establishing selection standards for corps members; (f) adopting an affirmative action plan; (g) developing procedures for hiring corps members; and (h) establishing standards for evaluating performance, determining promotions and terminating corps members. The bill would also require the WCC Council to include a member or employee of a local workforce development board (WDB). Under current law, the WCC Board must include a member (but not an employee) of a WDB.

The unclassified position for the WCC Board Executive Director would be used for the division administrator. Another unclassified position in the former Division of Workforce Excellence would be deleted to reflect the elimination of the Executive Director position. (The Division of Workforce Excellence and the Division of Economic Support have been consolidated into the new Division of Workforce Solutions.)

The appropriations schedule for the WCC would be modified to provide funding for the new Division. The GPR administrative support appropriation would be modified into a GPR general program operations appropriation that would fund community service and volunteerism programs administered by DWD. As noted, WCC GPR general enrollee operations, and program revenue sponsor contribution, and service funds appropriations would be modified to provide funding for the WCC and Wisconsin Service Corps programs. The WCC gifts appropriation would be modified to provide support to the entire division. The program revenue administrative support appropriation would be changed to provide funding for Division interagency and intra-agency programs. The FED general enrollee operations appropriation would be changed to a federal aids appropriation to provide moneys received from the federal government for WCC, Department community service and volunteerism projects, and for National and Community Service Board programs. Finally, the WCC federal administrative support appropriation would be changed to a federal general programs operations appropriation for the WCC, community service and volunteerism programs administered by DWD and the National and Community Service Board program.

The bill specifies that the incumbent employees in classified positions as determined by the Secretary of Administration, contracts, administrative rules, orders and pending matters of the WCC Board would be transferred to DWD on the bill's general effective date. All employees transferred from the WCC Board to DWD would have the same rights and status as they had at the Board, and would not have to serve a probationary period. In addition, all members of the WCC Board would become members of the WCC Council, unless the Governor appointed a replacement, and would serve for the same term as they were appointed to on the WCC Board.

The WCC was created in 1983 to provide employment to young men and women 18 to 25 years of age through the completion of conservation and natural resource projects. In addition, a major goal of the WCC is to teach young adults basic work habits and job skills, to develop cooperation and discipline through meaningful work experiences, and to provide training and

educational opportunities, all of which will improve their chances of securing employment in the private sector. WCC has approximately 50 crews conducting projects throughout the state, in both rural and urban areas. Each crew typically consists of four to six corps members and a crew leader.

Projects for WCC crews are developed in association with sponsors, such as governmental agencies, nonprofit organizations and school districts, and are typically designed to last for one year. Corps members are hired for the duration of a project. In some cases, projects can be renewed and corps members rehired. Sponsors are responsible for providing transportation for the crew from a designated reporting location to the worksite, for tools, materials and equipment to complete project activities, for some technical assistance and for support services for the crew leader.

WCC crews perform a variety of conservation and community development projects, including timber stand improvement, trail development, planting trees, soil erosion control, construction of recreational facilities, weatherizing buildings and providing various human services. The sources of funding for WCC crews include GPR, PR and SEG appropriations. The sources of SEG funding for crew activities are the forestry and water resources accounts of the conservation fund and the environmental fund.

WCC pays wages, statutorily set at the higher of the state or federal minimum wage (currently \$5.15 per hour), and workers compensation, and provides personal safety equipment for the crew members. The WCC also hires and trains a crew leader who is responsible for discipline and paperwork for all the crew members.

Operation Fresh Start. DWD would be required to work with a nonprofit corporation that provides education, employment skills, and career direction leading to economic self-sufficiency to young persons in Dane County (Operation Fresh Start) who are at risk of not achieving economic self-sufficiency to develop a plan to accomplish all of the following: (a) track the educational attainment of persons enrolled in the WCC program; (b) consolidate the functions of the WCC program; (c) add educational and training components to the WCC program; (d) provide a method for determining the location and number of crews working on WCC projects; and (e) improve the retention of persons enrolled in the WCC program.

The Madison-based Operation Fresh Start program is aimed at increasing the self-esteem and self-sufficiency of young people (ages 16 to 24) who exhibit: alcohol and other drug abuse problems; poor health and nutrition; low educational achievement; poor employment history; physical, sexual and emotional abuse; or criminal histories. The program offers an educational component in which participants work toward a high school diploma or equivalent, a vocational component in which participants learn basic home construction, rehabilitation and remodeling skills, and a support services component in which participants are provided with other services they need to lead to self-sufficiency.

Under these provisions, total funding for the Division of Community Service Programs would be \$9,668,100 (\$1,726,500 GPR, \$3,736,700 FED, \$800,700 PR and \$3,404,200 SEG) in 2001-

02 and \$9,204,400 (\$1,607,600 GPR, \$3,738,400 FED, \$805,900 PR and \$3,052,500 SEG) in 2002-03. The Division would be provided 18.0 positions in each year (3.0 GPR, 4.0 FED, 3.5 PR and 7.5 SEG).

Joint Finance/Legislature: Delete provisions except for the requirement that the WCC Board must include a member or employee of a local Workforce Development Board.

[Act 16 Section: 178d]

**2. DIVISION OF VOCATIONAL REHABILITATION --
INCREASED FUNDING FOR CASE SERVICES [LFB Paper
1033]**

GPR	\$2,000,000
FED	3,600,000
PR	- 800,000
Total	\$4,800,000

Governor/Legislature: Provide \$1,000,000 GPR annually for vocational rehabilitation case services funding for the Division of Vocational Rehabilitation. Expenditure authority for federal Title I-B funds would be increased by \$1,800,000 annually to reflect anticipated increases in funding. In addition, expenditure authority for the Division's contract service aids appropriation would be reduced by \$400,000 PR annually to reflect decreased reliance on third-party/cooperative agreements for providing a state match for federal funding for rehabilitation services.

Under current law, DVR is required to advise and assist any disabled individual who applies to DVR for vocational rehabilitation services. Disabled individuals apply for services and staff counselors arrange evaluations to determine eligibility and subsequent rehabilitation services for those deemed eligible.

The primary source of funds for DVR rehabilitation services is federal Title I-B funds. Each year the federal government allocates a certain amount of funds to each state. A match of 21.3% of state funds to 78.7% federal funds is required to receive federal monies. State matching funds are provided through DVR program revenue, GPR appropriations and third-party/cooperative agreements.

**3. DIVISION OF VOCATIONAL REHABILITATION -- FUNDING TRANSFER FOR
INDEPENDENT LIVING**

Governor/Legislature: Modify a current law provision to specify that the maximum amount of federal funds annually transferred by DVR to the Department of Health and Family Services to support independent living centers be increased from \$200,000 to \$300,000. Although the statutory amount transferred would be increased, it would reflect the past practice of actually transferring \$300,000 annually. The source of federal funding is Social Security Administration reimbursements to cover the costs of services provided for social security disability insurance (SSDI) or supplemental security income (SSI) clients who are

rehabilitated. DHFS uses the transferred funding to provide grants to independent living centers.

[Act 16 Section: 747]

4. WORK PERMIT AUTOMATED SYSTEM AND FEE INCREASE [LFB Paper 1026]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
PR	\$487,500	- \$97,500	- \$390,000	\$0

Governor: Provide expenditure authority of \$162,500 in 2001-02 and \$325,000 in 2002-03 to fund development and maintenance of an automated child work permit system and to maintain existing services in the Division of Equal Rights. The automated work permit system would be used to issue work permits and certificates of age on-line via the internet and to maintain a central file of edited and issued work permits and certificates. The program revenue would be from a \$2.50 increase in the child labor work permit or certificate of age fee, from \$5.00 to \$7.50. The additional revenue generated by the fee increase would be placed in a newly-created program revenue appropriation.

The \$7.50 fee would be established in the statutes, and the Department or a permit officer would be specifically authorized to collect work permit fees. Individuals who issued permits and certificates and were not on the Division's payroll could retain \$2.50 of each fee as compensation for services. The remaining \$5.00 would be forwarded to DWD with \$2.50 placed in the general fund and \$2.50 placed in the work permit system program revenue appropriation. Division personnel would be required to forward the fee to DWD, and the Department would credit \$2.50 of each fee in the program revenue appropriation and deposit the remaining \$5.00 in the general fund.

Under current law, a work permit or certificate of age is required before anyone under the age of 18 is allowed to work any job, with the exception of agricultural or domestic service work. Work permits and certificates are issued at many locations throughout the state, including high schools. The current fee for a permit or certificate is set by rule at \$5.00, of which \$2.50 is provided to the agency issuing the permit and \$2.50 is placed in the state general fund. DWD is authorized to allow retention of fees by individuals who are designated to issue permits and certificates and are not on the payroll of the Division of Equal Rights. However, the amount of fees that can be retained is not specified in the statutes.

Joint Finance: Delete authority to use fee revenues for general operations and reduce the work permit fee increase to \$2.00. (The work permit fee would be \$7.00.) Provide expenditure authority of \$130,000 in 2001-02 and \$260,000 in 2002-03 for the automated work permit system. These amounts are lower than the Governor's recommendation by \$32,500 in the first year and

\$65,000 in the second year. The program revenue appropriation for fee revenues would be changed from a continuing appropriation to an annual appropriation.

Assembly/Legislature: Delete provisions.

5. WORKER'S COMPENSATION INFORMATION TECHNOLOGY FUNDING INCREASE

PR	\$424,800
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Governor/Legislature: Provide \$212,400 annually to fund increased information technology costs for the Division of Worker's Compensation (WC). The increased costs would be for use of servers and associated software, storage of data and images, and related maintenance costs. In addition, the increased funding would be for costs related to expanding the Division's capacity to allow outside users, such as insurance companies, access to WC systems.

6. WORKER'S COMPENSATION HEARING DELAYS

PR	\$199,200
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Governor/Legislature: Provide expenditure authority of \$85,400 in 2001-02 and \$113,800 in 2002-03 to allow the Department to convert two current program assistant positions to two administrative law judge positions to reduce the time a worker's compensation claimant must wait to receive a hearing. Since 1992, hearing delays have ranged from eight to 12 months. The additional funding for position conversions is intended to reduce the delay period to six months or less.

7. RESTORE TURNOVER ADJUSTMENT FOR WORKER'S COMPENSATION ADMINISTRATIVE LAW JUDGES

PR	\$117,800
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Governor/Legislature: Provide \$58,900 annually to restore part of the amount removed from funding for the Division of Worker's Compensation for the turnover standard budget adjustment. Under the turnover standard budget adjustment, the Division of Worker's Compensation's expenditure authority for salaries was reduced to reflect expected savings from staff turnover. The Department indicates that a high proportionate share of permanent salary funding is used for administrative law judges who have relatively little turnover, while a majority of the other staff have a relatively small share of permanent salary funding and experience a high turnover rate. As a result, the reduction in permanent salary funding due to the turnover standard budget adjustment causes the Division to maintain a relatively high vacancy rate for those other positions. This provision would restore a portion of funding removed for turnover of administrative law judge positions to reflect the high share of total salary funding and low level of turnover for those positions.

8. LABOR AND INDUSTRY REVIEW COMMISSION -- SUPPLIES AND SERVICES FUNDING [LFB Paper 1027]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$67,300	\$28,900	\$96,200
FED	<u>195,100</u>	<u>295,500</u>	<u>490,600</u>
Total	\$262,400	\$324,400	\$586,800

Governor: Provide expenditure authority of \$32,400 PR and \$92,400 FED in 2001-02 and \$34,900 PR and \$102,700 FED in 2002-03 in supplies and services funding for basic expenditures by the Labor and Industry Review Commission (LIRC). The source of program revenue funding would be the annual Worker's Compensation administrative assessment on insurance carriers and self-insured employers. The source of federal funding would be annual federal equal opportunity employment commission contract and unemployment insurance administration funds.

LIRC is a three-member body, attached to DWD for administrative purposes, that decides appeals of DWD decisions in disputed equal rights, worker's compensation and unemployment compensation cases.

Joint Finance/Legislature: Provide additional expenditure authority of \$14,400 PR and \$145,800 FED in 2001-02 and \$14,500 PR and \$149,700 FED in 2002-03 to increase supplies and services funding for LIRC.

9. UNEMPLOYMENT INSURANCE TAX AND WAGE REPORTING SYSTEM REDESIGN [LFB Paper 1028]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	13.00	- 13.00	0.00

Governor: Provide 13.0 two-year project positions beginning in 2001-02 to provide backup for Unemployment Insurance (UI) Division staff and resources that are engaged in the UI tax and wage reporting system redesign. The additional positions would be funded with reallocated federal funds. Project position activities would include customer services, audits, report gathering and processing, collection support, tax and wage balancing, research and staff scheduling. The positions would be used to supplement the development and implementation of a new UI tax and wage reporting system that was authorized under 1997 Wisconsin Act 39.

Joint Finance/Legislature: Delete provision. Instead, direct DWD to consult with the Department of Revenue to ensure that duplication of effort is avoided in redesigning the UI tax and accounting system and DOR's integrated tax system. DWD and DOR would be directed to

report to the Joint Committee on Finance by December 1, 2001, on the agencies' plans to avoid duplication of effort in developing the two systems.

10. FOND DU LAC ROOF REPLACEMENT

FED	\$40,000
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Governor/Legislature: Provide \$40,000 in 2001-02 to repair the roof on the Department's Fond du Lac employment security building.

11. WISCONSIN CONSERVATION CORPS -- FUNDING FOR CREWS [LFB Paper 1029]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$616,700	0.00	-\$333,200	0.00	-\$2,715,300	-2.50	-\$3,665,200	-2.50
SEG	-794,900	0.00	-419,700	0.00	0	0.00	-1,214,600	0.00
Total	-\$1,411,600	0.00	-\$752,900	0.00	-\$2,715,300	-2.50	-\$4,879,800	-2.50

Governor: Decrease funding for general enrollee operations by \$248,900 GPR and \$221,600 SEG in 2001-02 and \$367,800 GPR and \$573,300 SEG in 2002-03 to reduce the number Wisconsin Conservation Corps crews from 55 to 45. The SEG funding is from the conservation fund.

Joint Finance: Delete an additional \$149,400 GPR and \$133,000 SEG in 2001-02 and \$183,800 GPR and \$286,700 SEG in 2002-03 to reduce the number of WCC crews to 40. In total, funding for WCC crews would be reduced by \$398,300 GPR and \$354,600 SEG in 2001-02 and \$551,600 GPR and \$860,000 SEG in 2002-03.

Assembly/Legislature: Delete \$1,434,300 GPR in 2001-02 and \$1,281,000 GPR in 2002-03 and 2.50 GPR positions annually to eliminate GPR funding for general work crew operations and administrative support. This would reduce the number of work crews to 29 in 2002-03. Funding of \$2,783,700 SEG and \$446,300 PR in 2001-02 and \$2,278,300 SEG and \$446,300 PR in 2002-03 would remain for general work crew operations.

[Act 16 Sections: 749d thru 751d, 2585t and 9158(4d)]

12. WISCONSIN CONSERVATION CORPS -- EDUCATION VOUCHERS [LFB Paper 1030]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Lapse	\$0	-\$15,000	-\$15,000

Governor: Increase the period for which an education voucher can be used from three to four years from the date it is issued.

WCC members who successfully complete six months to one year of service are eligible to receive either a cash bonus of \$500 or an education voucher that is worth at least \$1,000, but not more than \$2,800. The education voucher can be used for payment of tuition and required program activity fees at any institution of higher education in the state, including vocational, technical or training schools. Under current law, the corps member has three years after the date of issuance to use the voucher for payment of tuition and required fees, regardless of the school attended.

Joint Finance/Legislature: Adopt the provisions and reduce the estimated 2002-03 lapse from the general enrollee operations GPR appropriation by \$15,000.

[Act 16 Section: 2599]

13. WISCONSIN CONSERVATION CORPS -- CREW LEADER HEALTH CARE COVERAGE [LFB Paper 1030]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Lapse	\$0	-\$180,000	-\$180,000

Governor: Reduce from two years to six months the period of time an individual must be a crew leader or regional crew leader to be eligible for health care. Under current law, the WCC Board is authorized to provide group health care coverage to: (a) individuals who have been crew leaders or regional crew leaders for at least two years; and (b) crew leaders or regional crew leaders who discharge special responsibilities as determined by the Board.

Joint Finance/Legislature: Adopt the provisions and reduce the estimated 2002-03 lapse from the general enrollee operations GPR appropriation by \$180,000.

[Act 16 Section: 2593]

14. WISCONSIN CONSERVATION CORPS -- CONSOLIDATION OF APPROPRIATIONS

GPR	\$153,400
SEG	- 153,400
Total	\$0

Governor: Eliminate the WCC general enrollee operations supplement GPR appropriation and transfer \$281,100 GPR annually to the WCC general enrollee operations GPR appropriation to consolidate GPR funding into a single operations appropriation. In addition, the general enrollee operations SEG appropriation, which funds WCC projects under shoreline management agreements, would be eliminated and \$76,700 in annual SEG funding would be deleted. However, additional annual funding of \$76,700 GPR would be provided to the general

enrollee operations appropriation. The current source of funding for the SEG appropriation is the nonpoint account of the environmental fund. Other provisions in the bill would eliminate the nonpoint account in the environmental fund and convert nonpoint account funding to GPR.

Assembly/Legislature: Eliminate all GPR funding for the WCC [see entry #11].

[Act 16 Sections: 750 and 759]

15. GOVERNOR'S WORK-BASED LEARNING BOARD -- YOUTH APPRENTICESHIP TRAINING GRANTS [LFB Paper 1031]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	-\$1,694,000	-\$1,694,000

Governor: Require the Governor's Work-Based Learning Board (GWBLB) to establish eligibility criteria for youth apprenticeship training grants that would limit the grants to small employers and to employers that provide on-the-job training in employment areas. The Board would determine the definitions of "small employer" and "on-the-job training in employment areas", but would not have to promulgate administrative rules to establish the criteria.

Under current law, the GWBLB has authority to award grants to employers for each youth apprentice that receives at least 180 hours of paid on-the-job training from the employer during the school year. The GWBLB may award a training grant to an employer that provides less than 180 hours of paid on-the-job training if the Board determines that it would be beneficial for the youth apprentice to receive training from more than one employer. The maximum training grant is \$500 per year and a grant cannot be awarded for a specific youth apprentice for more than two school years. Under current law, no base level funding is provided for the youth apprenticeship training grant program.

Joint Finance: Include provision. In addition, annual funding of \$847,000 GPR would be deleted from local youth apprenticeship grants and local partnerships could not use grant monies to provide funding to businesses or business organizations. Also, the Governor's Work-Based Learning Board would be required to make a one-time local youth apprenticeship training grant of \$64,100 to \$128,300 in 2001-02 to Wisconsin Plastics Valley consortium to implement and coordinate a local youth apprenticeship program.

Senate/Legislature: Delete the provision that would require the Governor's Work-Based Learning Board to make a local youth apprenticeship grant of between \$64,100 and \$128,300 in 2001-02 to Wisconsin Plastics Valley consortium to implement and coordinate a local youth apprenticeship program.

[Act 16 Sections: 2562m thru 2569]

16. GOVERNOR'S WORK-BASED LEARNING BOARD -- CAREER COUNSELING CENTERS [LFB Paper 1032]

Governor: Provide that the Governor's Work-Based Learning Board would be responsible for planning, coordinating, administering and implementing the career counseling center program.

The career counseling center program was created in 1993 Act 16 to provide grants to nonprofit corporations and public agencies to develop career counseling centers. State grants, including funds transferred from the unemployment insurance interest and penalty appropriation, were provided to career counseling centers from 1994-95 through 1998-99. The program was administered by DWD's Division of Connecting Education and Work. However, under the provisions of 1999 Wisconsin Act 9 (the 1999-01 biennial budget), state funding for the centers was eliminated and DWD was directed to consolidate the career counseling center functions with job centers. The career counseling center program is currently administered by the Division of Workforce Solutions, which is also responsible for job centers.

Career counseling centers provide pupils with access to comprehensive career education and job training information, including information regarding technical college programs. The centers also assist pupils in locating apprenticeship and other work experience opportunities related to the pupil's education. The centers are required to coordinate services with the counseling and guidance activities and school district education for employment programs.

Career counseling centers are operated by teams that include groups such as workforce development boards, WTCS districts, school districts, chambers of commerce, nonprofit organizations, business and labor. Center services include use of: (a) computerized databases of job opportunities, training agencies and career libraries; (b) career planning computer software; (c) career exploration videos, laser discs and video conferencing facilities; (d) Job Net and internet and self-service computer workstations to view job listings; (e) a 1-800 telephone information hotline; (f) access to the DWD internet career development system; and (g) seminars. Career counseling centers are places where employers and educators pool resources to assist young people in examining their skills and interests, learning about occupations and job opportunities in various career fields, exploring career options and planning careers.

Joint Finance/Legislature: Delete provision and, instead, eliminate all DWD responsibilities for administering career counseling centers.

[Act 16 Sections: 2570 and 2571d]

17. GOVERNOR'S WORK-BASED LEARNING BOARD APPROPRIATION STRUCTURE

PR

\$6,000

Governor/Legislature: Create an auxiliary services program revenue appropriation for the Governor's Work-Based Learning Board and provide annual expenditure authority of

\$18,000 PR. Annual expenditure authority of \$15,000 SEG would be deleted from the Department's workforce development auxiliary services appropriation to reflect transfer of the expenditure authority to the GWBLB appropriation. The GWBLB would be authorized to provide publications and seminars related to the employment and education programs administered by the Board and could establish a schedule of fees for the publications and seminars. The fees could not exceed the costs incurred by the Board in providing the publications and seminars. Fee collections would be credited to the GWBLB auxiliary services appropriation. An additional \$3,000 in PR expenditure authority would be provided for the Board's auxiliary services appropriation for increased printing expenses related to curriculum distribution. The additional program revenues would come from fees charged by the Board.

The bill would also create a federal funds appropriation and provide annual expenditure authority of \$318,800 FED under the GWBLB. A corresponding \$318,800 of FED expenditure authority would be deleted from the Department's workforce development federal funds appropriation to reflect transfer of the expenditure authority to the GWBLB.

The GWBLB was created by 1999 Wisconsin Act 9 to administer and coordinate existing and new work-based learning programs for youth. The Board is attached to DWD for administrative purposes. The GWBLB has an appropriations structure that includes GPR and program revenue appropriations and related funding to support the Board's activities. However, the Board currently does not have appropriations for auxiliary services and federal funds.

[Act 16 Sections: 760, 762 and 2562]

18. TRADE MASTERS PROGRAM

PR	\$50,000
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Joint Finance/Legislature: Provide \$50,000 in tribal gaming revenues in 2001-02 to the Department of Workforce Development to fund a trade masters pilot program that would recognize advanced training and post-apprenticeship achievements in three trades, crafts or businesses one of which would be in the industrial sector, one in the construction sector and one in the service sector of the economy. A separate program revenue appropriation would be created for the tribal gaming revenues. DWD would be required to submit an evaluation of the effectiveness of the pilot program to the Legislature by July 1, 2010.

Veto by Governor [F-32]: Delete the requirement that DWD submit an evaluation of the program by 2010. In his veto message, the Governor indicated that the timeline was excessive and, instead, he would direct DWD to explain how the funds were spent at the conclusion of the fiscal year.

[Act 16 Sections: 736g, 891c and 2560r]

[Act 16 Vetoed Section: 2560r]

19. MIGRANT LABOR CAMPS

Joint Finance/Legislature: Modify current law regarding migrant labor camps to provide that the county board may not enact an ordinance or resolution that interferes with: (a) the repair or expansion of a certified migrant labor camp, as defined under current law; or (b) the construction of a new migrant labor camp on property adjacent to a food processing facility, as defined under current law, or on property owned by a vegetable producer, as defined under current law, when such camp is located on or contiguous to property on which vegetables are produced or adjacent to land upon which the producer resides. Also, a county board ordinance or resolution in place on the effective date of the bill and that interfered with any construction, repair, or expansion of a migrant labor camp would be void.

[Act 16 Sections: 2002u and 2002w]

20. PREVAILING WAGE RATE -- ANNUAL WAGE RATE SURVEY

Joint Finance: Allow the reporting of wages paid for public works projects on the annual wage rate survey used to determine prevailing wages when the wage rate paid on a public works project is more than the prevailing wage rates established for the project.

Assembly: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [C-53]: Delete provision.

[Act 16 Vetoed Sections: 2026p and 2558j]

21. PREVAILING WAGE RATE -- CONTRACTOR RECORDS

Joint Finance: Require all contractors and subcontractors that work on a project subject to the provisions of the state prevailing wage laws to maintain payroll records of covered employees and to allow the public to inspect these records, except for information that could be used to identify individual employees, under the state public records law.

Assembly: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [C-53]: Delete provision.

[Act 16 Vetoed Sections: 2026r, 2558m and 2559d]

22. CHILD LABOR LAW -- EMPLOYMENT IN AGRICULTURE

Joint Finance/Legislature: Establish the definition of "farming" under the state worker's compensation law as the definition for state law provisions related to the employment of minors. Under current law, minors must be at least 12 years old to be employed in agricultural pursuits. There are certain limits on the hours of work for minors except for minors employed in domestic service or farm labor. Currently, DWD does not have a specific definition of agriculture under child employment provisions. The Department has been using the definition of farming under the state worker's compensation program. This provision would establish the definition of farming used under the state worker's compensation law as the definition used under laws governing the employment of minors.

[Act 16 Sections: 2559g, 2559j and 2559m]

23. JOINT LEGISLATIVE COUNCIL SPECIAL COMMITTEE ON LABOR SHORTAGE DRAFT LEGISLATION

Senate: Adopt provisions developed by the Joint Legislative Council Special Committee on Labor Shortage with certain modifications:

a. *Labor Shortage Report.* Require the Department of Workforce Development to prepare an annual report on the labor shortage in Wisconsin that would identify critical labor shortage areas by occupation, region, gender and race and potential solutions for the labor shortage. The report would be submitted to the appropriate standing committees of the Legislature and to workforce development organizations throughout the state.

b. *Job Skills Training Program Report.* Require DWD to collect information concerning the availability of basic job skills training programs in the state and to periodically prepare reports identifying those programs for distribution to regional workforce development organizations, job centers and other appropriate organizations. To the extent practicable, the report would have to identify available training programs by region.

c. *Advanced Journeyworker Pilot Program.* Provide \$160,000 GPR and 1.0 GPR position beginning in 2002-03 to implement and administer an advanced journeyworker credential pilot program in DWD. Under the program, DWD would be authorized to establish an advanced journeyworker credential pilot program in up to three trades, crafts or businesses to recognize advanced training and post-apprenticeship achievements. DWD would be required to submit a report on the effectiveness of the program to the Legislature by July 1, 2004.

d. *Workforce Diversity Grant Program.* Provide \$120,000 GPR in 2002-03 to DWD to establish a workforce diversity grant program to provide grants to local nonprofit organizations that offer employees or those seeking employment diversity training, basic employment skills development, or instruction in English as a second language. The maximum grant would be \$30,000. To qualify for a grant, a local, nonprofit organization would have to meet one of the

following criteria: (1) be comprised of private sector employers and local government units or agencies and assisting local employers to meet their workforce needs; (2) assist ex-offenders, whether employed or not, to strengthen or develop employment skills and make or ease the transition from incarceration to work; (3) assist members of the following groups, whether employed or not, to prepare for or gain, entry into the skilled trades: (a) persons eligible for Wisconsin Works (W-2); (b) military veterans; (c) ex-offenders; (d) persons eligible for food stamps; and (e) members of a racial or ethnic minority groups.

DWD would be required to attempt to award grants to eligible organizations in different parts of the state. DWD would be required to submit a report, by September 1, 2002, to the Joint Committee on Finance, the Governor and appropriate standing committees of the Legislature. The report would include information on the uses the grant recipients made of the grants and a recommendation on whether the grant program should be funded in the next biennium and, if so, a recommendation of the appropriate level of funding and other changes to the program.

e. *Pre-Apprenticeship Basic Skills Training.* Provide DWD with \$300,000 GPR in 2002-03 to contract with an organization of employees, an association of employers or some other similar responsible agency in the state to provide pre-apprenticeship basic skills training grants of up to \$500 to persons: (1) whose family income did not exceed 165% of the poverty line for the continental U.S.; and (2) who had previously failed a test for placement in an apprenticeship program providing instruction in an industrial manufacturing trade, a private sector service operation, or certain construction trades. Grants could be used to pay for tuition, fees, books, supplies, and materials, and for any other direct training costs, required to attend a pre-apprenticeship basic skills training program provided by an organization, a technical college, or a school approved by the Educational Approval Board.

f. *Apprenticeship Marketing Program.* Create a four-member, apprenticeship marketing council appointed by the Secretary of DWD. In addition, DWD would be provided \$275,000 GPR and 2.0 GPR positions in 2002-03 to conduct activities, including the development and provision of promotional materials directed at encouraging employers to hire apprentices, educating high school career counselors on careers available in the skilled trades, encouraging the youth of the state to consider a career in the skilled trades, and otherwise promoting the availability and benefits of careers in the skilled trades. DWD would be required to seek contributions from private sources to assist in providing the promotional materials and to seek the advice of and consult with the apprenticeship marketing council in administering the marketing activities.

g. *Job Retention Skills Development Program.* Provide \$200,000 in federal temporary assistance for needy families (TANF) funds in 2001-02 for a job retention skills development program. Require each technical college district board to make available, and offer at a frequency based upon demand in the district, a job retention skills development program to assist employers to: (1) retain new employees; (2) build the job skill levels of those employees; and (3) assist those employees to attain higher wages and long-term careers. Specify that the program be provided at employment sites to the extent practicable. In addition, specify that the

program emphasize job retention skills development for employees with incomes at or below 200% of the federal poverty level, who are current or former recipients of public assistance, employees in the first six months of employment with their employer and entry-level employees.

Further, require the state technical college district board to consult with employers, technical college boards, W-2 agencies, local units of government and labor organizations in supervising and establishing minimum requirements for the program. In addition, specify that the program must include elements relating to the skills needed to: (1) arrive at work on time; (2) effectively work in a team; (3) communicate with supervisors and coworkers; and (4) solve basic job-related personal and interpersonal problems. Further, require the technical college district board, in consultation with employers, district boards and DWD, to develop standards to assess the job retention and skills competencies of participants before and after participation in the program. Specify that the program would sunset on December 31, 2004.

Require technical college district boards to assist employers in providing ongoing job retention skills development and reinforcement activities in the work place. Allow district boards to charge employers a fee for the program and services offered to employers.

Finally, require W-2 agencies to coordinate case management services that are provided to W-2 participants in unsubsidized employment with the job retention skills development program.

h. *Department of Corrections Study.* Require the Department of Corrections to prepare a report on the availability and effectiveness of programs that provide drug and alcohol abuse treatment, instruction in basic skills such as reading and math, and job skills training. The report would have to include an analysis of the enrollment in and access to these programs by race compared with the racial composition of the prison population as a whole and suggestions for programs that would help prisoners and ex-offenders to enter the workforce.

i. *Tax Study.* Require the Department of Revenue, in cooperation with DWD, to study and prepare a report on current workforce development-related tax incentives and to make recommendations on the state's tax laws that would help ensure that the state was able to attract, develop and retain a highly skilled, highly trained workforce. In preparing the report, DOR would be required to consult with groups representing employers, employees, taxpayers and other appropriate groups, and to consider similar tax incentives in other states.

j. *Student Loan Forgiveness Study.* Require the Higher Educational Aids Board (HEAB), by January 1, 2002, to study and report on the cost, desirability, and effectiveness of creating a student loan forgiveness program to attract workers to the state.

k. *Job Training Access Policies.* Require every public educational institution in the state to adopt a policy on providing access to their facilities to local organizations and businesses for the purposes of employment-related training and establish a reasonable cost for such access.

The policy could allow access based on the availability of space and the appropriateness of the training and only if access would be consistent with the institution's mission.

1. *Occupational Driver's License Fee.* Reduce the fee for an occupational license to \$10 for persons whose operating privileges were suspended solely for failure to pay a judgment based on an ordinance violation unrelated to the person's operation of a motor vehicle.

Assembly: Adopt the following provisions recommended by the Joint Legislative Council Special Committee on Labor Shortage with certain modifications:

a. *Labor Shortage Report.* Require DWD to prepare an annual report on the labor shortage in Wisconsin that would identify critical labor shortage areas by occupation, region, gender and race and potential solutions for the labor shortage. The report would be submitted to the appropriate standing committees of the Legislature and to workforce development organizations throughout the state.

b. *Job Skills Training Program Report.* Require DWD to collect information concerning the availability of basic job skills training programs in the state and to periodically prepare reports identifying those programs for distribution to regional workforce development organizations, job centers and other appropriate organizations. To the extent practicable, the report would have to identify available training programs by region.

c. *Apprenticeship Marketing Program.* Create a four-member, apprenticeship marketing council appointed by the Secretary of DWD. In addition, DWD would be required to conduct activities, including the development and provision of promotional materials directed at encouraging employers to hire apprentices, educating high school career counselors on careers available in the skilled trades, encouraging the youth of the state to consider a career in the skilled trades, and otherwise promoting the availability and benefits of careers in the skilled trades. DWD would be required to seek contributions from private sources to assist in providing the promotional materials and to seek the advice of, and consult with, the apprenticeship marketing council in administering the marketing activities. The Department would be directed to apply to the U.S. Department of Labor for \$275,000 annually in federal funds, and 2.0 FED positions would be authorized beginning in 2001-02 for administering the marketing activities. The positions could be filled only if additional federal funding was obtained.

d. *Job Retention Skills Development Program.* Provide \$200,000 in federal TANF funds in 2001-02 for a job retention skills development program. Require each technical college district board to make available, and offer at a frequency based upon demand in the district, a job retention skills development program to assist employers to: (1) retain new employees; (2) build the job skill levels of those employees; and (3) assist those employees to attain higher wages and long-term careers. The program would be provided at employment sites to the extent practicable. In addition, the program would be required to emphasize job retention skills development for employees with incomes at or below 200% of the federal poverty level who are

current or former recipients of public assistance, employees in the first six months of employment with their employer or entry-level employees.

The state technical college district board would be required to consult with employers, technical college boards, W-2 agencies, local units of government and labor organizations in supervising and establishing minimum requirements for the program. In addition, the program would have to include elements relating to the skills needed to: (1) arrive at work on time; (2) effectively work in a team; (3) communicate with supervisors and coworkers; and (4) solve basic job-related personal and interpersonal problems. Further, require the technical college district board, in consultation with employers, district boards and DWD, to develop standards to assess the job retention and skills competencies of participants before and after participation in the program. The program would sunset on December 31, 2004.

Technical college district boards would be required to assist employers in providing ongoing job retention skills development and reinforcement activities in the work place. District boards would be allowed to charge employers a fee for the program and services offered to employers.

Finally, W-2 agencies would be required to coordinate case management services that are provided to W-2 participants in unsubsidized employment with the job retention skills development program.

e. *Department of Corrections Study.* Require the Department of Corrections by March 15, 2002, to prepare a report on the availability and effectiveness of programs that provide drug and alcohol abuse treatment, instruction in basic skills such as reading and math, and job skills training. The report would have to include an analysis of the enrollment in and access to these programs by race compared with the racial composition of the prison population as a whole, recommendations for new programs that would better serve prisoners, and suggestions for programs that would help prisoners and ex-offenders to enter the workforce. The report would have to be submitted to the appropriate legislative standing committees, the Joint Committee on Finance and the Governor.

f. *Tax Study.* Require the Department of Revenue, in cooperation with DWD, by January 1, 2002, to study and prepare a report on current workforce development-related tax incentives and to make recommendations on the state's tax laws that would help ensure that the state was able to attract, develop and retain a highly skilled, highly trained workforce. In preparing the report, DOR would be required to consult with groups representing employers, employees, taxpayers and other appropriate groups, and to consider similar tax incentives in other states.

g. *Student Loan Forgiveness Study.* Require the Higher Educational Aids Board, by January 1, 2002, to study and report to the Legislature and Governor on the cost, desirability and effectiveness of creating a student loan forgiveness program to attract workers to the state and legislative recommendations.

h. *Job Training Access Policies.* Require every public educational institution in the state to adopt a policy on providing access to their facilities to local organizations and businesses for the purposes of employment-related training and to establish a reasonable cost for such access. The policy could allow access based on the availability of space and the appropriateness of the training and only if access would be consistent with the institution's mission.

i. *Apprenticeship Tax Credit.* Create, starting with tax years beginning on or after July 1, 2003, an income tax and franchise tax credit for an employer that pays wages to an apprentice who is participating in a two-year to five-year apprenticeship program in which the apprentice is receiving instruction leading to qualification as a skilled journeyman in any industrial manufacturing trade, any private sector service occupation, or certain construction trades. The amount of the credit would be 5% of the wages that are paid to an apprentice in a taxable year, but could not exceed \$1,400, except that, in the taxable year in which the apprentice completed the apprenticeship program, the amount of the credit would be 8% of the apprentice's wages, but not more than \$3,000. Unused credits could be carried forward up to 15 years to offset future tax liabilities. An employer would not receive the credit unless the employer entered into an agreement with DWD permitting the Department to post on its internet site the employer's name and address and the number of apprentices and journeymen that the employer employed during the year. Generally, no employer could claim the credit for taxable years beginning after June 30, 2006, if the number of employers training apprentices did not increase by more than 40% from July 1, 2004, to June 30, 2006. Because the tax credit would first apply to tax years beginning July 1, 2003, there would be no fiscal effect during the 2001-03 biennium. However, the Department of Revenue estimates that the credit would reduce tax revenues by \$16.6 million annually in future years.

Conference Committee/Legislature: Delete provisions.

24. GRANT TO MILWAUKEE METRO FAIR HOUSING COUNCIL -- PREDATORY LENDING PRACTICES

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$150,000	-\$150,000	\$0

Senate/Legislature: Provide \$150,000 in 2001-02 to DWD's Equal Rights Division to make a grant to the Milwaukee Metropolitan Fair Housing Council (MMFHC) to investigate predatory lending practices in making loans that are secured by a first lien real estate mortgage on, or an equivalent security interest in, a one-family to four-family dwelling that the borrower uses as his or her principal place of residence.

The MMFHC would be required to examine the practices of: (a) making loans based on the equity in a property rather than on the particular borrower's ability to repay the loan; (b) including credit insurance and other financial products as part of or in association with loans;

and (c) inducing borrowers to repeatedly refinance their loans. The MMFHC would be required to examine any other unfair, deceptive, false, misleading, or unconscionable practices within the scope of the investigation. MMFHC would be limited to investigating the practices of lenders in Brown, Dane, Fond du Lac, Milwaukee, Outagamie, Racine and Winnebago counties.

MMFHC would be required, by January 1, 2004, to submit a report evaluating the results of its investigation to the Secretary of DWD. By February 1, 2004, the Secretary of DWD would be required to forward copies of the report to the appropriate standing committees of the Legislature, the Secretary of Financial Institutions, and the Governor. The report would be required to include the number of predatory practices discovered during the investigation, and, for each loan for which a predatory practice was discovered, a description of the practice, the total amount of the loan, the cost to the borrower of the predatory practice, the income level, age, race, national origin, and gender of the borrower, and a description of the census block in which the real estate securing the loan was located.

Veto by Governor [C-54]: Delete provisions and the \$150,000 in 2001-02 funding by striking the appropriation amount and writing in a lower figure.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.445(1)(a)) and 9158(10c)]

25. GRANT TO MILWAUKEE METRO FAIR HOUSING COUNCIL -- DISCRIMINATORY HOUSING PRACTICES

Senate: Provide \$80,000 annually to DWD's Equal Rights Division to make a grant to the Milwaukee Metropolitan Fair Housing Council to investigate discriminatory housing practices. The MMFHC would be required to allocate \$20,000 each in each year for investigation of discriminatory practices to: (a) Milwaukee County; (b) Dane County; (c) Racine County; and (d) Brown, Fond du Lac, Outagamie and Winnebago Counties.

Conference Committee/Legislature: Delete provision.

26. INCREASE MINIMUM WAGE

Senate: Increase the state minimum wage and modify the state minimum wage law as follows:

a. For employees generally (employees who are not opportunity, tipped, or agricultural and employees for which DWD does not calculate a separate minimum wage) the minimum wage would be calculated by dividing the federal poverty line for a family of three persons (currently \$14,630) by 2,080 and rounding to the nearest multiple of five cents. As a result, the minimum wage for 2001 would be increased from \$5.15 to \$7.05 per hour. In addition, DWD would be required to annually revise the state minimum wage, within 30 days

after the federal Department of Health and Human Services published its annual revision of the poverty line.

b. The minimum wage for opportunity employees would be calculated by multiplying the general employee minimum wage by 92.9% and rounding the product to the nearest multiple of five cents. The minimum wage for opportunity employees for 2001 would increase from \$4.25 to \$6.55 per hour. An opportunity employee would be defined as a person under 20 years of age who has been employed for a cumulative total of 30 days or less within the preceding three-year period.

c. The minimum wage for tipped employees who were not opportunity employees would be calculated by multiplying the general employees' minimum wage by 54.8% and rounding the product to the nearest multiple of five cents. The minimum wage for these employees for 2001 would increase from \$2.33 to \$3.85 per hour. The minimum wage for tipped employees who were opportunity employees would be calculated by multiplying the general employees' minimum wage by 51.7% and rounding the product to the nearest multiple of five cents. The minimum wage for these employees for 2001 would increase from \$2.13 to \$3.65 per hour. A tipped employee would be defined as an employee who in the course of employment customarily and regularly receives money or other gratuities from persons other than the employee's employer. In addition to its current responsibility to promulgate rules determining the amount of tips or gratuities that may be used in fulfilling the employer's obligation to pay a living wage, DWD would be required to promulgate rules governing the deduction of meals or lodging provided and the determination of hours worked in determining a living wage.

d. The minimum wage for agricultural employees over 18 years of age or older would be calculated by multiplying the general employees' minimum wage by 95.3% and rounding the product to the nearest multiple of five cents. The minimum wage for these employees for 2001 would increase from \$4.05 per hour to \$6.70 per hour. The minimum wage for agricultural employees under 18 years of age would be calculated by multiplying the general employees' minimum wage by 87.0% and rounding the product to the nearest multiple of five cents. The minimum wage for these employees for 2001 would increase from \$3.70 to \$6.15.

e. DWD would be required to continue to promulgate rules providing a minimum wage for: (1) counselors employed at a seasonal recreational or educational camp for campers under 18 years of age; (2) caddies on a golf course; (3) certain employees or workers with disabilities; (4) student learners; and (5) students employed by independent colleges or universities for less than 20 hours per week.

f. DWD would be required to promulgate rules that exempted from minimum wage requirements: (1) persons engaged in casual employment in and around employers' homes on an irregular or intermittent basis for not more than 15 hours per week; (2) persons who reside with and provide companionship and care, not including practical or professional nursing, and not more than 15 hours per week of general household work for employers who, due to advanced age or physical or mental disability, cannot care for their own needs; and (3)

elementary or secondary school students performing student work-like activities in the students' schools.

g. The penalty for intimidating witnesses in minimum wage investigations or proceedings would be increased from \$25 to \$500.

These provisions would increase the wages paid to certain employees of state agencies. For example, wages paid to students in student employment jobs would be increased. As a result, the increased minimum wages would increase the costs of certain state agencies by an estimated \$1.3 million GPR, \$2.6 million PR, \$2.0 million FED and \$0.1 million SEG annually. Since no additional funding would be provided, the affected agencies would have to absorb the increased costs associated with an increased minimum wage and/or reduce the hours of work of affected employees.

Conference Committee/Legislature: Delete provision.

27. PREVAILING WAGE -- METAL BUILDING ERECTOR JOB CLASSIFICATION

Assembly: Modify the metal building erector prevailing wage job classification to include duties related to re-roofing and assembling components for use in constructing canopies, reroofs and mezzanines. Under current law, DWD determines the prevailing wage rates for state and local public works projects for an area by compiling the wages and benefits paid for a majority of hours worked in a trade or occupation on projects in the area. The Department uses the data to determine prevailing wage rates for over 200 job classifications.

Conference Committee/Legislature: Modify the metal building erector prevailing wage job classification to include duties related to re-roofing and repairing existing prefabricated packaged metal buildings and constructing prefabricated packaged metal additions to existing prefabricated packaged metal buildings.

Veto by Governor [C-53]: Delete provision.

[Act 16 Vetoed Sections: 2026nz, 2558i and 9458(3z)]

28. REPEAL SWIMMING POOL INSTALLER CLASSIFICATION FROM PREVAILING WAGE RATE JOB CLASSIFICATIONS

Senate/Legislature: Repeal the swimming pool installer job classification from the prevailing wage rate job classifications. Instead, other job classifications, such as laborer, would be used for projects that included construction of swimming pools. Under current law, DWD determines the prevailing wage rates for state and local public works projects for an area by compiling the wages and benefits paid for a majority of hours worked in a trade or occupation on projects in the area. The Department uses the data to determine prevailing wage rates for over 200 job classifications.

Veto by Governor [C-53]: Delete provision.

[Act 16 Vetoes Sections: 2026nz, 2558i and 9458(3z)]

29. WAGE CLAIM LIENS

Senate: Modify the state wage payment and collection law to delete the requirement that a lien of a financial institution that originates before a wage claim lien takes effect takes precedence over the wage claim lien. Instead, the wage claim lien would take precedence over all other debts, judgments, decrees, liens, or mortgages against an employer except a lien of the Department of Natural Resources for expenses incurred in cleaning up a hazardous substance discharge or other environmental pollution, but only to the extent that the wage claim lien does not exceed \$6,000 per employee. However, the \$6,000 per employee limit would not apply to a lien for a wage claim payment due under the state plant closing or cessation of health care benefits law. These provisions would first apply to liens for wages earned on the effective date of the bill.

Conference Committee/Legislature: Delete provision.

30. FAIR EMPLOYMENT LAWS -- CONVICTION RECORD

Assembly: Provide that it would not be employment discrimination to refuse to employ or terminate from employment an individual who has been convicted of a felony and who has not been pardoned for the felony, whether or not the circumstances of the felony substantially relate to the circumstances of the job. Under current law, the exception from discrimination applies to cases where the individual has committed a felony, has not been pardoned and the felony substantially relates to the job.

Conference Committee/Legislature: Delete provision.

31. DIVISION OF VOCATIONAL REHABILITATION REPORT

Senate: Require DWD's Division of Vocational Rehabilitation to issue a report, within nine months of the effective date of the bill, that would include information on the elimination of prior client waiting lists, the status of personnel, and the current and future capacity of DVR to handle client caseloads. The report would be submitted to all standing committees of the Legislature and the Joint Committee on Finance.

Under current law, DVR is required to submit a quarterly report to Joint Finance that includes projected revenues, expenses and caseload in DVR and an estimate of when vocational rehabilitation services can be provided to new participants. In addition, DVR is required to submit a quarterly report to Joint Finance on the development, implementation, and assessment of vocational rehabilitation policies and procedures that will better ensure that services are

consistently provided to clients on a statewide basis and that all vocational rehabilitation service funds are spent appropriately. DWD submitted the first quarterly reports to Joint Finance in March, 2001.

Conference Committee/Legislature: Delete provision.

Economic Support and Child Care

1. W-2 AND TANF RELATED REVENUES AND EXPENDITURES

Governor: Table 1 shows the Wisconsin Works (W-2) and temporary assistance for needy families (TANF) related revenue estimates and expenditures recommended by the Governor. These items are addressed in detail in the entries that follow according to the item number listed in the right-hand column of the table.

Revenues Available for W-2 and TANF Related Programs

As shown, the administration estimates total revenues for W-2 and TANF related programs at \$808,368,400 in 2001-02 and \$657,997,100 in 2002-03. Compared to base year funding, these numbers represent a decrease in ongoing revenue (excludes TANF carryover from the prior year) of \$18,129,300 in 2001-02 and \$21,123,700 in 2002-03. Overall, state and federal funding available for TANF programs would decline from the base due to a decrease in food stamp employment and training (FSET) revenue, a decrease in the amount of GPR that can be charged to TANF programs and a decline in the child support revenue.

State funding would include \$160,121,600 (\$150,427,200 GPR and \$9,694,400 PR) in 2001-02 and \$160,127,200 (\$150,427,200 GPR and \$9,700,000 PR) in 2002-03. These numbers represent a decrease to base year funding of \$2,719,500 (\$11,199,300 decrease in GPR and \$8,479,800 increase in PR) in 2001-02 and \$2,713,900 (\$11,199,300 decrease in GPR and \$8,485,400 increase in PR) in 2002-03. The \$9,694,400 in PR for 2001-02 and the \$9,700,000 in PR for 2002-03 include job access loan repayments, collections from welfare fraud and error reduction activities, and funds transferred from DHFS for medical assistance administration performed under the W-2 contracts.

The \$2,719,500 GPR and PR reduction for 2001-02 and the \$2,713,900 GPR and PR reduction in 2002-03 reflect changes for the following: (a) an \$11,199,300 annual decrease in GPR for TANF maintenance-of-effort funding, medical assistance administration, food stamp administration, FSET program administration and funerals and burials, which is primarily due to a transfer of medical assistance GPR to DHFS and a larger proportion of DWD's caseload being non-TANF related; (b) a decrease in PR of \$33,200 in 2001-02 and \$27,600 in 2002-03 for

fraud and error repayments and collections; and (c) an \$8,513,000 annual increase in PR from DHFS for medical assistance administration performed under the W-2 contracts.

Funding also includes \$30,498,500 in 2001-02 and \$27,498,500 from child support collections that are assigned to the state by public assistance recipients. These estimates represent a reduction of \$8,130,500 in 2001-02 and \$11,130,500 in 2002-03 compared to base year levels.

Federal funding is estimated at \$404,291,200 annually, which includes monies from the TANF block grant (\$317,505,200), the child care development block grant (\$78,114,100), the FSET program (\$4,406,300), and administration matching funds from the food stamp program provided to W-2 agencies (\$4,265,600). These amounts represent a decrease in base funding of \$7,279,300 annually, which reflects the following: (a) an increase in child care development block grant funding of \$407,900; (b) a decrease in FSET program funding of \$2,593,700; and (c) a decrease of \$5,093,500 in federal revenue for food stamps and MA primarily due to the transfer of MA administration to DHFS. In addition to these amounts, estimated available funding would include \$213,457,100 from TANF block grant funds carried forward from 2000-01.

Expenditures for W-2 and TANF Related Programs

Under the Governor's recommendation, overall expenditures for W-2 related programs would be \$742,288,200 in 2001-02 and \$657,386,500 in 2002-03. These amounts include all funds, and represent an increase over the base budget of \$105,073,000 in 2001-02 and \$20,171,300 in 2002-03. Expenditures include: W-2 agency contract allocations for cash benefits, office costs and services; community reinvestment funding for W-2 agencies; child care; financial benefits for the kinship care program, the caretaker supplement, emergency assistance and other programs; child support payments; state administration and other ongoing services; and expenditures for programs outside of DWD.

Federal law allows the state to carry forward unexpended TANF funding without fiscal year limitation. However, the use of such carried-over funds is limited to items defined as "assistance" under federal regulations. As shown in the table, under the Governor's proposal, \$610,600 in federal TANF funding would remain unallocated at the end of the 2002-03 fiscal year, and would be carried forward to the next biennium.

TABLE 1

**W-2 and TANF Related Revenues and Expenditures
Under the Governor's Budget Bill**

	<u>2001-02</u>	<u>2002-03</u>	<u>Change to Base</u>		<u>Item #</u>
			<u>2001-02</u>	<u>2002-03</u>	
REVENUES					
State General Purpose Revenue	\$150,427,200	\$150,427,200	-\$11,199,300	-\$11,199,300	41
Program Revenue in DWD	1,181,400	1,187,000	-33,200	-27,600	41
TANF Block Grant	317,505,200	317,505,200	0	0	
Child Care Block Grant	78,114,100	78,114,100	407,900	407,900	
Federal FSET Funds	4,406,300	4,406,300	-2,593,700	-2,593,700	
Federal Food Stamp & MA Revenue	4,265,600	4,265,600	-5,093,500	-5,093,500	
Program Revenue from DHFS for MA	8,513,000	8,513,000	8,513,000	8,513,000	40
Child Support Collections	30,498,500	27,498,500	-8,130,500	-11,130,500	41
TANF Carryover from Prior Year	<u>213,457,100</u>	<u>66,080,200</u>	<u>55,029,400</u>	<u>-92,347,500</u>	
Total Revenues	\$808,368,400	\$657,997,100	\$36,900,100	-\$113,471,200	
EXPENDITURES					
W-2 Agency Contract Allocations					
Subsidized Employment Benefits	\$50,696,100	\$52,082,600	\$1,386,500	\$2,773,000	2
Administration/Services	127,047,300	125,660,800	-1,386,500	-2,773,000	2
2000-2001 W-2 Contracts-Carryover from Prior Year	20,136,800	0	20,136,800	0	4
Local Agency Performance Bonuses	14,826,200	0	7,413,100	-7,413,100	6
Community Reinvestment-W-2 Agencies	39,383,200	5,559,800	33,823,400	0	7
Milwaukee Private Industry Council	500,000	500,000	-500,000	-500,000	8
Child Care					
Direct Child Care Subsidies	\$242,475,000	\$242,475,000	\$61,425,000	\$61,425,000	9
Programs to Improve Child Care Quality and Availability	16,253,800	16,439,000	374,100	559,300	11
Local Pass-Through Program	17,495,000	17,481,100	2,974,100	2,960,200	12
Other Benefits					
Kinship Care	\$24,565,300	\$24,565,300	-\$1,598,800	-\$1,598,800	13
Caretaker Supplement for Children of SSI Recipients	18,288,800	16,771,600	358,800	-1,158,400	14
Emergency Assistance	3,300,000	3,300,000	0	0	
Job Access Loans	1,000,000	1,000,000	400,000	400,000	15
State Food Stamps for Legal Immigrants	550,000	550,000	130,000	130,000	16
Employment Skills Advancement	100,000	100,000	0	0	17
Funeral/Burial Reimbursements	4,550,200	4,550,200	625,100	625,100	18
Child Support Related to W-2					
Child Support Payments	\$18,682,100	\$18,682,100	-\$11,573,100	-\$11,573,100	19
Children First	2,800,000	2,800,000	1,660,000	1,660,000	20
Hospital Paternity Establishment	0	0	-91,900	-91,900	21

	2001-02	2002-03	Change to Base		Item #
			2001-02	2002-03	
Administrative Support					
State Administration	\$21,745,200	\$21,745,200	-\$5,709,200	-\$5,709,200	22
Partnership for Full Employment	1,756,700	1,756,700	-1,756,600	-1,756,600	23
Fraud and Front-End Verification	680,200	686,500	18,800	25,100	42
WI Economic Development Initiative	0	0	-100,000	-100,000	24
Milwaukee County Liaison	54,100	54,100	0	0	
W-2 Financial Oversight	500,000	500,000	500,000	500,000	25
Other Support Services					
Work-Based Learning Programs	\$6,399,000	\$2,000,000	\$314,500	-\$4,084,500	26
Transportation	2,000,000	2,000,000	0	0	
Fatherhood	200,000	200,000	200,000	200,000	28
Legal Services	0	0	-100,000	-100,000	29
English for Southeast Asian Children	0	0	-100,000	-100,000	30
Grant Programs					
Workforce Attachment and Advancement	\$10,000,000	\$10,000,000	\$0	\$0	31
Early Childhood Excellence	7,500,000	7,500,000	0	0	
Community Youth Grants	7,079,700	0	-420,300	-7,500,000	32
Literacy-DWD	1,375,800	750,000	-28,300	-654,100	33
AODA Programs	500,000	0	-500,000	-1,000,000	34
Expenditures in Other Programs					
Earned Income Tax Credit	\$51,244,500	\$53,665,500	-\$2,755,500	-\$334,500	35
Head Start	3,712,500	3,712,500	0	0	
Aid to Milwaukee Public Schools	1,410,000	1,410,000	0	0	
SSBG Transfer to DHFS/Community Aids	18,086,200	13,494,000	0	-4,592,200	36, 41
Adolescent Services/Pregnancy Prevention	1,821,300	1,821,300	13,000	13,000	37
Badger Challenge	83,200	83,200	0	0	
Early Pregnancy Identification	100,000	100,000	0	0	
Literacy-Governor's Office	50,000	50,000	0	0	
Nutrition Services	1,000,000	1,000,000	0	0	
Immunization	1,000,000	1,000,000	0	0	
Domestic Violence	1,000,000	1,000,000	0	0	
Child Abuse and Neglect Prevention Board	340,000	340,000	0	0	
Community Marriage Coordinator	0	0	-60,000	-60,000	38
Total Expenditures	\$742,288,200	\$657,386,500	\$105,073,000	\$20,171,300	
Balance in Federal TANF Funds	\$66,080,200	\$610,600			

Joint Finance: Table 2 shows the W-2 and TANF related revenue estimates and expenditures adopted by the Joint Committee on Finance.

Revenues Available for W-2 and TANF Related Programs

As shown, total revenues for W-2 and TANF related programs are estimated at \$845,056,700 in 2001-02 and \$686,256,100 in 2002-03. Compared to the Governor's proposal, these numbers represent an increase of \$36,688,300 in 2001-02 and \$28,259,000 in 2002-03. In general, state GPR funding would be increased to draw down federal child care matching funds and to ensure that the Department is able to meet the maintenance-of-effort requirement under the federal TANF program. Program revenue is expected to increase due to revised estimates of

the amount of program revenue attributable to the TANF program. Child care block grant revenues would decrease in 2001-02 and increase in 2002-03 due to reestimates and an action to draw down additional federal child care matching funds. In addition, revenues associated with the food stamp and MA programs would decrease due to the transfer of food stamp and medical assistance eligibility determination from the W-2 agency contracts to the income maintenance contracts in January, 2002. Finally, the TANF balance carried over into 2001-02 would increase by \$48,081,900 due to reestimates.

Expenditures for W-2 and TANF Related Programs

Overall expenditures for W-2 and TANF related programs would be \$762,092,500 in 2001-02 and \$686,022,900 in 2002-03. These amounts include all funds and represent an increase in expenditures compared to the Governor's provisions of \$19,804,300 in 2001-02 and \$28,636,400 in 2002-03. The overall increase results from several modifications to the Governor's proposal which are described below in separate entries.

An estimated \$233,200 in federal TANF funding would remain unallocated at the end of the 2002-03 fiscal year, and would be carried forward to the next biennium.

TABLE 2

**W-2 and TANF Related Revenues and Expenditures
Under Joint Finance**

	2001-02	2002-03	Change to Governor		Item #
			2001-02	2002-03	
REVENUES					
State General Purpose Revenue	\$157,136,000	\$162,350,100	\$6,708,800	\$11,922,900	9,41,51,52
Program Revenue in DWD	1,317,500	1,334,300	136,100	147,300	41
TANF Block Grant	317,505,200	317,505,200	0	0	
Child Care Block Grant	64,040,900	90,197,500	-14,073,200	12,083,400	
Federal FSET Funds	4,406,300	4,406,300	0	0	
Federal Food Stamp Revenue	1,995,300	0	-2,270,300	-4,265,600	
Program Revenue from DHFS for MA	6,618,000	0	-1,895,000	-8,513,000	40
Child Support Collections	30,498,500	27,498,500	0	0	41
TANF Carryover from Prior Year	<u>261,539,000</u>	<u>82,964,200</u>	<u>48,081,900</u>	<u>16,884,000</u>	
Total Revenues	\$845,056,700	\$686,256,100	\$36,688,300	\$28,259,000	
EXPENDITURES					
W-2 Agency Contract Allocations					
Subsidized Employment Benefits	\$49,309,600	\$49,309,600	-\$1,386,500	-\$2,773,000	2
Administration/Services	112,880,700	99,221,600	-14,166,600	-26,439,200	2
2000-01 W-2 Contracts-Carryover from Prior Year	20,136,800	0	0	0	4
Local Agency Performance Bonuses	12,820,800	0	-2,005,400	0	6
Community Reinvestment-W-2 Agencies	23,618,900	5,539,700	-15,764,300	-20,100	7
Milwaukee Private Industry Council	0	0	-500,000	-500,000	8
Child Care					
Direct Child Care Subsidies	\$274,500,000	\$305,550,000	\$32,025,000	\$63,075,000	9
Programs to Improve Child Care Quality and Availability	24,293,900	15,458,000	8,040,100	-981,000	11
Local Pass-Through Program	25,210,800	17,253,200	7,715,800	-227,900	12
Other Benefits					
Kinship Care	\$24,852,600	\$24,852,600	\$287,300	\$287,300	13
Caretaker Supplement for Children of SSI Recipients	20,145,000	19,796,000	1,856,200	3,024,400	14
Emergency Assistance	3,300,000	3,300,000	0	0	
Job Access Loans	1,000,000	1,000,000	0	0	15
State Food Stamps for Legal Immigrants	745,000	950,000	195,000	400,000	16
Employment Skills Advancement	0	0	-100,000	-100,000	17
Funeral/Burial Reimbursements	4,550,200	4,550,200	0	0	18
Child Support Related to W-2					
Child Support Payments	\$18,682,100	\$18,682,100	\$0	\$0	19
Children First	1,140,000	1,140,000	-1,660,000	-1,660,000	20
Hospital Paternity Establishment	0	0	0	0	21

	<u>2001-02</u>	<u>2002-03</u>	<u>Change to Governor</u>		<u>Item #</u>
			<u>2001-02</u>	<u>2002-03</u>	
Administrative Support					
State Administration	\$21,795,300	\$21,807,800	\$50,100	\$62,600	22
Partnership for Full Employment	1,756,700	1,756,700	0	0	23
Fraud and Front-End Verification	661,400	661,400	-18,800	-25,100	42
WI Economic Development Initiative	0	0	0	0	24
Milwaukee County Liaison	54,100	54,100	0	0	
W-2 Financial Oversight	500,000	500,000	0	0	25
Other Support Services					
Work-Based Learning Programs	\$0	\$0	-\$6,399,000	-\$2,000,000	26
Transportation	1,000,000	1,000,000	-1,000,000	-1,000,000	48
Fatherhood	0	0	-200,000	-200,000	28
Legal Services	100,000	100,000	100,000	100,000	29
English for Southeast Asian Children	100,000	100,000	100,000	100,000	30
Grant Programs					
Workforce Attachment and Advancement	\$9,641,000	\$5,000,000	-\$359,000	-\$5,000,000	31
Early Childhood Excellence	11,145,900	2,500,000	3,645,900	-5,000,000	49
Community Youth Grants	7,579,700	500,000	500,000	500,000	32
Literacy-DWD	1,375,800	750,000	0	0	33
AODA Programs	500,000	0	0	0	34
Expenditures in Other Programs					
Earned Income Tax Credit	\$51,244,500	\$52,200,000	\$0	-\$1,465,500	35
Head Start	3,712,500	3,712,500	0	0	
Aid to Milwaukee Public Schools	1,410,000	1,410,000	0	0	
SSBG Transfer to DHFS/Community Aids	18,455,800	13,494,000	369,600	0	36, 41
Adolescent Services/Pregnancy Prevention	1,816,500	1,816,500	-4,800	-4,800	37
Badger Challenge	83,200	83,200	0	0	
Early Pregnancy Identification	0	0	-100,000	-100,000	50
Literacy-Governor's Office	50,000	50,000	0	0	
Nutrition Services	1,000,000	1,000,000	0	0	
Immunization	1,000,000	1,000,000	0	0	
Domestic Violence	1,000,000	1,000,000	0	0	
Child Abuse and Neglect Prevention Board	340,000	340,000	0	0	
Community Marriage Coordinator	0	0	0	0	38
Child Welfare Safety Services	7,094,100	7,094,100	7,094,100	7,094,100	51
Child Welfare Prevention Services	1,489,600	1,489,600	1,489,600	1,489,600	52
Total Expenditures	\$762,092,500	\$686,022,900	\$19,804,300	\$28,636,400	
Balance in Federal TANF Funds	\$82,964,200	\$233,200	\$16,884,000	-\$377,400	

Senate: Under the Senate provisions, total revenues for W-2 and TANF related programs would be \$845,192,100 in 2001-02 and \$687,252,900 in 2002-03. Compared to the Joint Finance provisions, revenues would be higher by \$135,400 in 2001-02 and \$996,800 in 2002-03, due to repayment of disallowed costs by Employment Solutions, Inc. and provision of additional GPR to access federal child care matching funds.

Total expenditures under the Senate provisions would be \$763,122,500 in 2001-02 and \$687,252,900 in 2002-03. These amounts are higher as compared to the Joint Finance provision by \$1,030,000 in 2001-02 and \$1,230,000 in 2002-03. Changes to expenditures under the Senate provisions would include increases in funding for direct child care subsidies, the Northwest Side Community Development Corporation, early childhood excellence grants, community youth grants, after-school care grants and the job retention skills development program. These items are described in more detail in separate items under this section.

Assembly: Under the Assembly provisions, total revenues for W-2 and TANF related programs would be \$845,258,800 in 2001-02 and \$690,374,700 in 2002-03. Compared to the Joint Finance provisions, revenues would be higher by \$202,100 in 2001-02 and \$4,118,600 in 2002-03., due to an increase in GPR to cover the TANF maintenance-of-effort requirement, a decrease in funding for job access loans, inclusion of tribal gaming revenue and repayment of disallowed costs by Employment Solutions, Inc.

Total expenditures under the Assembly provisions would be \$760,109,300 in 2001-02 and \$688,539,700 in 2002-03. As compared to the Joint Finance provisions, these amounts are lower by \$1,983,200 in 2001-02, and higher by \$2,516,800 in 2002-03. Changes to expenditures under the Assembly provisions would include decreases in funding for direct child care subsidies, job access loans, transportation, legal services, English for Southeast Asian children and the Badger Challenge program. In addition, funding increases would be provided for programs to improve child care quality and availability, workforce attachment and advancement grants and the job retention skills development program. These items are described in more detail in separate items under this section.

Conference Committee/Legislature: Table 3 shows W-2 and TANF related revenue estimates and expenditures as approved by the Legislature. Items are described separately in the sections following the table according to the item number listed in the right-hand column of the table.

TABLE 3
W-2 and TANF Related Revenues and Expenditures
Legislature

	<u>2001-02</u>	<u>2002-03</u>	<u>Change to Joint Finance</u>		<u>Item #</u>
			<u>2001-02</u>	<u>2002-03</u>	
REVENUES					
State General Purpose Revenue	\$158,136,000	\$163,350,100	\$1,000,000	\$1,000,000	9,31,41,47,51,52
Program Revenue in DWD	1,317,500	1,334,300	0	0	41
TANF Block Grant	317,505,200	317,505,200	0	0	
Child Care Block Grant	64,040,900	90,197,500	0	0	
Federal FSET Funds	4,406,300	4,406,300	0	0	
Federal Food Stamp Revenue	1,995,300	0	0	0	41
Program Revenue from DHFS for MA	6,618,000	0	0	0	40
Child Support Collections	30,498,500	27,498,500	0	0	41
TANF Carryover from Prior Year	<u>261,674,400</u>	<u>84,519,600</u>	<u>135,400</u>	<u>1,555,400</u>	
Total Revenues	\$846,192,100	\$688,811,500	\$1,135,400	\$2,555,400	

EXPENDITURES	2001-02	2002-03	Change to Joint Finance		Item #
			2001-02	2002-03	
W-2 Agency Contract Allocations					
Subsidized Employment Benefits	\$49,309,600	\$49,309,600	\$0	\$0	2
Administration/Services	112,880,700	99,221,600	0	0	2
2000-2001 W-2 Contracts-Carryover from Prior Year	20,136,800	0	0	0	4
Local Agency Performance Bonuses	12,820,800	0	0	0	6
Community Reinvestment-W-2 Agencies	23,618,900	5,539,700	0	0	7
Milwaukee Private Industry Council	0	0	0	0	8
Child Care					
Direct Child Care Subsidies	\$274,500,000	\$305,550,000	\$0	\$0	9
Programs to Improve Child Care Quality and Availability	24,293,900	15,458,000	0	0	11
Local Pass-Through Program	25,210,800	17,253,200	0	0	12
Other Benefits					
Kinship Care	\$24,852,600	\$24,852,600	\$0	\$0	13
Caretaker Supplement for Children of SSI Recipients	20,145,000	19,796,000	0	0	14
Emergency Assistance	3,300,000	3,300,000	0	0	
Job Access Loans	600,000	600,000	-400,000	-400,000	15
State Food Stamps for Legal Immigrants	745,000	950,000	0	0	16
Employment Skills Advancement	0	0	0	0	17
Funerals/Burials for Public Assistance Recipients	4,550,200	4,550,200	0	0	18
Child Support Related to W-2					
Child Support Payments	\$18,682,100	\$18,682,100	\$0	\$0	19
Children First	1,140,000	1,140,000	0	0	20
Hospital Paternity Establishment	0	0	0	0	21
Administrative Support					
State Administration	\$21,708,500	\$21,721,000	-\$86,800	-\$86,800	22
Partnership for Full Employment	1,756,700	1,756,700	0	0	23
Fraud and Front-End Verification	661,400	661,400	0	0	42
WI Economic Development Initiative	0	0	0	0	24
Milwaukee County Liaison	54,100	54,100	0	0	
W-2 Financial Oversight	500,000	500,000	0	0	25
Other Support Services					
Work-Based Learning Programs	\$0	\$0	\$0	\$0	26
Transportation	900,000	900,000	-100,000	-100,000	48
Fatherhood	0	0	0	0	28
Legal Services	100,000	100,000	0	0	29
English for Southeast Asian Children	100,000	100,000	0	0	30
Grant Programs					
Workforce Attachment and Advancement	\$9,641,000	\$7,842,200	\$0	\$2,842,200	31
Early Childhood Excellence	11,395,900	2,750,000	250,000	250,000	49
Community Youth Grants	7,579,700	500,000	0	0	32
Literacy-DWD	1,375,800	750,000	0	0	33
AODA Programs	500,000	0	0	0	34

	2001-02	2002-03	Change to Joint Finance		Item #
			2001-02	2002-03	
Expenditures in Other Programs					
Earned Income Tax Credit	\$51,244,500	\$52,200,000	\$0	\$0	35
Head Start	3,712,500	3,712,500	0	0	
Aid to Milwaukee Public Schools	1,410,000	1,410,000	0	0	
After-School Care Grant Program	0	150,000	0	150,000	57
SSBG Transfer to DHFS/Community Aids	18,455,800	13,494,000	0	0	36,41
Adolescent Services/Pregnancy Prevention	1,816,500	1,816,500	0	0	37
Badger Challenge	0	93,400	-83,200	10,200	58
Early Pregnancy Identification	0	0	0	0	50
Literacy-Governor's Office	50,000	50,000	0	0	
Nutrition Services	1,000,000	1,000,000	0	0	
Immunization	1,000,000	1,000,000	0	0	
Domestic Violence	1,000,000	1,000,000	0	0	
Child Abuse and Neglect Prevention Board	340,000	340,000	0	0	
Community Marriage Coordinator	0	0	0	0	38
Child Welfare Safety Services	7,094,100	7,094,100	0	0	51
Child Welfare Prevention Services	1,489,600	1,489,600	0	0	52
Total Expenditures	\$761,672,500	\$688,688,500	-\$420,000	\$2,665,600	
Balance in Federal TANF Funds	\$84,519,600	\$123,000	\$1,555,400	-\$110,200	

As shown, total revenues under the provisions of the Legislature are estimated at \$846,192,100 in 2001-02 and \$688,811,500 in 2002-03. These amounts are higher compared to the Joint Finance provisions by \$1,135,400 in 2001-02 and \$2,555,400 in 2002-03. The increases reflect additional GPR funding to cover the TANF maintenance-of-effort requirement and a higher TANF carryover balance in 2001-02 due to repayment of disallowed costs by Employment Solutions, Inc.

Total expenditures under the provisions approved by the Legislature would be \$761,672,500 in 2001-02 and \$688,688,500 in 2002-03. Compared to the Joint Finance provisions, these amounts are lower by \$420,000 in 2001-02 and higher by \$2,665,600 in 2002-03. These changes are due to decreases in funding for job access loans, state administration, transportation, and the Badger Challenge program and increases in funding for workforce attachment and advancement grants, early childhood excellence grants and after-school care grants.

Under the provisions of the Legislature, \$123,000 in TANF funding would remain unallocated at the end of the 2002-03 fiscal year, and would be carried forward to the next biennium.

Veto by Governor [C-50 and C-51]: Table 4 shows the W-2 and TANF related revenue estimates and expenditures after the Governor's partial vetoes. Items are described separately in the sections following the table according to the item number listed in the right-hand column of the table.

As shown, total revenues under 2001 Act 16 are estimated at \$846,192,100 in 2001-02 and \$688,811,500 in 2002-03. Total expenditures under Act 16 are \$761,672,500 in 2001-02 and

\$688,088,500 in 2002-03. Changes under the Governor's partial vetoes as compared to the Legislature include reducing the statutory allocation for community youth grants by \$450,000 in 2002-03 and eliminating the \$150,000 statutory allocation for after-school care grants in 2002-03. The Governor's veto message directs DOA to place funding for each of these into unallotted reserve.

Under 2001 Act 16, the balance in federal TANF funds at the end of the biennium is estimated at \$723,000, which includes \$600,000 in unallotted reserve in DWD.

TABLE 4

**W-2 and TANF Related Revenues and Expenditures
2001-03 Biennial Budget -- Act 16**

	<u>2001-02</u>	<u>2002-03</u>	<u>Change to Legislature</u>		<u>Item #</u>
			<u>2001-02</u>	<u>2002-03</u>	
REVENUES					
State General Purpose Revenue	\$158,136,000	\$163,350,100	\$0	\$0	9,31,41,47,51,52
Program Revenue in DWD	1,317,500	1,334,300	0	0	41
TANF Block Grant	317,505,200	317,505,200	0	0	
Child Care Block Grant	64,040,900	90,197,500	0	0	
Federal FSET Funds	4,406,300	4,406,300	0	0	
Federal Food Stamp Revenue	1,995,300	0	0	0	41
Program Revenue from DHFS for MA	6,618,000	0	0	0	40
Child Support Collections	30,498,500	27,498,500	0	0	41
TANF Carryover from Prior Year	<u>261,674,400</u>	<u>84,519,600</u>	<u>0</u>	<u>0</u>	
Total Revenues	\$846,192,100	\$688,811,500	\$0	\$0	
EXPENDITURES					
W-2 Agency Contract Allocations					
Subsidized Employment Benefits	\$49,309,600	\$49,309,600	\$0	\$0	2
Administration/Services	112,880,700	99,221,600	0	0	2
2000-2001 W-2 Contracts-Carryover					
from Prior Year	20,136,800	0	0	0	4
Local Agency Performance Bonuses	12,820,800	0	0	0	6
Community Reinvestment-W-2 Agencies	23,618,900	5,539,700	0	0	7
Milwaukee Private Industry Council	0	0	0	0	8
Child Care					
Direct Child Care Subsidies	\$274,500,000	\$305,550,000	\$0	\$0	9
Programs to Improve Child Care Quality and Availability					
and Availability	24,293,900	15,458,000	0	0	11
Local Pass-Through Program	25,210,800	17,253,200	0	0	12
Other Benefits					
Kinship Care	\$24,852,600	\$24,852,600	\$0	\$0	13
Caretaker Supplement for Children of SSI Recipients					
of SSI Recipients	20,145,000	19,796,000	0	0	14
Emergency Assistance	3,300,000	3,300,000	0	0	
Job Access Loans	600,000	600,000	0	0	15
State Food Stamps for Legal Immigrants	745,000	950,000	0	0	16
Employment Skills Advancement	0	0	0	0	17
Funerals/Burials for Public Assistance Recipients	4,550,200	4,550,200	0	0	18

	2001-02	2002-03	Change to Legislature		Item #
			2001-02	2002-03	
Child Support Related to W-2					
Child Support Payments	\$18,682,100	\$18,682,100	\$0	\$0	19
Children First	1,140,000	1,140,000	0	0	20
Hospital Paternity Establishment	0	0	0	0	21
Administrative Support					
State Administration	\$21,708,500	\$21,721,000	\$0	\$0	22
Partnership for Full Employment	1,756,700	1,756,700	0	0	23
Fraud and Front-End Verification	661,400	661,400	0	0	42
WI Economic Development Initiative	0	0	0	0	24
Milwaukee County Liaison	54,100	54,100	0	0	
W-2 Financial Oversight	500,000	500,000	0	0	25
Other Support Services					
Work-Based Learning Programs	\$0	\$0	\$0	\$0	26
Transportation	900,000	900,000	0	0	48
Fatherhood	0	0	0	0	28
Legal Services	100,000	100,000	0	0	29
English for Southeast Asian Children	100,000	100,000	0	0	30
Grant Programs					
Workforce Attachment and Advancement	\$9,641,000	\$7,842,200	\$0	\$0	31
Early Childhood Excellence	11,395,900	2,750,000	0	0	49
Community Youth Grants	7,579,700	50,000	0	-450,000	32
Literacy-DWD	1,375,800	750,000	0	0	33
AODA Programs	500,000	0	0	0	34
Expenditures in Other Programs					
Earned Income Tax Credit	\$51,244,500	\$52,200,000	\$0	\$0	35
Head Start	3,712,500	3,712,500	0	0	
Aid to Milwaukee Public Schools	1,410,000	1,410,000	0	0	
After School Care Grant Program	0	0	0	-150,000	57
SSBG Transfer to DHFS/Community Aids	18,455,800	13,494,000	0	0	36,41
Adolescent Services/Pregnancy Prevention	1,816,500	1,816,500	0	0	37
Badger Challenge	0	93,400	0	0	58
Early Pregnancy Identification	0	0	0	0	50
Literacy-Governor's Office	50,000	50,000	0	0	
Nutrition Services	1,000,000	1,000,000	0	0	
Immunization	1,000,000	1,000,000	0	0	
Domestic Violence	1,000,000	1,000,000	0	0	
Child Abuse and Neglect Prevention Board	340,000	340,000	0	0	
Community Marriage Coordinator	0	0	0	0	38
Child Welfare Safety Services	7,094,100	7,094,100	0	0	51
Child Welfare Prevention Services	1,489,600	1,489,600	0	0	52
Total Expenditures	\$761,672,500	\$688,088,500	\$0	-\$600,000	
Balance in Federal TANF Funds	\$84,519,600	\$723,000	\$0	\$600,000	

[Act 16 Sections: 741, 742, 1661b, 1662 and 1678 thru 1714]

[Act 16 Vetoes Sections: 1700b and 1714d]

2. W-2 AGENCY CONTRACTS [LFB Papers 1041, 1042 and 1043]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$0	-\$12,939,800	-\$12,939,800

Governor: Reallocate \$1,386,600 in 2001-02 and \$2,773,000 in 2002-03 for W-2 agency contracts from administration and services to subsidized employment benefits to reflect increased caseload estimates. The current W-2 contracts have a term of January 1, 2000, through December 31, 2001. The next W-2 contracts will be from January 1, 2002, through December 31, 2003.

The bill anticipates that the 2002-2003 W-2 contracts will allocate a total of \$104,165,200 for subsidized employment benefits and \$251,321,600 for administration and services over the full contract term. Funds for subsidized employment benefits are used for benefits paid under W-2 employment positions and caretaker of infant grants. Expenditures for administration cannot exceed 15% of the contract amount and are used for office costs such as salaries and fringe benefits. Funds for services are used to provide case management, job training, job readiness, motivation, education and social services.

For subsidized employment benefits, \$50,696,100 would be provided in 2001-02, which includes \$24,654,800 for the last six months of the 2000-2001 W-2 contracts and \$26,041,300 for the first six months of the 2002-2003 W-2 contracts. In 2002-03, a total of \$52,082,600 would be provided for subsidized employment benefits for 12 months of the 2002-2003 W-2 contracts. For administration and services, \$127,047,300 would be provided in 2001-02, which includes \$64,216,900 for the last six months of the 2000-2001 W-2 contracts and \$62,830,400 for the first six months of the 2002-2003 W-2 contracts. In 2002-03, a total of \$125,660,800 would be provided for administration and services for 12 months of the 2002-2003 W-2 contracts.

Joint Finance: Eliminate the proposed increase in funding for W-2 cash benefits by decreasing funding by \$1,386,500 in 2001-02 and \$2,773,000 in 2002-03 for a total allocation of \$49,309,600 annually. Decrease funding for administration and services by \$3,558,100 in 2001-02 and \$5,222,200 in 2002-03 to reflect a reduction in the final contract amount for the 2000-2001 W-2 contracts of \$947,000 and a 5% reduction for the 2002-2003 W-2 contracts of \$2,611,100 in 2001-02 and \$5,222,200 in 2002-03. In addition, transfer \$10,608,500 in 2001-02 and \$21,217,000 in 2002-03 in administration and services funds from the W-2 agency contract to the income maintenance contract for no net budgetary change. The new allocation for administration and services would be \$112,880,700 in 2001-02 and \$99,221,600 in 2002-03. Specify that funding allocated under the W-2 contracts for benefits may not be transferred to the allocation for services and administration, effective January 1, 2002.

Food Stamp and Medical Assistance Eligibility Determination. Transfer food stamp and medical assistance eligibility determination from the W-2 contracts to the income maintenance contracts. In addition, delete the provision in current law requiring W-2 agencies to certify

eligibility for and issue food stamps, to the extent permitted by federal law or a waiver from the U.S. Department of Health and Human Services. Further, delete the provision in current law allowing W-2 agencies to administer MA eligibility determination to the extent permitted by federal law or a waiver from HHS.

Performance Standards. Direct DWD to modify its contract terms for the 2002-2003 W-2 contracts to make the following changes to the performance standards proposed by DWD: (a) allow agencies to receive a one-case credit only to meet the base contract and right of first selection benchmark, and not to receive the unrestricted performance bonus; (b) modify the extension requests standard to require timely processing and CARES documentation of 100% of requests as a base contract and right of first selection requirement, and eliminate use of this standard in determining unrestricted performance bonuses; (c) modify the customer satisfaction standard to distribute unrestricted bonus funds to all agencies that have an average score exceeding 6.5 on each survey item, instead of providing unrestricted bonuses only to the top-10 scoring agencies; and (d) modify the financial management standard to require "significant audit finding" to include an audit finding of unallowable or questioned costs of a certain percentage of the contract amount, to be determined by DWD.

Right of First Selection. Modify the statutes to require DWD to utilize a competitive process to select W-2 agencies starting with the 2004-2005 contracting process, using criteria including but not limited to cost and prior experience, unless it opts to re-contract with agencies based on standards developed by DWD. Direct DWD to modify its contract terms for the 2002-2003 W-2 contracts to reflect this policy change for the 2004-2005 contracts. This would provide DWD with the flexibility to utilize either a competitive process or right of first selection process.

W-2 Geographic Regions. Modify the statutes to specify that right of first selection would not apply for the 2004-2005 W-2 contracts in cases where the geographic area has been changed. Direct DWD to amend the contract terms for the 2002-2003 contracts to state that the right of first selection will not apply for the 2004-2005 contracts in cases where the geographic area has been changed. In addition, require DWD to hold public hearings and consult with the Milwaukee County Department of Human Services prior to implementing any changes to the W-2 geographic regions.

Financial Accountability. Direct DWD to modify its contract terms for the 2002-2003 W-2 contracts to specify that penalties for unallowable expenditures would be 50% of the unallowable amount.

Senate: Make several changes to the W-2 contracting process regarding: (a) right of first selection for the 2002-2003 W-2 agency contracts; (b) performance standards for the 2002-2003 W-2 contracts; and (c) future audit requirements for the W-2 program.

Right of First Selection. Specify that if a private W-2 agency relinquishes its right of first selection, then the county would have the right of first refusal, effective for the 2002-2003 W-2 contracting process. As under current law, if the agency relinquishing its right of first selection

is a county agency, then the geographic area would be open to competition under a request for proposals process.

Employment Solutions, Inc. (ESI) in Milwaukee County, relinquished its right of first selection for two regions in Milwaukee County. This action would give Milwaukee County the right of first refusal for these two regions for the 2002-2003 W-2 contracts. In addition, Jackson and Columbia counties relinquished their right of first selection. As under current law, these two regions would be opened up to competition under a request for proposals process.

Performance Standards. As adopted by the Joint Committee on Finance, agencies would be eligible to receive an amount up to 4% of the W-2 contract amount for performance bonuses. Agencies would be eligible for the first 2% if they meet the first tier unrestricted performance benchmarks. In addition, agencies would be eligible for the second 2% if they meet the second tier unrestricted performance benchmarks. Direct DWD to modify its contract terms for the 2002-2003 W-2 contracts to make the following changes to the performance standards proposed by DWD:

a. *Entered Employment Standard.* For the entered employment standard, increase the base contract and right of first selection benchmark from 35% of W-2 and FSET program participants being placed into full or part-time jobs to 50%. In addition, specify that a single individual would only be counted once as entering unsubsidized employment, even if the individual enters unsubsidized employment on more than one occasion during the contract period.

b. *Initial Wage Rate Standard.* Convert the standard that measures initial wage rate at placement from an informational standard to a mandatory standard and set the base contract and right of first selection benchmark wage rate for each W-2 region at the average wage rate in each county during the first six months of 2001, set the first tier unrestricted bonus benchmark at 102.5% of the average base wage rate, and set the second tier unrestricted bonus benchmark at 105% of the average base wage rate.

c. *Job Retention Standard.* For the job retention standard, increase the base contract and right of first selection benchmark for 30-day follow-up from 75% of W-2 and FSET participants that remain employed after a 30-day follow-up to 85%, increase the first tier unrestricted bonus benchmark from 80% to 90% and increase the second tier unrestricted bonus benchmark from 85% to 95%. In addition, modify the job retention standard to also measure job retention after 360 days as an informational standard.

d. *Full and Appropriate Engagement Standard.* For the full and appropriate engagement standard, increase the base contract and right of first selection benchmark from 80% of W-2 and FSET participants being appropriately engaged in activities to 90%, increase the first tier unrestricted bonus benchmark from 85% to 95% and increase the second tier unrestricted bonus benchmark from 90% to 100%.

e. *Basic Education Activities Standard.* For the basic education activities standard, increase the base contract and right of first selection benchmark from 80% of W-2 adult participants in appropriate education and training activities to 90%, increase the first tier unrestricted bonus benchmark from 85% to 95% and increase the second tier unrestricted bonus benchmark from 90% to 100%.

f. *Educational Activities Attainment Standard.* For the educational activities attainment standard, increase the base contract and right of first selection benchmark from 35% of W-2 adult participants completing an educational activity, job skills training or technical college activity to 40%, increase the first tier unrestricted bonus benchmark from 40% to 45% and increase the second tier unrestricted bonus benchmark from 45% to 50%.

g. *W-2 Agency Staff Training Standard.* Modify the W-2 agency staff training standard to require that 100% of staff meet DWD training requirements as a base contract and right of first selection requirement, and eliminate the use of this standard in determining unrestricted performance bonuses.

h. *W-2 Tier Placement.* Modify the appropriate W-2 tier placement standard to require appropriate placement in unsubsidized employment or a subsidized employment position of 100% of participants as a base contract and right of first selection requirement, and eliminate the use of this standard in determining unrestricted performance bonuses.

i. *Optional Performance Standards.* Eliminate faith-based contracts and supplemental security income (SSI) advocacy as optional performance standards. In addition, convert the employer health insurance standard from an optional standard to a required standard and increase the base contract and right of first selection benchmark from 30% of W-2 and FSET participants with employer-sponsored health insurance no later than 180 days after entering unsubsidized employment to 55%, increase the first tier unrestricted bonus benchmark from 35% to 60% and increase the second tier unrestricted bonus benchmark from 40% to 65%.

j. *Future Audit Requirements for the W-2 Program.* Modify the statutes to require the Legislative Audit Bureau to conduct biennial program and financial audits on the W-2 and child care programs. In addition, authorize the Legislative Audit Bureau to charge DWD for all or a portion of the costs of performing these audits. Under current law, the Legislative Audit Bureau was required to file a financial and performance audit on the W-2 program by July 1, 2000. The Audit Bureau conducted several audits, the last of which was released in April, 2001.

Assembly: Restore statutory language allowing W-2 agencies to administer medical assistance and food stamp eligibility determination, to the extent permitted by federal law or a waiver from the U.S. Department of Health and Human Services. In addition, delete the provision requiring DWD to hold public hearings and consult with the Milwaukee County Department of Human Services prior to implementing any changes to the W-2 geographic regions.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [C-44, C-47 and C-48]: Delete the provisions that would have prohibited transferring funding allocated under the W-2 contracts for benefits to the allocation for services and administration. The Governor's veto also deletes the provisions that would have required DWD to hold public hearings and consult with the Milwaukee County Department of Human Services prior to implementing any changes to the W-2 geographic regions. In addition, the veto deletes the provisions that would have directed DWD to modify its contract terms for the 2002-2003 W-2 contracts to make the following changes to the performance standards proposed by DWD: (a) allow agencies to receive a one-case credit only to meet the base contract and right of first selection benchmark, and not to receive unrestricted performance bonuses; (b) modify the extension requests standard to require timely processing and CARES documentation of 100% of requests as a base contract and right of first selection requirement, and eliminate use of this standard in determining unrestricted performance bonuses; (c) modify the customer satisfaction standard to distribute unrestricted bonus funds to all agencies that have an average score exceeding 6.5 on each survey item, instead of providing unrestricted bonuses only to the top-10 scoring agencies; and (d) modify the financial management standard to require "significant audit finding" to include an audit finding of unallowable or questioned costs of a certain percentage of the contract amount, to be determined by DWD.

[Act 16 Sections: 1494m, 1494q, 1494t, 1495m, 1656trg, 1656trm, 1656trs, 1656tym, 1657g thru 1657u, 1660b, 1679b, 1680b, 1730f, 1749, 1838u, 9158(9e)(a),(c)&(f) and 9358(8c)]

[Act 16 Vetoed Sections: 1660d, 1660g, 9158(9e)(d) and 9358(8c)]

3. START-UP FUNDING FOR W-2 AGENCIES

Governor/Legislature: Eliminate the statutory allocation of start-up funding for W-2 agency contracts in 1999-00. Funds totaling \$3,519,000 were set aside in 1999-00 for contracts beginning on January 1, 2000, and ending on December 31, 2001.

[Act 16 Section: 1693b]

4. UNEXPENDED FUNDS FROM 2000-2001 W-2 CONTRACTS

FED	\$20,136,800
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Governor/Legislature: Provide increased funding of \$20,136,800 in 2001-02 for costs associated with the 2000-2001 W-2 contracts for benefits and administration/services. These funds were allocated in 1999-00 but were not expended. DWD expects these funds to be spent in 2001-02.

[Act 16 Section: 1683b]

5. W-2 CONTINGENCY FUND [LFB Paper 1042]

Governor: Eliminate funding of \$102,000,000 set aside as a contingency fund for program costs of W-2 agencies. These funds were available in the 1999-01 biennium for distribution under criteria established by DWD. The funds were placed in the Joint Committee on Finance's appropriation and any distribution of funds had to be approved by the Committee under s. 13.10. No funds were withdrawn from the contingency fund in 1999-01.

Joint Finance: Specify that any community reinvestment funds associated with the 1997-1999 W-2 contracts that have not been expended by December 31, 2001, would be placed in the Joint Committee on Finance's program supplements appropriation to be used as a contingency fund for W-2 cash benefits, child care subsidies and kinship care benefits. The maximum amount of the contingency fund would be \$20,849,000, which is the amount of funding the Committee provided for community reinvestment associated with the 1997-1999 W-2 contracts in 2001-02.

Assembly: Limit the use of the contingency fund to W-2 cash benefits and child care subsidies and delete the provision allowing the contingency fund to be used for kinship care payments.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [C-46]: Delete the provisions that would have allowed the contingency fund to be used for child care subsidies and kinship care benefits.

[Act 16 Sections: 961r, 1684b and 9258(2w)]

[Act 16 Vetoed Section: 961r]

6. W-2 PERFORMANCE BONUSES [LFB Papers 1041 and 1042]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$0	-\$2,005,400	-\$2,005,400

Governor: Eliminate the statutory allocation of funds for W-2 agency performance bonuses for the 2002-2003 agency contracts, but retain the provision that sets out the criteria DWD is required to use when providing performance bonuses. Performance bonuses are allocated to agencies that meet certain performance criteria in the W-2 contracts and are available for unrestricted use. For the current W-2 contracts, these bonuses equal approximately 4% of the W-2 contract amount. The bill would provide funding of \$14,826,200 in 2001-02 to pay the entire amount for performance bonuses associated with these contracts. Although not specified in the bill, the administration indicates that \$12,500,000 would be needed in 2003-04

for performance bonuses associated with the 2002-2003 W-2 contracts. This would represent approximately 3.5% of the 2002-2003 W-2 contract amount.

Joint Finance/Legislature: Reduce the allocation for performance bonuses associated with the 2000-2001 W-2 contracts by \$2,005,400 in 2001-02 to reflect a reduction of \$53,600 in the final contract amount and a reduction of \$1,951,800 based on the amount of bonuses agencies are projected to receive based on calendar year 2000 performance, resulting in a total allocation of \$12,820,800 in 2001-02.

Direct DWD to place an amount equal to 4% of the contract amount for unrestricted performance bonuses in the contract terms for the 2002-2003 W-2 contracts. Agencies would be eligible for the first 2% if they meet the performance standards set in DWD's draft contract terms for restricted performance bonuses. In addition, agencies would be eligible for the second 2% if they meet performance standards in DWD's draft contract terms for unrestricted performance bonuses.

Veto by Governor [C-48]: Delete the provisions that would have set the amount for unrestricted performance bonuses at 4% of the 2002-03 W-2 contract amount. In addition, the Governor's veto deletes the provisions that would have specified the criteria for meeting the first and second bonus levels.

[Act 16 Section: 1681b]

[Act 16 Vetoed Section: 9158(9e)(b)]

7. W-2 COMMUNITY REINVESTMENT [LFB Papers 1041 and 1042]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$33,823,400	-\$15,784,400	\$18,039,000

Governor: Provide increased funding of \$33,823,400 in 2001-02 for community reinvestment activities associated with W-2 contracts. Community reinvestment funds are provided to W-2 agencies to help families attain self-sufficiency who are eligible for funds from the TANF block grant, and to provide a supplemental funding base for the W-2 contract.

Base funding is \$5,559,800. For 2001-02, the funds provided total \$39,383,200, which includes: (a) \$12,854,600 in unspent funds from the first six months of funding for the community reinvestment contracts associated with the 1997-1999 W-2 contracts; (b) \$20,968,800 associated with the last six months of those contracts; and (c) \$5,559,800 for the first 12 months of community reinvestment activities associated with the current W-2 contracts, which cover calendar years 2000 and 2001. For 2002-03, the funds provided total \$5,559,800, which represents the last 12 months of community reinvestment activities associated with the 2000-2001 W-2 contracts.

Joint Finance: Reduce funding by \$15,764,300 in 2001-02 and \$20,100 in 2002-03 to reflect a reduction of \$3,029,500 in 2001-02 and \$20,100 in 2002-03 based on reestimates, as well as a reduction of \$12,734,800 in 2001-02 to reflect not rebudgeting funds that were unspent in 1999-01 for the first six months of community reinvestment associated with the 1997-1999 W-2 contracts. A total of \$20,849,000 would be provided in 2001-02 for funding for community reinvestment associated with the 1997-1999 W-2 contracts and DWD would be directed not to extend the deadline for expending these funds beyond December 31, 2001. In addition, a total of \$2,769,900 in 2001-02 and \$5,539,700 in 2002-03 would be provided for 18 months' funding of community reinvestment associated with the 2000-2001 W-2 contracts. The Committee's action would also direct DWD to eliminate community reinvestment funding from the 2002-2003 W-2 contracts.

Senate/Legislature: Incorporate Joint Finance provisions. In addition, specify that the 2000-2001 community reinvestment allocation for Employment Solutions, Inc. in Milwaukee County totaling \$1,968,000, would be designated for Milwaukee County as follows: \$656,000 in 2001-02, and \$1,312,000 in 2002-03.

In a memorandum of understanding between ESI and DWD dated June 7, 2001, ESI agreed to relinquish its community reinvestment funding associated with the 2000-2001 W-2 contracts of \$2,624,000. DWD agreed to reinvest these funds in the Milwaukee County community for purposes determined by the Department. Under the Joint Committee on Finance's version of the bill, three-fourths of these community reinvestment funds (\$1,968,000) would be provided during the 2001-03 biennium, and one-fourth would be provided in the 2003-05 biennium (\$656,000). This provision would provide these community reinvestment funds to Milwaukee County.

[Act 16 Sections: 1682bc thru 1682cf, 9158(8y),(9e)(e)&(10g) and 9458(2w)]

8. MILWAUKEE PRIVATE INDUSTRY COUNCIL [LFB Paper 1044]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$1,000,000	-\$1,000,000	-\$2,000,000

Governor: Reduce funding by \$500,000 annually for the Milwaukee Private Industry Council. These funds are currently provided for administrative oversight and coordination activities for the Milwaukee County W-2 agencies. Total funding would equal \$500,000 annually.

Joint Finance/Legislature: Delete the proposed allocation for the Milwaukee Private Industry Council of \$500,000 annually. In addition, modify the statutes to require DWD to perform the following oversight and coordination functions for W-2 agencies in Milwaukee County: (a) monitor agencies' compliance with the provisions in their contracts; (b) provide

technical assistance; and (c) assist in the coordination of W-2 services among the five Milwaukee W-2 agencies.

Veto by Governor [C-49]: Delete the provisions that would have required DWD to perform oversight and coordination functions for W-2 agencies in Milwaukee County. The Governor's veto message directs DWD to either conduct the oversight and coordination activities itself, or contract with a provider to perform this function for the Milwaukee W-2 agencies.

[Act 16 Section: 1694b]

[Act 16 Vetoed Section: 1660e]

9. CHILD CARE SUBSIDIES [LFB Papers 1045, 1046 and 1049]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	\$10,000,000	\$10,000,000
FED	<u>122,850,000</u>	<u>85,100,000</u>	<u>207,950,000</u>
Total	\$122,850,000	\$95,100,000	\$217,950,000

Governor: Provide increased funding of \$61,425,000 annually for child care subsidies allocated under the Wisconsin Shares program due to increased caseload. Total funding would equal \$242,475,000 annually.

Specify that DWD would be allowed to reimburse W-2 agencies for child care that the W-2 agency provides to children of W-2 participants and applicants.

Joint Finance: Increase funding for child care subsidies provided through the Wisconsin Shares program by \$1,395,300 GPR and \$30,629,700 FED in 2001-02 and by \$8,604,700 GPR and \$54,470,300 FED in 2002-03. The GPR funding provided would enable the state to access federal child care matching funds of \$2,032,200 in 2001-02 and \$12,164,500 in 2002-03, which is part of the federal funding provided above. The remaining federal funds provided would come from reestimates and program reductions discussed in this section. The total allocation would be \$274,500,000 in 2001-02 and \$305,550,000 in 2002-03.

Senate: Increase funding by \$783,600 GPR in 2002-03 and decrease funding by \$783,600 FED in 2002-03 to reflect appropriating additional GPR to access \$1,107,800 in federal child care matching funds. This action would not change the net amount appropriated for child care subsidies, but would decrease the amount of TANF funding needed for child care subsidies by \$1,891,400. The freed-up TANF funds would be allocated to other expenditures approved by the Senate.

Assembly: Direct DWD to increase copayments for the Wisconsin Shares child care subsidy program to reflect changes in the consumer price index on October 1, 2001, May 1, 2002,

and May 1, 2003, and reduce funds for child care subsidies by \$500,000 in 2001-02 and \$600,000 in 2002-03. These copayment increases would be in addition to annual adjustments made by DWD to reflect changes in the federal poverty level. The new allocation would be \$274,000,000 in 2001-02 and \$304,950,000 in 2002-03.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 16 Sections: 1674, 1675 and 1690b]

10. CHILD CARE SUBSIDY ELIGIBILITY [LFB Paper 1045]

Governor: Modify several eligibility requirements for child care subsidies by: (a) changing the financial limitations for long-term and short-term kinship care relatives; (b) allowing DWD to modify eligibility requirements for child care subsidies if funds are insufficient for all eligible individuals; and (c) changing the subsidy reimbursement prohibition for providers residing with the child receiving child care.

a. *Short and Long-Term Kinship Care.* Under current law, families generally must have income at or below 185% of the federal poverty level to be eligible for child care subsidies. Families can remain eligible until their income reaches 200% of the poverty level. There are also eligibility standards for foster parents and short-term kinship care relatives. For foster care parents and short-term kinship care relatives, the child's biological or adoptive family must have income at or below 200% of the federal poverty level. In contrast, long-term kinship care relatives fall under the general eligibility standard and must have initial income at or below 185% of the federal poverty level. The bill would modify the income limitations to be 200% of the poverty level for both short- and long-term kinship care relatives. These provisions would first apply to eligibility determinations made on the day after publication of the bill. The bill would also modify the nonfinancial eligibility requirements to be the same for both short- and long-term kinship care relatives.

b. *Eligibility Requirements in Case of Insufficient Appropriations.* The bill would specify that if DWD determines that funds allocated for child care subsidies are insufficient to provide a subsidy to eligible recipients, the Department could develop a plan to limit participation in the program. The plan could have different eligibility requirements than those required under current law. DWD would be required to submit the plan to the Secretary of DOA for approval and DWD could implement the plan if the DOA Secretary approves the plan. No legislative review would be required.

c. *Child Care Providers Residing with the Child.* Under current law, DWD is prohibited from distributing child care subsidies to persons who reside with the child, unless the county determines that the care is necessary because of a special health condition of the child. This prohibition would be extended to parents who do not reside with the child. A parent is currently defined as a custodial parent, guardian, foster parent, treatment foster parent, legal custodian or a person acting in the place of a parent. Noncustodial parents are not included in

this definition. This provision would first apply to child care funds distributed on the day after publication of the bill.

Joint Finance: Delete the provisions to allow DWD to submit a plan to the Secretary of DOA for approval to limit participation in the Wisconsin Shares program if DWD determines that funds allocated for child care subsidies are insufficient to provide a subsidy to eligible recipients.

Senate: Provide increased TANF funding of \$80,000 annually to allow child care funds to be used for care of a child by a licensed child care provider who resides with the child and is not a parent of the child. Under current law, DWD cannot provide child care funds to a person who resides with the child receiving care, unless the county department determines that the care is necessary because of a special health condition of the child.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 16 Sections: 1636, 1664, 1665 thru 1671, 1676 and 9358(5)&(6)]

11. PROGRAMS TO IMPROVE CHILD CARE QUALITY AND AVAILABILITY [LFB Papers 1041, 1047 and 1048]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$933,400	\$7,059,100	\$7,992,500

Governor: Increase funding by \$374,100 in 2001-02 and \$559,300 in 2002-03 for programs administered by DWD and DHFS to improve child care quality and availability. Total funding of \$16,253,800 in 2001-02 and \$16,439,000 in 2002-03 would be allocated under the bill for these programs. The first column in the following table represents base level funding for each program. The second and third columns show the total funding under the Governor’s recommendation and the last two columns show the proposed change in funding.

**Funding for Programs to Improve Child Care Quality and Availability
Under the Governor's Budget Bill**

	<u>Base</u>	<u>Total</u>		<u>Change</u>	
		<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>
Quality Improvement Grants	\$1,407,900	\$1,000,000	\$1,000,000	-\$407,900	-\$407,900
Resource and Referral Agencies	1,700,000	2,105,300	2,105,300	405,300	405,300
Low-Income Subsidy	1,000,000	0	0	-1,000,000	-1,000,000
Sick Child Care Grants	1,000,000	0	0	-1,000,000	-1,000,000
DHFS Licensing Staff	3,745,200	3,889,500	4,060,800	144,300	315,600
DHFS Licensing -Matching Funds	0	660,000	673,900	660,000	673,900
State Level Start-up and Expansion	400,000	0	0	-400,000	-400,000
Technical Assistance	914,900	995,300	995,300	80,400	80,400
Child Care Scholarships	4,127,200	6,007,200	6,007,200	1,880,000	1,880,000
Milwaukee County Foster Parents	182,200	182,200	182,200	0	0
Background Checks	27,700	0	0	-27,700	-27,700
Safe Child Care	580,000	580,000	580,000	0	0
DWD Office of Child Care	794,600	834,300	834,300	39,700	39,700
Total	\$15,879,700	\$16,253,800	\$16,439,000	\$374,100	\$559,300

The bill would eliminate funding for four programs: low-income subsidy, sick child care grants, state level start-up and expansion, and child care provider background checks in DHFS. Funds would also be decreased for quality improvement grants. The bill would also provide new funding for licensing in DHFS that would require DHFS to provide a 41% match, and increased funding for: (a) resource and referral agencies; (b) DHFS licensing staff; (c) technical assistance; (d) child care scholarships; and (e) DWD's Office of Child Care.

Joint Finance: Increase funding by \$8,040,100 in 2001-02 and decrease funding by \$981,000 in 2002-03. The changes to the Governor's proposal are due to: (a) carryover of \$9,020,100 from 2000-01 to 2001-02; (b) a reduction to correct an inadvertent budgeting error of \$47,800 in 2001-02 and \$48,800 in 2002-03; (c) deletion of funding for quality improvement grants of \$1,000,000 annually; (d) an increase of \$1,000,000 annually for a high quality child care demonstration project in Racine County; (e) a \$750,000 annual reduction for child care resource and referral agencies; and (f) a \$182,200 annual reduction for day care administration for Milwaukee County foster parents. In addition, delete 4.0 PR positions in DHFS for child care licensing. The Committee's action would also revise statutory provisions relating to the indirect child care allocation for 2001-03 to allow funds to be used for a child care scholarship and bonus program, safe child care activities and the DWD Office of Child Care. The first two columns in the table below show the amount allocated based on the Joint Committee on Finance's action, except for the carryover amount, and the last two columns show the change to the Governor's recommendation.

**Funding for Programs to Improve Child Care Quality and Availability
Under Joint Finance**

	<u>Joint Finance</u>		<u>Change to Governor</u>	
	<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>
Funding for DWD				
Quality Improvement Grants	\$0	\$0	-\$1,000,000	-\$1,000,000
High Quality Demonstration Program- Racine County	1,000,000	1,000,000	1,000,000	1,000,000
Resource and Referral Agencies	1,355,300	1,355,300	-750,000	-750,000
Low-Income Subsidy	0	0	0	0
Sick Child Care Grants	0	0	0	0
State Level Start-up and Expansion	0	0	0	0
Technical Assistance	995,300	995,300	0	0
Child Care Scholarships	6,007,200	6,007,200	0	0
Safe Child Care	580,000	580,000	0	0
DWD Office of Child Care	786,500	786,500	-47,800	-47,800
Subtotal	<u>\$10,724,300</u>	<u>\$10,724,300</u>	<u>-\$797,800</u>	<u>-\$797,800</u>
Funding for DHFS				
Licensing Staff	\$3,889,500	\$4,059,800	\$0	-\$1,000
Licensing Staff- Matching Funds	660,000	673,900	0	0
Background Checks	0	0	0	0
Milwaukee County Foster Parent Day Care Admin.	0	0	-182,200	-182,200
Subtotal	<u>\$4,549,500</u>	<u>\$4,733,700</u>	<u>-\$182,200</u>	<u>-\$183,200</u>
Total	\$15,273,800	\$15,458,000	-\$980,000	-\$981,000

Assembly: Increase funding for child care resource and referral agencies by \$400,000 annually. The new allocation would be \$1,755,300 annually.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 16 Sections: 1661b, 1662 and 1691b]

12. CHILD CARE LOCAL PASS-THROUGH PROGRAM [LFB Papers 1041 and 1049]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$5,934,300	\$7,487,900	\$13,422,200

Governor: Provide increased funding of \$2,974,100 in 2001-02 and \$2,960,200 in 2002-03 for the child care local pass-through program. This program was created through a request to the Joint Finance Committee in July, 2000, and there are not currently any statutory provisions for this program. The bill would require DWD to award grants under the program to local governments and tribal governing bodies to fund programs to improve the quality of child care. DWD would also be required to promulgate rules to administer the grant program, including

eligibility criteria and procedures for awarding grants. The program would use child care development block grant funds that require a 41% match. Although not specified in the bill, the administration indicates that the local agencies would have to provide the required match. Base funding is \$14,520,900, resulting in a total allocation of \$17,495,000 in 2001-02 and \$17,481,100 in 2002-03.

Joint Finance/Legislature: Provide increased funding of \$7,715,800 in 2001-02 and decrease funding by \$227,900 in 2002-03. The increase in 2001-02 reflects carryover from 2000-01 of \$7,943,700 and reduction for an error correction. The decrease in funding in 2002-03 reflects an error correction. The total allocation would be \$25,210,800 in 2001-02 and \$17,253,200 in 2002-03. The funding in 2001-02 would be for existing contractual obligations and the funding in 2002-03 would be for new grants.

[Act 16 Sections: 1657, 1661b and 1692b]

13. KINSHIP CARE [LFB Papers 1041 and 1050]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$3,197,600	\$574,600	-\$2,623,000

Governor: Reduce funding transferred to DHFS for the kinship care program by \$1,598,800 annually for a total allocation of \$24,565,300 annually. This reflects a reestimate of the number of families anticipated to use the kinship care program. The amount of the annual reduction was inadvertently overstated in the DWD budget by \$190,600 in each year. The correct amount of the reduction for kinship care is shown in the DHFS budget at \$1,408,200 annually, which includes a \$1,420,400 annual reduction in benefits and a \$12,200 annual increase for full funding of two administrative positions. The correct total allocation should be \$24,755,900 in each year.

Joint Finance/Legislature: Increase funding by \$287,300 annually for the kinship care program. The annual increase reflects an inadvertent budgeting error of \$190,600 as well as \$96,700 to fully fund the anticipated caseload. The total allocation would be \$24,852,600 annually. Authorize the Joint Committee on Finance to supplement the kinship care appropriation under s. 16.515 if the amount budgeted for the program is insufficient to fund benefits payments to eligible families.

Veto by Governor [C-37]: Delete the provisions that would have authorized the Joint Committee on Finance to supplement the kinship care appropriation if the amount budgeted for the program is insufficient to fund benefit payments to eligible families.

[Act 16 Section: 1704b]

[Act 16 Vetoed Section: 1629x]

14. CARETAKER SUPPLEMENT [LFB Paper 1041]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$799,600	\$4,880,600	\$4,081,000

Governor: Increase federal TANF funding by \$358,800 in 2001-02 and decrease funding by \$1,158,400 in 2002-03 for benefits and administrative costs of the caretaker supplement for children of recipients of supplemental security income. This reduction reflects a reestimate of the number of families using the caretaker supplement program. The total TANF allocation would equal \$18,288,800 in 2001-02 and \$16,771,600 in 2002-03. The amount of funding for the supplement was inadvertently understated in the DWD budget by \$138,000 annually. The correct amounts of the modifications are shown in the DHFS budget as an increase of \$496,800 in 2001-02 and a decrease of \$1,020,400 in 2002-03. The correct total allocations should be \$18,426,800 in 2001-02 and \$16,909,600 in 2002-03.

Joint Finance/Legislature: Increase funding by \$1,856,200 in 2001-02 and \$3,024,400 in 2002-03. The increase reflects an inadvertent budgeting error of \$138,000 annually, as well as \$1,718,200 in 2001-02 and \$2,886,400 in 2002-03 to fully fund the anticipated caseload. The total allocation would be \$20,145,000 in 2001-02 and \$19,796,000 in 2002-03.

[Act 16 Section: 1705b]

15. JOB ACCESS LOANS

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
FED	\$800,000	-\$800,000	\$0

Governor: Provide increased funding of \$400,000 annually for job access loans. Under current law, W-2 agencies are allowed to provide these loans to W-2 participants for job-related expenses. The loan repayments are received as PR by the state. This modification reflects a revised estimate based on current usage. Under this provision, \$1,000,000 would be provided annually for job access loans, consisting of \$450,000 GPR, \$466,700 TANF and \$83,300 PR from estimated loan repayments.

Assembly: Delete \$1,000,000 annually for job access loans (\$450,000 GPR, \$83,300 PR and \$466,700 FED). While there would be no funding specifically set aside for job access loans, W-2 agencies would be able to use funds from job access loan repayments and funds in their administration and services allocation for new job access loans.

Conference Committee/Legislature: Delete the Governor's proposed increase for job access loans and maintain base funding of \$600,000 annually.

16. FOOD STAMPS FOR QUALIFIED IMMIGRANTS [LFB Paper 1051]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$260,000	\$595,000	\$855,000

Governor: Increase funding by \$130,000 annually for food stamps for qualified immigrants for a total annual allocation of \$550,000. 1997 Wisconsin Act 286 created a state food stamp benefit program for qualified immigrants who had become ineligible for federal benefits under the 1996 federal welfare reform legislation (P.L. 104-193). After passage of Act 286, a new federal law was enacted which restored federal food stamp benefits to certain qualified immigrants. The state program provides benefits for qualified immigrants that remain ineligible for federal food stamp benefits. The Governor's recommendation reflects current estimates of the number of immigrants projected to utilize the state program.

Joint Finance/Legislature: Increase funding by \$195,000 in 2001-02 and \$400,000 in 2002-03 to reflect revised caseload estimates for food stamps for qualified immigrants. The total allocation would be \$745,000 in 2001-02 and \$950,000 in 2002-03.

[Act 16 Sections: 1686a and 1686b]

17. EMPLOYMENT SKILLS ADVANCEMENT GRANTS [LFB Paper 1046]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$0	-\$200,000	-\$200,000

Governor: Modify three of the eligibility requirements for employment skills advancement grants. Under current law, DWD awards grants to eligible individuals to be used for tuition, books, transportation or other direct costs of training or education in a vocational training or educational program. An individual may be eligible for grants of up to \$500 over a lifetime if all of the following requirements are met: (a) the individual contributes, or obtains from other sources, an amount at least equal to the amount of the grant; (b) the training or education is approved by the W-2 agency as part of a career training or education plan that will lead to increased income; (c) the individual is at least 18 years old and a custodial parent of minor child; (d) the individual has been determined eligible for the former aid to families with dependent children (AFDC) program or a W-2 employment position within five years before applying for a grant; (e) the individual has been employed in a subsidized job for at least six consecutive months before applying for a grant; (f) the individual is working an average of at least 40 hours per week, unless the employer and the administering agency agree that the person may work fewer hours; (g) the assets of the individual's family do not exceed \$2,500, excluding the equity value of vehicles up to \$10,000 and one home; (h) the individual's family income does not exceed 165% of the federal poverty level; and (i) the individual has sought

other forms of assistance from the institution's financial aid office and the Higher Educational Aids Board.

The bill would modify the eligibility requirements to: (a) increase the maximum lifetime grant amount from \$500 to \$1,000; (b) reduce the required contribution from 100% to 50% of the amount of the grant; and (c) increase the income limit from 165% to 185% of poverty.

Joint Finance/Legislature: Delete funding for the employment skills advancement grant program of \$100,000 annually. Delete the proposed statutory modifications to the program and delete the statutory provisions creating the program.

[Act 16 Sections: 737e, 1659g, 1678, 1689m and 1718x]

18. FUNERAL AND BURIAL EXPENSES

FED	\$1,250,200
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Governor/Legislature: Provide increased funding of \$625,100 annually for funeral and burial expenses for public assistance recipients. Total funding would equal \$4,550,200 annually. The funding change reflects an increase in the maximum reimbursement amount for funeral expenses from \$1,000 to \$1,500, which took effect on January 1, 2001. The maximum reimbursement amount for cemetery expenses is currently \$1,000. Under current law, funeral and burial cemetery expenses may be provided only if the deceased individual was receiving benefits: (a) under a W-2 subsidized employment position; (b) as a custodial parent of an infant under the age of 13 weeks in the W-2 program; (c) under the medical assistance program; or (d) under the SSI program.

Under current law, DWD is required to reimburse counties and tribes for amounts paid for funeral and cemetery expenses for W-2, MA and SSI recipients using GPR. The bill would modify this provision to allow both GPR and TANF to be used.

[Act 16 Sections: 1687b and 1726]

19. CHILD SUPPORT PAYMENTS

FED	-\$23,146,200
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Governor/Legislature: Decrease funding by \$11,573,100 annually for the cost of providing child support to W-2 participants and to pay the federal government its share of child support collections that are assigned to the state by participants in W-2 employment positions. Total funding for these payments would be \$18,682,100 annually under the bill. The lower funding amount reflects caseload reestimates.

20. CHILDREN FIRST [LFB Paper 1046]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$3,320,000	-\$3,320,000	\$0

Governor: Provide additional funding of \$1,660,000 in each year for the children first program, which provides work experience and training services to noncustodial parents who fail to pay child support or meet their children's needs because of unemployment or underemployment. Base funding is \$1,140,000. Therefore, total funding would be increased to \$2,800,000 per year.

Joint Finance/Legislature: Delete the proposed increase in the children first program and maintain base funding of \$1,140,000 annually.

21. HOSPITAL PATERNITY INCENTIVE PROGRAM

FED	-\$183,800
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Governor/Legislature: Reduce TANF funding by \$91,900 annually for the hospital paternity incentive program. Instead, fund the program at \$91,900 per year with base funding reallocated from the Department's GPR appropriation for W-2 and other public assistance administration and benefits. This program provides payments to hospital administrators or attending physicians for correctly filing hospital-based acknowledgements of paternity within 60 days after a child's birth. Federal regulations do not permit the use of TANF for this program.

[Act 16 Sections: 737, 737am, 1697b and 2074]

22. STATE ADMINISTRATION [LFB Paper 1041]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$0	\$0	-\$173,600	-\$173,600
FED	-11,518,800	112,700	0	-11,406,100
Total	-\$11,518,800	\$112,700	-\$173,600	-\$11,579,700

Governor: Reduce funding by \$5,709,200 FED annually to reflect a revised estimate of state administration costs for TANF programs. The total allocated for state administration of TANF programs would be \$21,745,200 annually, based on a cost allocation among the various public assistance programs administered by the Department. The change in funding reflects a proportional decrease in the amount of time DWD has been spending on TANF programs relative to food stamps and child support administration (-\$4,759,400 annually), anticipated efficiencies from the recent merger of the Division of Economic Support and the Division of Workforce Excellence (-\$1,000,000 annually) and an increase due to standard budget

adjustments (\$50,200 annually). Note that the standard budget adjustments are not shown in the box above, but are shown under Departmentwide standard budget adjustments. The total allocation for state administration would be \$21,745,200 annually.

Joint Finance: Increase funding for state administration of W-2 and TANF related programs by \$50,100 FED in 2001-02 and \$62,600 FED in 2002-03. These changes reflect correct application of standard budget adjustments and the TANF budget's portion of the Governor's recommendation to augment the public assistance collections unit. The total allocation for state administration would be \$21,795,300 in 2001-02 and \$21,807,800 in 2002-03.

Conference Committee/Legislature: Include Joint Finance provision and reduce funding by \$86,800 GPR annually to reflect elimination of funding for public assistance reform studies. The total allocation for state administration would be \$21,708,500 in 2001-02 and \$21,721,000 in 2002-03.

[Act 16 Section: 1685b]

23. PARTNERSHIP FOR FULL EMPLOYMENT

FED	- \$3,513,200
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Governor/Legislature: Reduce funding by \$1,756,600 annually for the partnership for full employment program. This is a consolidated system of employment and training services for job seekers and employers through which W-2 and other employment and training services are provided. The bill would provide \$1,756,700 annually for the program.

[Act 16 Section: 1685b]

24. WISCONSIN ECONOMIC DEVELOPMENT INITIATIVE

FED	- \$200,000
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Governor/Legislature: Eliminate funding of \$100,000 annually for the Wisconsin Economic Development Initiative (WEDI) administered by the Department of Commerce. WEDI was not implemented in the 1999-01 biennium and the funds were instead used for the job and business development program for TANF-eligible participants.

[Act 16 Section: 1685b]

25. W-2 FINANCIAL OVERSIGHT

FED	\$1,000,000
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Governor/Legislature: Provide \$500,000 annually for oversight of W-2 agencies. Although not specified in the bill, the administration indicates that these funds could be used statewide to augment overall oversight activities and that the Department could contract out for this function or utilize existing staff.

[Act 16 Section: 1685b]

26. WORK-BASED LEARNING PROGRAMS [LFB Paper 1046]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$3,770,000	-\$8,399,000	-\$12,169,000
PR	0	-12,200,200	-12,200,200
TOTAL	-\$3,770,000	-\$20,599,200	-\$24,369,200

Governor: Increase funding by \$314,500 in 2001-02 and decrease funding by \$4,084,500 in 2002-03 for work-based learning programs administered by the Governor's Work-Based Learning Board within DWD. The funds are used for youth apprenticeship programs and other local work-based learning programs. Total funding would equal \$6,399,000 in 2001-02, which would provide \$5,399,000 for current contractual obligations through December 31, 2001, and \$1,000,000 for the first six months of new contracts, which would have a term of January 1, 2002, through December 31, 2003. For 2002-03, the bill would provide \$2,000,000 for the next twelve months of the new contracts.

Joint Finance/Legislature: Delete TANF funding of \$6,399,000 in 2001-02 and \$2,000,000 in 2002-03 for work-based learning programs. In addition, delete PR-S funding of \$6,100,100 annually in the Governor's Work Based Learning Board.

[Act 16 Sections: 743dc, 760r and 1701b]

27. PASSPORTS FOR YOUTH

Governor/Legislature: Delete the allocation of TANF funding to the passports for youth program. Funds totaling \$300,000 were provided in 1999-00 for a youth program operated by the YMCA of Metropolitan Milwaukee. The goals of the program are to assist high school age youth to successfully complete high school graduation with competency in basic and advanced skills, transitioning to employment or post-secondary education, and attaining social skills, independent living skills and positive values.

[Act 16 Section: 1698b]

28. FATHERHOOD INITIATIVE [LFB Paper 1052]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$400,000	-\$400,000	\$0

Governor: Provide \$200,000 annually for a grant program to promote fathers' involvement in their children's lives. The bill would provide funding to continue the fatherhood initiative, which was provided \$75,000 in 1999-00 for grants to community

organizations, administration, and printing and distribution of parenting educational materials for fathers.

Joint Finance/Legislature: Delete funding of \$200,000 annually for the fatherhood initiative.

[Act 16 Section: 1702b]

29. LEGAL SERVICES

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$200,000	\$200,000	\$0

Governor: Delete \$100,000 annually provided to the Wisconsin Trust Account Foundation (WisTAF) for the provision of legal services to families whose income is at or below 200% of the federal poverty level. The bill would also eliminate the statutory provisions regarding the transfer of TANF funds to WisTAF.

Joint Finance: Restore funding and statutory provisions.

Assembly: Delete funding of \$100,000 annually and statutory provisions.

Conference Committee/Legislature: Include Joint Finance provision.

30. ENGLISH FOR SOUTHEAST ASIAN CHILDREN

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$200,000	\$200,000	\$0

Governor: Eliminate funding of \$100,000 annually for the Wausau school district for a program to teach English to three- to five-year-old Southeast Asian children.

Joint Finance: Restore funding.

Assembly: Eliminate funding of \$100,000 annually.

Conference Committee/Legislature: Include Joint Finance provision.

31. WORKFORCE ATTACHMENT AND ADVANCEMENT PROGRAM [LFB Paper 1046]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$0	\$0	\$2,173,600	\$2,173,600
FED	0	- 5,359,000	668,600	- 4,690,400
Total	\$0	- \$5,359,000	\$2,842,200	- \$2,516,800

Governor: Eliminate the provision requiring DWD to receive approval by the Joint Committee on Finance before allocating funds set aside for the workforce attachment and advancement program. The bill would provide \$10,000,000 in funding annually. The general purposes of this program are to stabilize low-income workers, provide training so that individuals can move to higher-paying jobs and help employers retain workers and upgrade their skills. Services provided include: post-employment services to assist with job retention; incumbent worker training to promote job advancement and increased earnings; services to employers to retain workers and provide career progression paths; job readiness and placement services to unemployed persons; and basic skills development.

Joint Finance: Reduce funding by \$359,000 FED in 2001-02 and \$5,000,000 FED in 2002-03 for the workforce attachment and advancement program. The total allocations would be \$9,641,000 in 2001-02 for existing contractual obligations and \$5,000,000 in 2002-03 for new grants.

Senate: Specify that in 2002-03, the workforce attachment and advancement program would become a statewide grant program administered by DWD. In addition, specify that nonprofit agencies and counties would be eligible to receive funding under the grant program. This action would not affect current contractual obligations being funded in 2001-02.

Assembly: Increase funds for the workforce attachment and advancement program by \$200,000 GPR in 2001-02 and \$5,000,000 (\$1,816,600 GPR, \$250,000 PR and \$2,933,400 FED) in 2002-03. The new allocation would be \$9,841,000 in 2001-02 and \$10,000,000 in 2002-03. The \$250,000 PR in 2002-03 would come from tribal gaming revenue.

Conference Committee/Legislature: Increase the amount of funding for workforce attachment and advancement over the amount provided by Joint Finance by \$2,842,200 in 2002-03 for a total allocation of \$9,641,000 in 2001-02 and \$7,842,200 in 2002-03. The additional funding would be provided as follows: \$1,086,800 GPR annually, -\$1,086,800 FED in 2001-02 and \$1,755,400 FED in 2002-03. Additional GPR is provided to meet the TANF maintenance-of-effort requirement.

[Act 16 Sections: 737, 737am, 1676n and 1695b]

32. COMMUNITY YOUTH GRANTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$7,920,300	\$1,000,000	-\$6,920,300

Governor: Reduce funding by \$420,300 in 2001-02 and \$7,500,000 in 2002-03 for community youth grants. Provide \$7,079,700 in 2001-02 for current contractual obligations and eliminate the program in 2002-03. In the 1999-01 biennium, the program provided funding for targeted and competitive grants for services to youth ages five to 18 from TANF-eligible families with income at or below 200% of the federal poverty level. Services include parenting skills training, drug and pregnancy prevention, assessing and identifying learning disabilities, academic remediation and advancement, after-school care programs, cultural awareness programs, career counseling and life management skills training.

Joint Finance: Increase funding by \$500,000 annually for community youth grants and specify that the funding would be designated for the Wisconsin chapters of the Boys and Girls Clubs of America.

Senate: Increase funds for community youth grants by \$250,000 in 2001-02 and \$750,000 in 2002-03 and designate the funds as follows: (a) \$500,000 for community learning centers statewide in 2002-03; and (b) \$250,000 annually for the New Concept Self-Development Center.

The 21st Century Community Learning Centers program is a federal program administered by the U.S. Department of Education that provides grants to rural and inner-city public schools, or a consortia of such schools to provide educational, recreational, cultural, health and social service programs for the community. The program targets funds to high-need communities that have low achieving students and high rates of juvenile crime, school violence and student drug abuse. Each grant cannot exceed three years. Therefore, the grants received by schools in 1998 and 1999 will be expiring in the 2001-03 biennium. Since 1998, two cooperative education service agencies and 28 school districts have received grants totaling \$21,224,598 FED under the program. This action would provide funding to schools with grants expiring during the 2001-03 biennium.

The New Concept Self Development Center provides mental health and counseling to low-income youth in schools and at community sites. Services to youth include individual and family assessment, counseling and conflict resolution, anger management, peer mentors, grief and loss counseling, incarcerated parent counseling, self-esteem building, hygiene and nutritional awareness, parents as partners training and school as partner training.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [C-50]: Modify the provisions that would have provided \$500,000 annually to the Boys and Girls Clubs of America to reduce the earmark to \$50,000 annually. For 2001-02, the overall allocation for community youth grants is not changed, meaning that \$50,000 is

designated for the Boys and Girls Club of America and \$450,000 is available for new competitive grants under the community youth grant program. For 2002-03, the overall allocation for community youth grants is reduced by \$450,000 but the funds will remain appropriated to DWD. The veto message requests that DOA place this \$450,000 into unallotted reserve in 2002-03.

[Act 16 Sections: 1700b and 9158(8x)]

[Act 16 Vetoed Sections: 1700b and 9158(8x)]

33. LITERACY INITIATIVE

FED	- \$682,400
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Governor/Legislature: Reduce funding by \$28,300 in 2001-02 and \$654,100 in 2002-03 for literacy grants administered by DWD. Provide \$1,375,800 in 2001-02 to support current contractual obligations that end on December 31, 2001, and \$750,000 in 2002-03 for new grants. The funds are currently being used for formula grants, workplace literacy grants and child and family tutoring grants.

[Act 16 Section: 1699b]

34. AODA INITIATIVE

FED	- \$1,500,000
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Governor/Legislature: Reduce funding by \$500,000 in 2001-02 and \$1,000,000 in 2002-03 for grants made to organizations that provide community-based alcohol and other drug abuse (AODA) treatment through the urban/rural women's substance abuse program. The bill would provide \$500,000 in 2001-02 for current contractual obligations that end on December 31, 2001, and would eliminate the program in 2002-03. However, the bill would retain the statutory provision that establishes the program. The grants are distributed through DHFS to organizations that serve TANF-eligible individuals with income at or below 200% of the federal poverty level.

[Act 16 Section: 1703b]

35. EARNED INCOME TAX CREDIT -- CURRENT LAW REESTIMATE [LFB Paper 101]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- \$3,090,000	- \$1,465,500	- \$4,555,500

Governor: Reduce funding by \$2,755,500 in 2001-02 and \$334,500 in 2002-03 to pay the refundable portion of the state earned income tax credit (EITC) with TANF funding. The estimate is based on an assumption that approximately 80% of projected EITC payments will be refundable and will be made to TANF-eligible individuals. Total EITC payments are estimated

at \$63,500,000 in 2001-02 and \$66,500,000 in 2002-03, of which TANF would fund \$51,244,500 in 2001-02 and \$53,665,500 in 2002-03.

Joint Finance/Legislature: Reduce funding by \$1,465,500 in 2002-03 to reflect a reestimate of the cost of the credit under current law. Total EITC payments are estimated at \$63,500,000 in 2001-02 and \$64,700,000 in 2002-03, of which TANF would fund \$51,244,500 in 2001-02 and \$52,200,000 in 2002-03.

[Act 16 Section: 1711b]

36. FUNDING TRANSFER TO COMMUNITY AIDS [LFB Paper 515]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$4,592,200	\$369,600	-\$4,222,600

Governor: Reduce funding by \$4,592,200 in 2002-03 for transfer to DHFS for the social services block grant (SSBG). Under current federal law, states are permitted to transfer up to 10% of their TANF block grant to SSBG in federal fiscal year 2001 pursuant to the Consolidated Appropriations Act, 2001 (PL 106-554), but this amount will change to 4.25% in federal fiscal year 2002, which begins on October 1, 2001. The total amount to be transferred to SSBG under the bill is \$18,086,200 in 2001-02, which reflects a transfer of approximately 10% of the TANF block grant from July, 2001, through September 30, 2001, and a 4.25% transfer from October 1, 2001, through June 30, 2002. For 2002-03, the SSBG transfer would be \$13,494,000, which represents 4.25% of the TANF block grant.

Joint Finance/Legislature: Increase funding transferred to DHFS for community aids by \$369,600 in 2001-02. The amount transferred to SSBG could be increased from the amount in the Governor's budget bill due to receipt of a high performance bonus, which resulted in a higher TANF block grant award for federal fiscal year 2001. The total amount to be transferred to community aids would be \$18,455,000 in 2001-02 and \$13,494,000 in 2002-03. In addition, budget the transfer directly in DHFS starting in 2001-02.

[Act 16 Sections: 732d, 732m, 743dc and 1706b]

37. ADOLESCENT SERVICES/PREGNANCY PREVENTION [LFB Paper 1041]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$26,000	-\$9,600	\$16,400

Governor: Increase funding by \$13,000 annually for adolescent and pregnancy prevention services. These funds are used for the Adolescent Pregnancy Prevention and Pregnancy Services (APPPS) Board and for adolescent substance abuse services administered by DHFS through the Brighter Futures program. Total funding would equal \$1,821,300 annually. The increased funding would be used for information technology support as part of the small agency infrastructure program. The amount of the annual increase was inadvertently overstated in the DWD budget by \$4,800 annually. The correct amount of the increase for the APPPS Board is shown in the DHFS budget at \$8,200 annually and the total allocation should be \$1,816,500 annually.

Joint Finance/Legislature: Reduce funding by \$4,800 annually to correct an inadvertent budgeting error. The total annual allocation would be \$1,816,500 annually.

[Act 16 Section: 1707b]

38. COMMUNITY MARRIAGE COORDINATOR

FED	- \$120,000
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Governor/Legislature: Eliminate funding of \$60,000 annually for a community marriage coordinator in DHFS. The position was created to work with local clergy to assist in the development of community-wide standards for marriages solemnized by members of the clergy in that community. This position has not been filled due to a lawsuit regarding the use of funds for this purpose.

[Act 16 Section: 1709b, 4046g and 4060d]

39. FOOD STAMP EMPLOYMENT AND TRAINING FUNDING

FED	\$3,204,000
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Governor/Legislature: Provide increased FSET funds of \$1,602,000 annually to reflect the amount of federal funds W-2 agencies are anticipated to draw down in excess of the amount provided through the W-2 contracts. FSET administration funds provided in the W-2 contracts are composed of 50% federal funds and 50% GPR, due to federal matching requirements. W-2 agencies are permitted to draw down federal funds in excess of their allocation in the W-2 contracts if they expend their own funds for the required 50% match.

40. MEDICAL ASSISTANCE PROGRAM REVENUE FROM DHFS [LFB Papers 1041 and 1057]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$0	-\$9,446,000	-\$9,446,000

Governor: Include \$8,513,000 PR annually in the TANF budget for the medical assistance portion of the W-2 contracts. The W-2 contracts include funds for determining MA eligibility in W-2 related cases. In prior years, these funds were included in the TANF budget as GPR and FED appropriated to DWD. The bill would transfer GPR and FED funds for MA eligibility determination from DWD to DHFS as described in the entry in this section on the transfer of medical assistance to DHFS. Because of this transfer, MA funds for the W-2 contracts are included in the TANF budget as PR from DHFS. [No dollar change is indicated for this entry because the administration did not increase PR funding in DWD to reflect this new arrangement.]

Joint Finance/Legislature: Reduce funding by \$4,723,000 annually to reflect a decreased amount of TANF funding needed due to an increase in the amount of PR projected to be received from DHFS for MA eligibility determination as part of the W-2 and income maintenance contracts. The amount of PR projected to be received annually from DHFS for MA eligibility determination would be \$13,236,000 annually. Additional PR would be received from DHFS for other aspects of MA administration as reflected in the entry in this section on the transfer of MA administration to DHFS.

41. TANF REVENUE ADJUSTMENTS [LFB Papers 515 and 1041]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$188,460,500	\$461,900	\$188,922,400
PR	- 19,261,000	0	- 19,261,000
TOTAL	\$169,199,500	\$461,900	\$169,661,400

Governor: Increase the amount of federal TANF funding used for W-2 and other TANF-funded programs by \$90,433,800 in 2001-02 and \$98,026,700 in 2002-03 and decrease the amount of PR used by \$8,130,500 in 2001-02 and \$11,130,500 in 2002-03. The FED increase reflects the following changes: (a) an increase of \$11,199,300 annually to compensate for a decrease in the amount of GPR in DWD allocated to fund TANF programs and MA eligibility determination; (b) an increase of \$8,130,500 in 2001-02 and \$11,130,500 in 2002-03 to compensate for a reduction in PR from child support collections assigned to the state by public assistance recipients; (c) an increase of \$33,200 in 2001-02 and \$27,600 in 2002-03 to compensate for a decrease in PR for state fraud collection efforts; (d) a decrease of \$18,086,200 in 2001-02 and \$13,494,000 in 2002-03 to reflect the inadvertent deletion of the transfer of funds to community aids in DHFS; and (e) an increase in TANF funding of \$89,157,000 in 2001-02 and \$89,163,300 in 2002-03 to restore base funding that was transferred from 2000-01 to 1999-00 as part of the 1999-01 budget. The decrease in funding from child support collections primarily reflects lower public assistance caseloads.

Joint Finance/Legislature: Increase the amount of federal TANF funding used for W-2 and other TANF-funded programs by \$51,700 FED in 2001-02 and \$410,200 FED in 2002-03. The FED increase reflects the following changes: (a) a decrease of \$369,600 in 2001-02 to reflect the

Committee's action to budget the transfer of funds to community aids only in DHFS; (b) an increase of \$275,000 annually to compensate for a reduction in the amount of GPR revenue funding local food stamp administration; (c) an increase of \$275,100 annually to compensate for a reduction in the amount of FED revenue funding local food stamp administration; (d) a decrease of \$136,200 in 2001-02 and \$147,300 in 2002-03 due to an increase in the amount of PR funding available to fund elements in the TANF program; and (e) an increase of \$7,400 annually to correct an inadvertent budgeting error.

42. PUBLIC ASSISTANCE COLLECTIONS UNIT [LFB Papers 1041 and 1053]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	\$87,800	1.00	-\$87,800	-1.00	\$0	0.00
PR	87,900	1.00	43,900	-1.00	131,800	0.00
TOTAL	\$175,700	2.00	-\$43,900	-2.00	\$131,800	0.00

Governor: Provide increased funding of \$37,600 FED and \$37,700 PR in 2001-02 and \$50,200 FED and \$50,200 PR in 2002-03, and provide 1.0 FED and 1.0 PR position annually for the public assistance collections unit in the Division of Unemployment Insurance, which collects overpayments of benefits from AFDC, food stamps, W-2 and child care. The new positions would reduce reliance on limited-term employees and would implement a new levy and lien program for overpayments that was adopted as part of the 1999-01 biennial budget. The federally-funded position would work half-time on TANF-funded programs such as W-2 and child care and half-time on food stamps. The funding for the TANF-funded position of \$18,000 in 2001-02 and \$25,100 in 2002-03 is also reflected in the fraud and front-end verification line item of Table 1 in Item #1. Total funding for TANF related fraud and front-end verification would equal \$680,200 in 2001-02 and \$686,500 in 2002-03. The second position would be funded from program revenue resulting from overpayment collections and would work on all programs. The bill would also allow DWD to perform these services for medical assistance if DHFS chooses to contract with DWD.

Joint Finance/Legislature: Decrease funding by \$37,600 FED in 2001-02 and \$50,200 FED in 2002-03 and delete 1.0 FED position, and increase funding by \$18,800 PR in 2001-02 and \$25,100 FED in 2002-03 and delete 1.0 PR position. The Committee's action would delete the two recommended positions and direct DWD to reallocate 2.0 FTE to the public assistance collections unit. The action would also convert proposed TANF and CCDF expenditures of \$18,800 in 2001-02 and \$25,100 in 2002-03 to PR expenditures to reflect that 0.5 FTE could be supported by PR received from enhanced collections. Under the Governor's budget bill, a portion of the proposed funds for the public assistance collections unit were reflected in the fraud and front-end verification line item in Table 1 in Item #1. However, these funds would more appropriately be placed in the state administration line item. To correct this, this entry

shows a decrease in the funding for local level fraud and front-end verification of \$18,800 FED in 2001-02 and \$25,100 FED in 2002-03.

[Act 16 Sections: 740, 740am, 1685b, 1723m, 1724g, 1724m and 1750]

43. TRANSFER ADMINISTRATION OF MEDICAL ASSISTANCE TO DHFS [LFB Paper 1057]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$61,320,200	-4.82	\$0	0.00	-\$61,320,200	-4.82
FED	-61,320,200	-8.18	0	0.00	-61,320,200	-8.18
PR	0	-7.00	116,683,200	0.00	116,683,200	-7.00
Total	-\$122,640,400	-20.00	\$116,683,200	0.00	-\$5,957,200	-20.00

Governor: Decrease funding by \$30,660,100 GPR and \$30,660,100 FED annually, and decrease FTE positions in DWD by 4.82 GPR, 8.18 FED and 7.0 PR annually to reflect transfer of certain responsibilities related to the administration of medical assistance from DWD to DHFS. These responsibilities include: (a) administering contracts with local agencies to determine MA eligibility (\$43,183,800 annually); (b) operating and maintaining the MA portion of the CARES computer system (\$14,079,200 annually); and (c) state administration (\$4,057,200 annually). Pursuant to direction in the Governor's veto message for the 1999-01 biennial budget, DWD, DHFS and the Department of Administration negotiated and executed a memorandum of understanding for 2000-01 transferring positions and funding for the MA program to DHFS, with the expectation that these changes would become permanent in the 2001-03 biennial budget.

Contracts for MA Administration

a. Contracting Process Changes for MA

Under current law, DHFS is required to determine eligibility of persons for MA and may designate this function to county departments of social services and human services or to W-2 agencies to the extent permitted by federal law. DWD is responsible for income maintenance contracts, which include local administration of AFDC, W-2, MA or food stamps. DWD is required to contract with county departments of social services and human services in cases where counties are appointed for these contracts.

The bill would require DWD and DHFS to jointly contract for the costs of administering MA with county departments of social services and human services. However, the bill would continue to allow DHFS to also contract with W-2 agencies to determine eligibility for MA, if permitted by federal law or a waiver from the Secretary of the U.S. Department of Health and Human Services. Although not specified in the bill, the administration indicates that the MA program includes BadgerCare for purposes of the bill.

b. Impact on W-2, AFDC and Food Stamps

The bill would delete AFDC from the statutes regarding income maintenance contracts and would require DWD to contract on its own with county departments for administration of W-2 and food stamps. However, under separate provisions of current law, DWD would still be permitted to contract with any person (not just county departments) to administer W-2 and would be required to have food stamp eligibility certification and issuance done by W-2 agencies to the extent permitted by federal law or waiver.

c. Reimbursement Process

Under the income maintenance contracts, counties are currently required to submit claims for reimbursement to DWD and the Department reimburses counties for the costs of administering income maintenance programs based on a workload formula. DWD is also required to reimburse counties for AFDC benefits. DWD is permitted to adjust the reimbursement amounts for workload changes and computer network activities performed by counties.

The bill would require DWD to review and approve claims for reimbursement from counties for administering MA, W-2 and food stamps. DWD would also be required to continue to reimburse each county for the costs of administering MA, W-2 and food stamps based on a workload formula. DWD would no longer be required to reimburse counties for AFDC benefits. While the funds for MA administration would no longer be appropriated to DWD, the bill sets up a mechanism that would allow DWD to receive funds from DHFS that would in turn be paid to counties. The bill would also allow reimbursement amounts to be reduced if federal reimbursement is withheld due to audits, quality control samples or program reviews.

All of the provisions relating to changing the contracting process for income maintenance programs would first apply to contracts entered into, extended, modified or renewed on the day after publication of the bill.

Fraud and Error Reduction

The bill would provide DHFS with the option to either contract with DWD or set up its own system for fraud investigation and error reduction for recipients of MA. Under current law, DWD is required to: (a) establish a program to investigate suspected fraudulent activity involving the MA, AFDC and food stamp programs; (b) conduct activities to reduce payment errors for these programs; (c) provide funds to counties and tribes administering these programs to offset administrative costs of reducing payment errors; (d) conduct a program to periodically match records of MA, AFDC and food stamp recipients against records of recipients in other states; (e) conduct a program to periodically match the address records of MA, AFDC and food stamp recipients to verify residency and to identify recipients receiving duplicate or fraudulent payments; (f) conduct a program to periodically match the records of persons confined in state correctional facilities with the records of recipients of these programs who may be ineligible for benefits; and (g) conduct a program to periodically verify the

eligibility of AFDC and W-2 participants through a check of school enrollment records. Under current law, there is also a PR appropriation for moneys received as the state's share of overpayment of public assistance benefits. These funds must be used for activities to reduce error and fraud in the food stamp, AFDC, W-2 and MA programs.

The bill would modify these provisions to allow DHFS to contract with DWD to continue to investigate suspected fraudulent activity and reduce payment errors for the MA program. The bill would also provide DHFS with the option to establish its own program to conduct these activities. In addition, the bill would delete the references to the AFDC program in DWD's duties to establish programs to conduct activities to reduce payment errors and to provide funds to counties and tribes for reducing payment errors since these programs only involve current public assistance recipients. However, references to AFDC would remain for the requirements to investigate suspected fraudulent activity, match records with other states, match address records, and match records with state correctional facilities since DWD is still investigating fraudulent activity and overpayments for past AFDC recipients. If DHFS contracts with DWD for these activities, the bill would require DHFS to cooperate with DWD in matching records of MA recipients with school enrollment records of AFDC and W-2 recipients. The bill would also modify the PR appropriation in DWD for moneys received as the state's share of overpayment of public assistance benefits to require it to be used for MA fraud investigation only if DHFS contracts with DWD for fraud investigation.

Appropriations Structure

The bill would modify the appropriations in DHFS to allow DHFS to use GPR funds set aside for general program operations for medical assistance eligibility determinations. The bill would create a GPR appropriation to be used for payments to counties for MA administration and would modify an existing GPR appropriation to be used for other MA administrative costs. The bill would also create a FED appropriation in DHFS to be used for payments to counties for administration of MA and would modify an existing FED appropriation to be used for other MA administrative costs.

Position Transfers

The bill would transfer 20.0 FTE positions from DWD to DHFS. Once in DHFS, these positions would include 10.0 FED positions and 10.0 GPR positions. The bill would decrease the authorized FTE in DWD by 7.0 PR positions, including 6.50 positions from the Administrative Services Division, 0.30 positions from worker's compensation operations, and 0.20 positions from the local agreements appropriation. Once transferred to DHFS, these 7.0 positions would be added to DHFS as 5.18 GPR positions and 1.82 FED positions. In addition, the bill would transfer 8.18 FED positions and 4.82 GPR positions from DWD to DHFS. All position changes and transfers would take effect the day after publication of the bill. The bill would require any incumbent employees to be transferred.

The bill would require DWD and DHFS to jointly determine which employees will be transferred and to jointly develop a plan to implement the transfer. The Secretary of DOA

would be required to resolve any disagreement between the departments and develop a plan to transfer the positions. The bill would specify that transferred employees would have the same personnel status in DHFS as they had in DWD immediately before the transfer. Finally, the bill would provide that transferred employees that have attained permanent status would not have to serve a probationary period.

Joint Finance/Legislature: Specify that the income maintenance contracts would include food stamps, medical assistance and BadgerCare and would be administered solely by DHFS, effective January 1, 2003. Until that date, specify that DWD and DHFS would jointly contract for the costs of administering both BadgerCare and MA through the income maintenance contracts. In addition, specify that until December 31, 2002, DWD would be required to contract with counties for administration of the food stamp program and child care subsidies as part of the income maintenance contracts. As of January 1, 2003, DWD would have separate contracts with counties for administration of child care. Further, delete W-2 from the definition of the income maintenance program as of the effective date of the budget bill and require DWD to continue to have separate contracts with W-2 agencies for administration of W-2 and related programs. In addition, make technical changes to delete the statutory definition of "income maintenance worker" and allow the Departments to contract with tribes for MA and food stamp administration.

Further, adjust DWD's appropriation to reflect \$58,341,600 PR annually anticipated to be received under the bill from DHFS for payments to counties for eligibility determination through the income maintenance contracts, CARES maintenance and other administrative functions. In addition, specify that these funds would be placed in unallotted reserve in DWD.

In addition, specify that DWD would be responsible for fraud investigation and error reduction for recipients of MA through June 30, 2002. As of July 1, 2002, provide DHFS with the option to either contract with DWD or set up its own system for fraud investigation and error reduction for recipients of MA. No funding or positions would be transferred to DHFS for this function but DWD and DHFS would be directed to submit a proposal to DOA outlining the funding amounts and positions that would be transferred. DOA would be directed to report to the Joint Committee on Finance with recommended funding and position transfers by March 1, 2002, for the Committee's approval at its quarterly meeting under s. 13.10. All funding and position transfers would take effect on July 1, 2002.

[Act 16 Sections: 705 thru 707am, 714, 714am, 716, 737, 737am, 740am, 1660xa, 1724g thru 1725b, 1727 thru 1730b, 1731g thru 1740bg, 1749, 1750, 1790, 9123(6), 9158(6) and 9358(7q)]

44. FOOD STAMP REINVESTMENT [LFB Paper 1056]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,000,000	-\$450,000	\$550,000
PR	0	1,950,000	1,950,000
TOTAL	\$1,000,000	\$1,500,000	\$2,500,000

Governor: Provide increased funding of \$1,000,000 in 2001-02 and reallocate \$500,000 previously set aside for administrative costs to be used for food stamp reinvestment activities required to satisfy federal sanctions for payment errors. Total funding for food stamp reinvestment activities would equal \$1,500,000 over the biennium. The federal government maintains a system of relative standards that imposes penalties and rewards based on how states' payment error rates compare to each other. Those states that have error rates above the national average are penalized according to how much their error rate in a given year exceeds the national average. States below the national average error rate receive incentive funds. States are allowed to reduce and satisfy their penalty by "reinvesting" new state funds into activities to reduce the error rate. Although not specified in the bill, the administration indicates that reinvestment activities would include participant outreach and other error reduction projects.

According to DWD, Wisconsin owes a total of \$2,294,840 to the federal government: \$1,224,813 for current reinvestment commitments through federal fiscal year (FFY) 1998-99, and an additional \$1,070,027 for not sufficiently reducing the state's error rate. There will also be additional penalties from the FFY 1999-00 error rate but that amount will not be known until April, 2001. A total of \$618,367 must be spent by May 1, 2003, \$606,446 must be spent by September 30, 2003, and the deadline for expending the remaining \$1,070,027 and any additional penalties will likely be in 2004.

The bill would also require DWD to reallocate \$500,000 previously set aside for administrative costs that may not be approved by the federal government. On September 25, 1998, the Joint Committee on Finance required DWD to allocate \$500,000 of federal moneys to reimburse the federal government for expenditures made in fiscal year 1996-97 to cover the administrative costs of various DWD programs if the federal Departments of Labor and Health and Human Services did not approve the expenditures. These funds have not been used because the cost allocation plan has not yet been approved by the federal government.

Joint Finance/Legislature: Increase funding by \$975,000 PR annually and reduce GPR by \$450,000 in 2001-02 for food stamp reinvestment activities. The new allocation would be \$1,525,000 in 2001-02 and \$975,000 in 2002-03 for a total of \$2,500,000 over the biennium.

Under current law, the food stamp program is administered by DWD. As discussed in a separate entry in this section, the Committee would transfer the food stamp program to DHFS on July 1, 2002. Food stamp reinvestment functions would also be transferred as of that date.

The Committee would allow penalties paid by counties and tribes to be used for food stamp reinvestment activities by making the changes discussed below. Modify s. 20.445(3)(L) of the statutes to do the following: (a) allow the appropriation to receive funds from counties or tribal governments from penalties levied on counties for food stamp payment errors from the effective date of the budget bill until June 30, 2002; (b) allow the appropriation to be used to pay sanctions imposed on the state under the food stamp program or to fund food stamp reinvestment activities until June 30, 2002; and (c) allow the appropriation to be used for both local and state activities. In addition, repeal s. 20.445(3)(Lm) and transfer all unencumbered continuing balances in the appropriation to s. 20.445(3)(L). Further, delete language in s. 49.197(3) requiring DWD to fund all fraud and error reduction activities under 20.445(3)(L) since some error reduction activities would not be funded under that appropriation. In addition, create a new appropriation in DHFS, effective July 1, 2002, that would receive funds from counties or tribal governments from penalties levied on counties for food stamp payment errors and could be used to pay sanctions imposed on the state under the food stamp program or to fund food stamp reinvestment activities.

The increased PR revenue in DWD of \$975,000 annually reflects monies anticipated to be received from penalties levied on counties for food stamp payment errors and existing excess revenue from overpayment collections. GPR in DWD would be reduced by \$450,000 in 2001-02 to reflect a net reduction in the amount of GPR needed for food stamp reinvestment activities.

Funding for food stamp reinvestment would only be appropriated in DWD. DOA would be directed to report to the Joint Committee on Finance with recommended funding transfers by March 1, 2002 for the Committee's approval at its 2002 first quarterly meeting under s. 13.10. All funding transfers would take effect on July 1, 2002.

[Act 16 Sections: 740, 740am, 740f, 1678, 1724g thru 1725am, 9158(8) and 9258(2q)]

45. PUBLIC ASSISTANCE REFORM STUDIES APPROPRIATION

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR-REV	\$1,200,000	\$0	\$1,200,000
GPR	\$0	-\$877,000	-\$877,000

Governor: Require \$1,200,000 from DWD's continuing GPR appropriation for welfare reform studies to be transferred to the general fund on the effective date of the bill. These funds were allocated in previous years to study the effectiveness of various welfare reform programs. The bill would continue to provide \$525,300 GPR annually for public assistance reform studies.

Assembly: Decrease funding for public assistance reform studies by \$438,500 annually. The new allocation would be \$86,800 annually and would count towards the TANF maintenance-of-effort requirement.

Conference Committee/Legislature: Eliminate funding of \$525,300 annually for public assistance reform studies and delete the appropriation. Part of this reduction (\$86,800 annually) is reflected in the entry in this section on state administration. Delete the nonstatutory provision requiring DWD to transfer \$1,200,000 to the general fund since this transfer would be accomplished by eliminating the appropriation.

[Act 16 Sections: 736t and 1678]

46. FEDERAL APPROPRIATIONS STRUCTURE [LFB Paper 1054]

Governor: Change the federal appropriations that fund federal block grant operations and federal block grant aids to sum-certain, continuing appropriations. Under current law, these are annual appropriations. These appropriations fund W-2, child care programs, other TANF-funded allocations and administration of other public assistance programs. In addition, make technical wording changes to the provisions allowing for redistribution of TANF funds among allocations. Further, specify that if the amount of federal block grant funds required to be credited are less than the amounts appropriated, DWD would be required to submit a plan to DOA for reducing the amounts allocated under the statutes. DWD would be required to implement the plan upon approval by DOA. Finally, require DWD to submit an annual report of expenditures in the TANF program to DOA.

Joint Finance/Legislature: Maintain DWD's federal block grant aids and operations appropriations as annual appropriations. In addition, modify the Governor's recommendation to require DWD to submit an annual report of expenditures in the TANF program to both the Secretary of the Department of Administration and the Joint Committee on Finance by November 1st of each year.

Make the following clarifying statutory changes: (a) modify the general definition of "continuing appropriations" to clarify that PR, FED and SEG continuing appropriations can be provided on a sum-certain basis; and (b) modify the statutes to clarify that DWD, subject to approval by DOA, can only reallocate funds among allocations within a specific fiscal year and that funds can only be reallocated for purposes permitted by the original appropriation.

Veto by Governor [C-45]: Delete the provisions that would have clarified that DWD, subject to approval by DOA, could only reallocate funds among allocations within a specific fiscal year and that funds could only be reallocated for purposes permitted by the original appropriation. In addition, delete the provision that would have required DWD to submit an annual report of expenditures in the TANF program to DOA and the Joint Committee on Finance by November 1st of each year. However, the veto message directs DWD to submit an annual report to the Secretary of DOA on TANF expenditures for the previous fiscal year.

[Act 16 Sections: 390d, 1715, 1716m and 1717g]

[Act 16 Vetoed Sections: 255p, 1716o, 1716q and 1718]

47. SUBSTANCE ABUSE SERVICES [LFB Paper 517]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	-\$2,000,000	-\$2,000,000
FED	0	2,000,000	2,000,000
TOTAL	\$0	\$0	\$0

Governor: Modify the provisions regarding substance abuse services provided by DHFS in Milwaukee County that count towards the TANF maintenance-of-effort (MOE) requirement. Under current law, \$5,000,000 GPR is provided annually to DHFS for competitive grants in Milwaukee County for the provision of alcohol and other drug abuse services to individuals who are eligible under federal TANF law and who have family income of not more than 200% of the federal poverty level. The bill would eliminate the provision that requires the grants to only be distributed in Milwaukee County. In addition, at the end of the 1999-00 fiscal year, DHFS was required to transfer to DWD the difference between the \$5,000,000 appropriation and the amount expended or encumbered in order to help DWD meet the TANF maintenance-of-effort requirement. The bill would modify this provision by requiring DHFS to transfer to DWD all funds allocated for substance abuse grants that have not been expended on June 30 of each year.

Joint Finance: Specify that the effective date of the statutory changes proposed by the Governor would be January 1, 2002. Reduce funding in DWD by \$1,000,000 GPR annually and increase GPR funding in DHFS by the same amount to be used for substance abuse services. The \$1,000,000 annual funding in DHFS would count towards the TANF MOE requirement. Increase TANF funding in DWD by \$1,000,000 FED annually to replace the GPR. Specify that no less than \$2,000,000 of the total annual grant funding be awarded to Milwaukee County or private, nonprofit organizations in Milwaukee County. In addition, specify that no more than \$4,000,000 of the total annual grant funding be awarded to counties and private, nonprofit organizations throughout the state, including in Milwaukee County, based on the distribution of families with income at or below 200% of the federal poverty level.

Assembly: Reduce funding that would be provided for substance abuse services grants in DHFS by \$1,000,000 annually so that base funding (\$5,000,000 per year) would continue to be available for grants. In addition, delete the provision that would specify that no less than \$2,000,000 of the total annual grant funding would be awarded to Milwaukee County or private, nonprofit organizations in Milwaukee County and that remaining grant funds would be distributed based on the distribution of families with income at or below 200% of the federal poverty level.

Conference Committee/Legislature: Restore the current law allocation in DHFS of \$5,000,000 GPR annually by decreasing GPR in DHFS by \$1,000,000 annually compared to Joint Finance. In addition, retain the funding changes in DWD adopted by Joint Finance to reduce funding by \$1,000,000 GPR annually and increase TANF funding by \$1,000,000 FED annually.

Further, delete the statutory provisions recommended by the Governor and Joint Finance that would make the program statewide and create a set-aside for Milwaukee County. This action would restore current law so that the program would only serve Milwaukee County. Retain the provision recommended by the Governor requiring DHFS to transfer to DWD all funds allocated for substance abuse grants that have not been expended on June 30 of each year. The statutory changes would take effect on the effective date of the budget bill.

[Act 16 Sections: 725 and 737]

48. TRANSPORTATION PROGRAMS

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
FED	- \$2,000,000	- \$200,000	- \$2,200,000

Joint Finance: Reduce TANF funding for transportation programs for TANF-eligible individuals by \$1,000,000 annually. The new allocation would be \$1,000,000 annually. TANF funds for transportation assistance are combined with other funding sources as part of the Wisconsin Employment Transportation Assistance Program (WETAP) programs.

Assembly: Reduce funding for transportation programs by an additional \$1,000,000 annually. There would be no funding remaining in this allocation.

Conference Committee/Legislature: Reduce funding by \$100,000 annually compared to Joint Finance, for a total allocation of \$900,000 annually.

[Act 16 Section: 1696b]

49. EARLY CHILDHOOD EXCELLENCE INITIATIVE [LFB Papers 1041 and 1046]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
FED	- \$1,354,100	\$500,000	- \$854,100

Joint Finance: Increase funding by \$3,645,900 in 2001-02 and reduce funding by \$5,000,000 in 2002-03 for the early childhood excellence initiative. This program provides grants to develop early childhood centers for children under age five who come from families with incomes at or below 200% of the federal poverty level. The centers provide child care, educational services, outreach and training for parents serviced by the center and training for child care providers. A local matching contribution of 25% is required. Those who receive training under the grant may in turn apply for a grant to establish an early childhood program.

Under the Governor's bill, \$7,500,000 would be provided in 2001-02 for contractual obligations through December 31, 2001, and \$7,500,000 would be provided in 2002-03 for new grants. Under the Joint Finance budget, funding would be increased by \$3,654,900 to reflect a reestimate of the amount of funding to be carried over into 2001-02. In addition, the amount of funding for new grants in 2002-03 would be reduced by \$5,000,000. The new allocation would be \$11,145,900 in 2001-02 and \$2,500,000 in 2002-03.

Senate: Increase funds for the early childhood excellence initiative by \$250,000 annually and specify that the funds would be designated for La Causa, Inc., to provide day care services to residents of the south side of Milwaukee. In addition, specify that \$50,000 in 2002-03 from the funds designated for the early childhood excellence initiative would be provided to the Noel Learning Center in Stevens Point, which provides early childhood education services. Further, specify that the funds allocated to Noel Learning Center would be used to subsidize child care for recipients based upon their ability to pay.

Conference Committee/Legislature: Increase funds for the early childhood excellence initiative by \$250,000 annually and specify that the funds would be designated for La Causa, Inc., to provide day care services.

[Act 16 Sections: 1692m and 9158(10d)]

50. EARLY PREGNANCY IDENTIFICATION [LFB Paper 1046]

FED	-\$200,000
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Joint Finance/Legislature: Delete TANF funding of \$100,000 annually for the early pregnancy identification program in DHFS. This program provides outreach activities to make low-income pregnant women aware of the importance of early prenatal and infant health care, and of the availability of medical assistance and other programs to support prenatal and infant care.

[Act 16 Section: 1706m]

51. CHILD WELFARE SAFETY SERVICES [LFB Paper 506]

GPR	\$14,188,200
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Joint Finance/Legislature: Increase funding in DWD by \$7,094,100 GPR annually to meet the TANF MOE requirement and decrease GPR funding in DHFS for child welfare safety services in Milwaukee County by the same amount. This would free up \$7,094,100 in TANF funds annually that would be used for child welfare safety services provided in Milwaukee County by DHFS. These services are provided where child abuse or neglect issues have been identified but DHFS has determined that the child or children can remain at home safely if appropriate services are provided. Safety services can include: (a) supervision, observation, basic parenting assistance, social and emotional support and basic home management; (b) child

care; (c) alcohol and substance abuse services and screening; (d) family crisis counseling; (e) mental health services; (f) respite care; (g) housing assistance; and (h) transportation.

[Act 16 Section: 1709d]

52. CHILD WELFARE PREVENTION SERVICES [LFB Paper 506]

GPR	\$2,979,200
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Joint Finance/Legislature: Increase funding by \$1,489,600 GPR annually to provide funds to meet the TANF MOE requirement and decrease GPR funding in DHFS for child welfare prevention services in Milwaukee County by the same amount. This would free up \$1,489,600 in TANF funds annually that would be used for child welfare prevention services provided in Milwaukee County by DHFS. These funds are currently provided to Community Advocates, Inc., which serves as a lead agency to coordinate, implement, evaluate and manage a comprehensive and collaborative prevention program. In addition, the lead agency sub-contracts with community-based organizations to provide services to families to prevent child abuse and neglect in Milwaukee County.

[Act 16 Section: 1709f]

53. JOINT COMMITTEE ON FINANCE AUTHORITY TO REVIEW EXPENDITURES OF FEDERAL TANF AND CHILD CARE BLOCK GRANT FUND [LFB Paper 1055]

Joint Finance/Legislature: Require DWD to obtain approval from the Secretary of DOA and the Joint Committee on Finance, through a 14-day passive review process, for any proposed reallocation within the TANF program if the amount exceeds 5% per allocation per year. Under current law, s. 49.175 directs DWD to allocate funding from several state and federal appropriations for individual components of the TANF program. The provision also permits DWD, with the approval of the Secretary of DOA, to reallocate funds among the allocations listed in 49.175. Approval by the Joint Committee on Finance is not currently required.

Veto by Governor [C-45]: Delete the provisions that would have set a 5% threshold for Joint Finance Committee approval of reallocations within the TANF program. Under the Governor's veto, DWD will continue to be able to reallocate funds within the TANF program upon approval of DOA. The veto message directs DWD to not request any reallocation that transfers more than 10% from one allocation to another.

[Act 16 Vetoed Sections: 1716m, 1716s and 1716v]

54. TRANSFER OF FOOD STAMP PROGRAM TO DHFS

Joint Finance/Legislature: Transfer responsibility for administration of the federal food stamp program from DWD to DHFS, effective July 1, 2002, and require DHFS to contract with DWD for the administration of the food stamp employment and training program. Under

current law, DWD administers the federal food stamp program, the FSET program and the state food stamp program for qualified immigrants.

Under current law, DWD has income maintenance contracts with counties that include food stamps, MA, W-2 or child care. Specify that the income maintenance contracts would include food stamps, MA and BadgerCare and would be administered solely by DHFS, effective January 1, 2003. Until that date, specify that DWD and DHFS would jointly contract for the costs of administering both BadgerCare and MA through the income maintenance contracts. In addition, specify that until December 31, 2002, DWD would be required to contract with counties for administration of the food stamp program and child care subsidies as part of the income maintenance contracts. As of January 1, 2003, DWD would have separate contracts with counties for administration of child care. Further, delete W-2 from the definition of the income maintenance program as of the effective date of the budget bill and require DWD to continue to have separate contracts with W-2 agencies for administration of W-2 and related programs.

DWD is currently required to conduct state and local error reduction, overpayment collections and record matching for the food stamp program. The Committee's action would allow DHFS to either set up its own system to conduct these activities or contract with DWD for these functions.

Currently, the CARES computer system is housed in DWD. The system is used to determine eligibility for multiple public assistance programs, including food stamps, MA, W-2, child care and other TANF-funded programs. It also performs case management and payment processing functions. The Committee's action would not make any changes to the administration of the CARES computer system.

Finally, no funding or positions would be transferred as part of the action. Instead, DWD and DHFS would be directed to submit a proposal to DOA outlining the funding amounts and positions that would be transferred. DOA would be directed to report to the Joint Committee on Finance with recommended funding and position transfers by March 1, 2002 for the Committee's approval at its quarterly meeting under s. 13.10. All funding and position transfers and statutory changes would take effect on July 1, 2002.

[Act 16 Sections: 704x, 707am, 713k, 714am, 716gb, 737am, 740am, 743m thru 743r, 1656sy thru 1656tr, 1656ts thru 1656ty, 1656tz thru 1656uw, 1663j, 1686a, 1686b, 1723m, 1724g thru 1725c, 1728m thru 1730b, 1731gc, 1732c, 1737c, 1740bq, 1750, 1790, 1835k, 1838sb thru 1838td, 1838v, 1839m, 1840g, 2200c, 2544m, 9158(9q), 9358(7q)&(7r) and 9458(2q)]

55. UNCLAIMED IMPOUNDED VEHICLES

Joint Finance: Require DWD, in consultation with the Department of Transportation and local governmental entities, to conduct a study of the feasibility of a program that would provide or sell unclaimed impounded vehicles to low-income individuals at below-market

prices. Further, require DWD to submit the findings of the study to the Joint Committee on Finance and other appropriate standing committees by June 30, 2002.

Assembly: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [C-52]: Delete provision.

[Act 16 Vetoed Section: 9158(3f)]

56. NORTHWEST SIDE COMMUNITY DEVELOPMENT CORPORATION

Senate: Provide \$250,000 in 2001-02 to the Northwest Side Community Development Corporation for a manufacturing job training program at the Tower Automotive site. Specify that individuals receiving job training services must be eligible for services under the TANF block grant. In addition, specify that no funds could be distributed unless DWD determines that the use of funds is an eligible use under the TANF block grant.

Conference Committee/Legislature: Delete provision.

57. AFTER-SCHOOL CARE GRANT PROGRAM

FED	\$150,000
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Senate/Legislature: Provide \$150,000 in 2002-03 in TANF funds to the Department of Public Instruction to fund an after-school care program for pupils who are eligible to receive TANF assistance and who would otherwise be unsupervised by an adult in the afternoon after school. In addition, require the state Superintendent of Public Instruction to award the grants and to ensure that the grants are evenly distributed among rural, suburban and urban school districts, to the extent feasible.

Veto by Governor [C-51]: Delete the provisions that would have created the program and delete the statutory allocation of \$150,000 in 2002-03. The PR-S appropriation in DPI is deleted but the federal funds remain appropriated to DWD. In the veto message, the Governor requests DOA to place these funds in unallotted reserve.

[Act 16 Vetoed Sections: 560d, 743dc, 1714d, 2779m and 9140(6w)]

58. BADGER CHALLENGE

FED	-\$73,000
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Assembly: Delete TANF funding of \$83,200 annually to reflect suspension of the Badger Challenge program. Badger Challenge is a two-phase program at Fort McCoy for 14- to 16-year-old youth at risk of dropping out. Phase I consists of a six-week residential stay where cadets

participate in activities to improve anger management, teamwork, leadership, following and personal growth. Phase II consists of post-residential mentoring with community volunteers.

Conference Committee/Legislature: Delete funding of \$83,200 in 2001-02 and increase funding by \$10,200 in 2002-03 to reflect suspending the program only in 2001-02 and reinstating funding at a higher amount in 2002-03. The allocation would be \$0 in 2001-02 and \$93,400 in 2002-03

[Act 16 Sections: 1013m and 1710b]

59. W-2 EDUCATION AND TRAINING

Senate: Make changes to the education and training requirements for W-2 participants in the following areas: (a) treatment of financial aid income for W-2 eligibility determination; (b) maximum education and training hours; (c) education for 18- and 19-year olds; (d) employer sponsored training; and (e) technical college education.

Treatment of Financial Aid Income. Under current law, participants in W-2 employment positions, job access loan recipients and individuals who receive a child care subsidy under the Wisconsin Shares program must meet income limitations. All earned and unearned income is counted as gross income, except for W-2 benefits, federal and state earned income tax credits, income earned by a dependent child of an individual and child support. Modify the definition of earned income for purposes of determining eligibility for W-2 employment positions, job access loans and the Wisconsin Shares child care subsidy program to exclude student financial aid received from any federal or state program and any scholarship income used for tuition or books. These provisions would first apply to eligibility determinations made on the effective date of the budget bill.

Maximum Education and Training Hours. Under current law, W-2 agencies must require participants in community service jobs to work up to 30 hours per week and may require participants to participate in education and training activities for up to 10 hours per week. For transitional placements, participants must work up to 28 hours per week and may be required to participate in education and training activities for up to 12 hours per week. Modify these provisions to allow participants in community service jobs and transitional placements to participate in education and training for up to 20 hours per week, but limit the overall participation requirement to 40 hours per week. In addition, require that no participant be assigned work activities that would interfere with the participant's education or training activities under: (a) a community service job or transitional placement; (b) coursework undertaken by 18- to 19-year-olds towards a high school diploma or a declaration of equivalency of high school graduation; or (c) the college program for community service job participants and transitional placements.

Education for 18- and 19-year-olds. For participants ages 18 to 19, specify that education courses towards a high school diploma or a declaration of equivalency of high school graduation would satisfy all hours required for community service jobs. Currently, these courses can partially or fully satisfy all required hours.

Employer-Sponsored Training. Under current law, DWD is required to establish what constitutes allowable education and training activities by rule, which must include GED courses, technical college courses, educational courses that provide an employment skill, English as a second language and adult basic education. DWD has not established any additional allowable activities by rule. Specify that employer-sponsored training is an allowable education and training activity for W-2 participants.

Technical College Program. Current law allows W-2 participants in community service jobs and transitional placements to participate in a technical college program. This program allows participants to exceed the maximum number of hours otherwise allowed for education. All the following requirements must be met to participate in the technical college program: (a) the W-2 agency, in consultation with the community steering committee required under W-2, and the technical college district board, determines that the technical college program is likely to lead to employment; (b) the participant maintains full-time status in the technical college education program, as determined by the technical college, and regularly attends all classes; (c) the participant maintains a grade point average of at least 2.0, or the equivalent as determined by the technical college; and (d) the participant is employed or engages in a community service job or transitional placement for 25 hours per week. Participants can be in this program for a maximum of two years. The W-2 agency is required to work with the community steering committee and the technical college district board to monitor the participant's progress and the effectiveness of the program in leading to employment. Under current DWD policy, if an individual is determined to be ready for unsubsidized employment or obtains unsubsidized employment, W-2 agencies are not required to place or keep the participant in a community service job or transitional placement in order to allow the participant to participate in the technical college program.

Modify these provisions to allow participants in unsubsidized employment, community service jobs and transitional placements to elect to participate in a self-initiated technical college program or a self-initiated two-year degree program offered by a University of Wisconsin two-year college campus. However, the W-2 agency, in consultation with the community steering committee and technical college district board or college campus, would still have to determine that the college program is likely to lead to employment. In addition, the requirement that such participants be employed or work in a community service job or transitional placement for 25 hours per week would be changed to a maximum of 25 hours per week. For individuals in unsubsidized employment and the college program, the grant amounts would be prorated as follows: 1/3 of the community service job grant amount for those participating in a technical college program for up to 10 hours per week, one-half of the community service job grant amount for those participating for 11 to 15 hours per week, and 2/3 of the community service

job grant amount for those participating for 16 to 20 hours per week. These participants would receive a sanction of \$5.15 per hour for each hour of assigned activities missed without good cause. W-2 agencies would not be required to pay tuition for participants in the program.

Conference Committee/Legislature: Include Senate provisions on treatment of financial aid income and employer-sponsored training.

[Act 16 Sections: 1660hb thru 1660jv and 9358(8x)]

60. W-2 FAMILY VIOLENCE OPTION

Senate: Implement the family violence option allowed under federal TANF law. This option allows states to waive any eligibility requirement for certain individuals who are victims of domestic abuse if the state determines that the individual's compliance with the requirement would make it more difficult for the individual to escape domestic abuse or would unfairly penalize individuals who are or have been victimized by domestic abuse or are at risk of domestic abuse. The state has not opted to implement the family violence option to date.

Allow DWD or a W-2 agency to temporarily waive certain W-2 program eligibility requirements for individuals who are victims of domestic abuse. Domestic abuse would be defined as any of the following: (a) physical acts that result in, or threaten to result in, physical injury to an individual; (b) sexual abuse; (c) sexual activity involving a dependent child; (d) being forced to engage in nonconsensual sexual acts or activities; (e) threats of, or attempts at, physical or sexual abuse; (f) mental abuse; or (g) neglect or deprivation of medical care. Permit a W-2 agency to temporarily waive any required hours of work, education, training or other activities for a participant in a trial job, community service job or transitional placement if the W-2 agency determines that the participant's compliance would make it more difficult for the participant to escape domestic abuse or would unfairly penalize individuals who are or have been victimized by domestic abuse or who are at risk of domestic abuse. Further, specify that domestic abuse counseling would count toward hours worked.

Specify that good cause for missing assigned activities and for not cooperating with paternity establishment and efforts to obtain child support would include a determination by a W-2 agency that meeting required hours of work or education or training activities would make it more difficult for the individual to escape domestic abuse or would unfairly penalize the individual. Under current law, good cause for missing assigned activities also includes making required court appearances for victims of domestic abuse.

Permit DWD to extend the overall time limit for participation in the W-2 program, as well as the time limits for participation in each employment position category, if the W-2 agency determines that the individual's compliance with the time limits would make it more difficult for the participant to escape domestic abuse or would unfairly penalize individuals who are or have been victimized by domestic abuse or who are at risk of domestic abuse. In addition, allow

individuals to petition W-2 agencies for review if they believe they should have been granted an extension under these provisions.

For any requirement waived or extension granted, require the W-2 agency to prepare a services plan specifying the requirements that the participant is not required to meet, the length of time the waiver or extension is in effect, and any services that may be provided to the participant. W-2 agencies would be required to review the services plan every six months.

Require W-2 agency employees that determine eligibility or review progress in W-2, to be trained in domestic abuse issues. W-2 agencies would be required to notify individuals, orally and in writing, that they may not be required to meet certain requirements if they are victims of domestic abuse, that any information regarding domestic abuse will be confidential and that counseling and supportive services are available. W-2 agencies would be required to provide this notification at the time an individual applies for W-2 and at the time eligibility is reviewed. If an individual is identified as a victim of domestic abuse, the W-2 agency would have to provide the individual with information on domestic abuse services and providers available in the community.

Finally, require DWD to promulgate rules to specify the procedures for notifying individuals of the family violence option, screening victims of domestic abuse and for training W-2 agency employees on domestic abuse issues. Prior to promulgating rules, DWD and the W-2 agencies would be required to consult with various domestic violence and sexual assault organizations, including the Milwaukee Commission on Domestic Violence and Sexual Assault.

These provisions would take effect on the first day of the sixth month beginning after publication of the budget bill and would apply to eligibility determinations and petitions for review made on that date.

Conference Committee/Legislature: Require DWD to promulgate rules to specify the procedures for screening victims of domestic abuse and for training W-2 agency employees on domestic abuse issues. Specify that if an individual is identified as a victim of domestic abuse, the W-2 agency would have to provide the individual with information on domestic abuse services and providers available in the community.

[Act 16 Section: 1660p]

61. LIMITATION ON ADMINISTRATIVE SALARIES CHARGED TO THE W-2 CONTRACTS

Senate: Limit the amount of any administrator's or subcontractor's cash compensation that can be charged to the W-2 agency contracts to the salary of the current Governor as specified in the biennial compensation plan for elected officials. There are two pay levels for the Governor, one for incumbents and one for a newly-elected Governor. The incumbent's rate of

pay is frozen for four years, while the rate for a newly-elected Governor is adjusted annually. The actual salary of the current Governor would be used as the limit. In 2000-01, the Governor's salary was \$122,406 per year.

Conference Committee/Legislature: Delete provision.

62. BONUSES PAID TO W-2 AGENCY STAFF AND SUBCONTRACTORS

Senate: Specify that any bonuses paid to W-2 agency staff and subcontractors' staff must be based on an individual's success in helping W-2 participants increase their household income over the federal poverty level. In addition, require DWD to establish criteria against which an individual's performance must be measured in determining whether staff bonuses may be paid. Further, require the W-2 agencies to report quarterly to DWD on bonuses paid to agency staff and subcontractors' staff. This provision would be effective for W-2 contracts which begin on January 1, 2002. There are not any provisions under current law regarding bonuses paid to W-2 agency staff and staff of subcontractors.

Conference Committee/Legislature: Delete provision.

63. PUBLIC RELATIONS BY W-2 AGENCIES

Senate/Legislature: Prohibit W-2 agencies from using funds from the W-2 agency contracts for public relations purposes not specifically related to community outreach and informing participants about available services. Under current law, there are no specific provisions regarding the use of funds in the W-2 contracts for public relations.

Veto by Governor [C-44]: Delete provision.

[Act 16 Vetoed Section: 1660d]

64. W-2 PAY PERIOD

Senate: Specify that the participation period for a W-2 employment position must be from the 26th day of one month to the 25th day of the next month. In addition, require DWD to issue benefit payments on the first day of the month after the participation period ends, based on the number of days the individual participated during the participation period.

There are not currently any statutory or regulatory provisions on the W-2 pay period. Under DWD's Wisconsin Works manual, the pay period currently runs from the 16th day of one month to the 15th day of the next, with payment on the 1st day of each month. If participation begins between the 1st and 15th day of the month, a prorated payment is issued in the first month and a full benefit payment is made in subsequent months. If participation begins between the

16th and last day of Month A, a prorated initial payment is provided in two parts: (a) the first partial payment is provided after the first day of the following month (Month B) to cover participation from the beginning date to the end of Month A; and (b) the second payment is issued on the first day of the third month (Month C) for participation from the first day through the 15th day of Month B. The first full payment would be provided on the first day of the fourth month.

Conference Committee/Legislature: Delete provision.

65. TIME LIMIT EXTENSIONS

Senate: Require DWD to promulgate rules regarding the procedures that W-2 agencies must follow for granting extensions to the 60-month participation limit. Under current law, there is a 60-month lifetime limit for participation in the W-2 program. The time limit applies to the total number of months in which the individual has actively participated in the job opportunities and basic skills (JOBS) program under prior law, has received benefits under a subsidized W-2 employment position, or has received benefits in Wisconsin or any other state that were funded by federal TANF dollars. Participation in the JOBS program counts toward the 60-month time limit beginning on October 1, 1996. Therefore, participants will first be subject to the time limit beginning in October, 2001. W-2 agencies may extend the time limit only if it determines that unusual circumstances exist that warrant an extension of the participation period. Current law requires DWD to promulgate rules regarding the definition of "unusual circumstances."

Conference Committee/Legislature: Delete provision.

66. FOOD STAMP WAIVER

Senate: Require DWD to request and implement a waiver from the U.S. Department of Agriculture to waive work requirements under the food stamp employment and training program for any group of individuals living in areas with an unemployment rate greater than 10% or with an insufficient number of jobs to provide employment for that group of individuals. Food stamp benefits are fully funded with federal dollars. Therefore, this provision would have no fiscal effect. The federal government may authorize such a waiver with respect to able-bodied adults who do not have dependent children.

Conference Committee/Legislature: Delete provision.

67. STUDY OF SERVICES FOR NONCUSTODIAL PARENTS

Assembly: Request the Joint Legislative Council to study methods of providing employment and support services to low-income noncustodial parents and submit findings,

conclusions, recommendations and any proposed legislation to the Governor, Joint Committee on Finance, DOA and appropriate standing committees. Require the Council to notify DWD whether it will conduct the study by November 1, 2001. If the Council decides not to undertake the study, then DWD would be required to conduct the study and submit its findings by March 1, 2002.

Specify that the following support services would have to be included in the study: job training, job readiness skills training, transportation assistance, parenting skills training, legal assistance, basic skills training, health care and other support services. In addition, require the Council or DWD to study all of the following: (a) the costs of implementing the plan; (b) the feasibility of funding the proposed services using TANF funds and TANF maintenance-of-effort funds; (c) any employment and support services currently provided to low-income noncustodial parents (in this state or other states), including a description of the providers of those services in Wisconsin and the number served in 1999 and 2000; and (d) the estimated number of noncustodial parents who are currently delinquent in child support. Further, require DWD or the Council to consult with DHFS in determining the health care services that may be provided to low-income noncustodial parents and to conduct at least two meetings in the state for the purpose of soliciting input on the study from interested parties, including one in the City of Milwaukee.

Conference Committee/Legislature: Delete provision.

Child Support

1. RESTORE BASE FUNDING FOR KIDS [LFB Paper 1060]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$4,000,000	- \$767,900	\$3,232,100
FED	<u>0</u>	<u>- 1,490,600</u>	<u>- 1,490,600</u>
Total	\$4,000,000	- \$2,258,500	\$1,741,500

Governor: Restore \$2,000,000 GPR annually to DWD's base budget for the kids information data system (KIDS). Prior to the 1999-01 biennium, these funds were part of the Department's base budget for the KIDS system. However, in each year of the 1999-01 biennium, this funding was placed in the Joint Committee on Finance's supplemental appropriation because there was uncertainty about the system's costs and about the amount of other revenue sources that would be available to fund the system.

Joint Finance/Legislature: Remove \$25,600 GPR and \$49,700 FED in 2001-02 and \$742,300 GPR and \$1,440,900 FED in 2002-03 from DWD's budget to reflect a decrease in

expected expenditures for the centralized receipt and disbursement (CR&D) system vendor contract.

2. **CENTRALIZED RECEIPT AND DISBURSEMENT FEE** [LFB Paper 1060]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$5,146,800	- \$996,000	\$4,150,800

Governor: Provide \$2,290,900 in 2001-02 and \$2,855,900 in 2002-03 for anticipated increased vendor charges associated with the centralized receipt and disbursement system. The system is currently funded with program revenue from a \$25 annual CR&D fee charged to support obligors, segregated revenue from interest earnings on balances in the support collections trust fund, GPR appropriated to DWD and federal child support matching funds. Operation of the system is conducted primarily by a private vendor (Lockheed Martin) under contract with DWD. The base contract will expire on December 31, 2001, and the Department believes that vendor costs will be significantly higher under the new contract.

The additional funds identified above would come from a reestimate of CR&D fee revenues under current law, a \$10 increase in the fee and a modification to a provision of 1999 Wisconsin Act 9 regarding income withholding for arrearages of the fee. In addition to these provisions, the bill would make a number of other modifications regarding the fee, which are outlined below. Total revenues from the fee are estimated at \$9,190,900 in 2001-02 and \$9,755,900 in 2002-03 under the bill.

Reestimate of Centralized Receipt and Disbursement Fee Revenues. The bill would provide \$600,000 in each year to reflect a baseline reestimate of revenues from the current \$25 CR&D fee.

CR&D Fee Increase. The bill would increase the fee from \$25 to \$35, beginning on January 1, 2002. The fee increase is estimated to generate additional revenues of \$1,575,000 in 2001-02 and \$2,100,000 in 2002-03, which are included in the funding amounts shown above.

Modify Act 9 Provision. 1999 Wisconsin Act 9 specified that income assignments for delinquent CR&D fees remain in effect even if the individual's current obligation to pay the fee has terminated. However, under Act 9, this provision first applied to CR&D fees that were ordered on or after January 1, 2000. The bill would eliminate the Act 9 initial applicability date for this provision, so that income withholding could be used for CR&D fee arrearages arising from orders that were in effect before that date. This modification would increase collections of the fee by an estimated \$115,900 in 2001-02 and \$155,900 in 2002-03. These revenues are also included in the funding amounts identified above.

Withholding from Tax Credits and Refunds. Under current law, if a person is delinquent in making court-ordered child support, family support or maintenance, or owes an outstanding amount that has been ordered by the court for past support, medical expenses or birth expenses,

DWD must certify the delinquent payment or outstanding amount to the Department of Revenue. A certification of unpaid support from DWD to DOR constitutes a lien against any state tax refunds or credits owed to the obligor equal to the amount certified. DOR must notify the obligor that it intends to reduce any state tax refund or credit by the amount owed. The notice must provide that within 20 days the obligor may request a hearing before the circuit court rendering the order. A hearing date must be set by the court within 10 days after receiving such a request.

Under the bill, these provisions would also apply to delinquent CR&D fee payments. Amounts withheld by DOR for delinquent CR&D fees would be sent to DWD for deposit in its PR appropriation for child support state operations--fees, and would be used for vendor charges and other expenses associated with the centralized receipt and disbursement system.

The bill would also require amounts withheld by DOR for unpaid support to be sent to DWD for deposit in the support collections trust fund. These moneys would then be distributed to the obligee or, in the case of support assigned to the state by public assistance recipients, used for county incentive payments and costs of the W-2 program. Under current law, the statutes specify that unpaid support withheld by DOR must be sent to DWD for distribution to the obligee. However, these funds are currently deposited in DWD's appropriation for delinquent support and maintenance payments to be distributed in accordance with state law and federal regulations, which do not always provide for distribution to the obligee.

Withholding from Vendor Payments and Other Payments. Under current law, DOR may provide a certification it receives from DWD for unpaid support to the Department of Administration, which must begin to withhold any vendor payments or certain other payments from the state and notify the obligor that the unpaid support is being withheld. As with withheld tax refunds and credits, the notice must provide that within 20 days the obligor may request a hearing before the circuit court rendering the order. A hearing date must be set by the court within 10 days after receiving such a request. Under the bill, these provisions would also apply to delinquent CR&D fees.

Unpaid support and CR&D fees withheld under this provision would be transferred from DOA to DWD and deposited into its PR appropriation for delinquent support, maintenance and fee payments, to be distributed in accordance with state law and federal regulations. Under current law, the statutes specify that unpaid support withheld by DOA must be sent to DWD for distribution to the obligee. However, these funds are currently deposited in the delinquent support and maintenance appropriation and distributed in accordance with state law and federal regulations, which do not always provide for distribution to the obligee.

Income Withholding. The bill would specify that each order for or obligation to pay the annual CR&D fee would be subject to income withholding. This currently applies only to orders for the fee (as opposed to other obligations to pay). Arrearages of the fee would continue to be subject to income withholding until the arrearage is paid in full.

Impose the Fee for Years in which a Support Arrearage is Due. The bill would specify that the CR&D fee would be imposed for any year in which an arrearage of support is owed. Currently, the fee is imposed for each year in which support payments are ordered.

Unpaid County CR&D Fees. Under current law, DWD is permitted to retain unpaid CR&D fees that were due to counties prior to state implementation of the CR&D system. DWD may not deduct the fee from any support or maintenance payment. The bill would specify that DWD could not deduct the fee from any arrearage payments, in addition to current support and maintenance payments.

Joint Finance/Legislature: Approve the Governor's recommendation to raise the annual centralized receipt and disbursement fee by \$10. Reduce PR funding for the centralized receipt and disbursement system by \$484,000 in 2001-02 and \$512,000 in 2002-03 to reflect a lower estimate of the amount of revenue expected to be generated by the fee.

[Act 16 Sections: 738, 739, 745, 1139, 1842 thru 1846, 3787, 3788, 3789, 3790, 4057 and 9358(2)]

3. USE OF UNCLAIMED SUPPORT

SEG	\$3,000,000
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Governor/Legislature: Authorize DWD to retain and use unclaimed support for administration of the child support enforcement program and provide \$1,500,000 SEG in each year to reflect the estimated amount of unclaimed support that would be appropriated to DWD under this provision.

Under current law, DWD is responsible for collecting and disbursing all moneys received for child and family support and maintenance (support). Amounts of support that cannot be distributed by DWD (such as when the payee has not notified the Department of a new address) or support checks that have not been cashed within one year are considered abandoned property, and are subject to the general requirements of the state unclaimed property act. Under that law, by May 1 of each even-numbered year, DWD must file a report regarding unclaimed support with the State Treasurer that covers the previous two calendar years. For amounts of \$50 or more, DWD must notify the obligee at his or her last-known address at least 120 days prior to submitting the report that the Department is holding unclaimed support.

The State Treasurer is required to provide public notice of all reported abandoned property. If unpaid support remains unclaimed on the December 1 following this public notice, DWD must deliver the funds to the State Treasurer for deposit in the school fund. Claims for unpaid support and other abandoned property may be filed with the State Treasurer.

Under the bill, abandoned child support checks and amounts of child support that are not distributable to the payee (unclaimed support) would be credited to a new sum sufficient appropriation in the segregated support collections trust fund. These funds would be used by DWD for administering the child support program and reimbursing the State Treasurer for

subsequent claims for the unclaimed support. DWD would still be required to report unclaimed support amounts to the State Treasurer.

Any person, except another state, claiming interest in unclaimed support that has been reported to the State Treasurer could file a claim with the State Treasurer after December 1 following the report, on a form prescribed by the State Treasurer and verified by the claimant. Another state could recover unclaimed support under circumstances that are allowed under current law any time after December 31 following the reporting of unclaimed support to the State Treasurer. The State Treasurer would pay any approved claims from its current PR and GPR appropriations.

DWD would be required to reimburse the State Treasurer, at least quarterly, for any claims paid since the last reimbursement with respect to unclaimed support and any administrative expenses incurred since the last reimbursement with respect to such property. The State Treasurer would be required to deposit these moneys in the general fund.

The new provisions would first apply to uncashed support checks credited to the support collections trust fund (checks that have not been cashed within one year after issuance) or amounts determined not to be distributable from the fund by DWD on January 1, 1999.

Federal child support provisions treat unclaimed support as program revenue available to the state for its child support enforcement program, even though these funds are not appropriated to DWD under current law. Because the federal government will not provide reimbursement for child support expenses funded with program revenue, the current provisions result in DWD foregoing some federal matching funds.

[Act 16 Sections: 744, 745, 2890, 2902, 2903, 2906 thru 2910, 2912 and 9358(3)]

4. SUPPORT COLLECTIONS TRUST FUND INTEREST

SEG	\$895,000
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Governor/Legislature: Provide \$447,500 in 2001-02 and in 2002-03 to reflect baseline reestimates of revenues from interest on balances in the support collections trust fund. These dollars would be allocated to meet anticipated increases in the cost of running and administering the child support centralized receipt and disbursement system. Total interest earnings in the fund are estimated at \$1,300,000 annually under the bill.

5. FINANCIAL INSTITUTION RECORD-MATCHING PROGRAM

Governor/Legislature: Specify that DWD must reimburse a financial institution up to \$125 per quarter for participating in the child support financial record matching program. This program is operated by DWD for the purpose of determining whether a person who owes child support or maintenance has an account with a particular financial institution. Current law requires DWD to promulgate rules for the program which provide for reimbursement of

financial institutions in an amount that does not exceed the institution's costs of participating in the program.

[Act 16 Section: 1841]

6. CHILDREN FIRST PROGRAM ADMINISTRATION

Governor/Legislature: Authorize DWD to contract with a tribal governing body of a federally recognized American Indian tribe or band to administer the children first program. This program provides work experience, job training, and job search assistance to noncustodial parents who are required to participate in the program because they failed to pay court-ordered child support or to meet the needs of their child or children because of unemployment or underemployment. Currently, the program is administered at the local level by counties and W-2 agencies.

Require DWD to pay a county, tribal governing body, or W-2 agency not more than \$400 for each person who participates in the children first program. Current law requires a payment of \$400 per participant.

[Act 16 Sections: 1741 thru 1747 and 9358(4)]

7. PERCENTAGE-EXPRESSED SUPPORT ORDERS [LFB Paper 1061]

GPR	\$1,000,000
FED	1,941,200
Total	\$2,941,200

Joint Finance: Require all future child support orders to be expressed as a fixed sum (rather than a percentage of income or the greater or lesser of a fixed sum or a percentage of income) unless the parties have stipulated to expressing the amount as a percentage of the payer's income and the following conditions are satisfied: (a) the state is not a real party in interest in the action; (b) the payer is not subject to any other order, in any other action, for the payment of support or maintenance; and (c) all payment obligations included in the order, other than the annual receipt and disbursement fee, are expressed as a percentage of the payer's income.

Provide, for existing orders, that a court would not have to make a finding of substantial change in circumstances in order to change a percentage-expressed or mixed support order to a fixed sum order.

Require support obligors to notify the payee, within 10 business days, if the obligor changes employers or if there is substantial change in the obligor's income, including receipt of bonus compensation.

Specify that support orders could provide for an annual adjustment in the amount to be paid, based on a change in the payer's income if the order is: (a) expressed as a fixed sum; and (b) based on the percentage standard established by DWD. Provide that either party could

request an annual adjustment. Specify that an adjustment could not be made more than once in a year.

Modify current law by specifying that the court or family court commissioner could direct that all or part of the annual adjustment not take effect until such time as the court or commissioner directs if: (a) the payee was seeking an adjustment and the payer establishes that extraordinary circumstances beyond his or her control prevent fulfillment of the adjusted obligation; (b) the payer was seeking the adjustment and the payee establishes that the payer voluntarily and unreasonably reduced his or her income below his or her earning capacity; or (c) the payer was seeking the adjustment and the payee establishes that the adjustment would be unfair to the child. Require the court or family court commissioner to identify what information the parties must exchange to determine whether the payer's income has changed, as well as the manner and timing of the information exchange.

Create specific procedures and forms to be used when parties agree to stipulate to an adjustment under this provision. Provide that the form must include an order signed by a judge or family court commissioner approving the stipulation.

Permit courts and family court commissioners to award actual costs and reasonable attorney fees if a party fails to provide required information in a timely manner or unreasonably fails or refuses to sign a stipulation for an annual adjustment.

Senate: Modify the provisions regarding the use of percentage-expressed or mixed child support orders adopted by the Joint Finance Committee as follows:

Funding for Conversion of Support Orders. Provide \$1,467,400 GPR and \$2,848,600 in federal matching funds in 2001-02 to provide assistance to county child support agencies for the costs of converting child support orders to fixed-sum orders, with the monies to be allocated to counties on the basis of the number of percentage-expressed or mixed orders in a county in cases in which the state is a real party in interest.

Financial Disclosure Requirements. Under current law, in every action in which the court has ordered a party to pay child support, the court may, but is not required to, require the payor to annually furnish a financial disclosure form and a copy of his or her most recently filed state and federal income tax returns to the party for whom the support is awarded. If the state is a real party in interest, however, the court must order the party who is ordered to pay child support to annually furnish a financial disclosure form and may order the payor to annually supply a copy of his or her most recently filed state and federal income tax returns to the county child support agency.

This provision would repeal the existing financial disclosure requirements and provide, instead, that in every action in which the court has ordered a party to pay child or family support, the court must require the parties to exchange financial information annually. It would further specify that, if the court finds that a party has failed to furnish the information

required, the court may award costs and reasonable attorney fees to the party bringing the action.

Annual Adjustments in Support Orders. Provide that a party may request a finding of contempt of court or request remedial sanctions under the state's contempt of court statutes if the other party unreasonably fails to provide or disclose information required in order to calculate the annual adjustment to a support order or fails to sign a stipulation for an annual adjustment in support.

Assembly/Legislature: Incorporate the Senate provisions except provide \$1,000,000 GPR and \$1,941,200 in federal matching funds in 2001-02 to provide assistance to county child support agencies for the costs of converting child support orders to fixed-sum orders.

[Act 16 Sections: 737f, 3786c thru 3786g, 3788g thru 3788p, 3793e thru 3793g, 3828r, 3830m and 9358(8ck)]

8. TECHNICAL CORRECTIONS TO FEDERAL TAX INTERCEPT [LFB Paper 1060]

Joint Finance/Legislature: Amend state statutes that relate to federal tax intercept procedures in cases involving delinquent support [s. 49.855] to eliminate references to the Department of Revenue processing federal tax intercept collections. Amend the same section of statute to direct the Department of Administration to send federal tax intercept collections received for delinquent support to DWD for deposit to the support collections trust fund.

Both current law and the Governor's bill indicate that both state and federal tax intercept collections must be sent by the Department of Revenue to DWD to be deposited to the support collections trust fund. In practice, however, the Department of Revenue does not handle federal tax intercept collections. Instead, they are transmitted directly to the Department of Administration by the IRS. The Joint Finance provision would make the statutes consistent with current practice.

[Act 16 Sections: 738, 739, 745, 1139 and 1843 thru 1844c]

9. NAME CHANGE OF CHILD AS PART OF PATERNITY ACTION

Senate/Legislature: Allow the name of a nonmarital child who has not been adopted and whose parents have not married each other to be changed in a judgment or order determining paternity. Under these provisions, if both parents in the paternity action request the same name change, the court would be required to include that name change in the paternity judgment or order. If only one parent requests that the child's name be changed, or if each parent requests a different name change, the court may, if it determines that a name change is in the child's best interest, include in the paternity judgment an order changing the child's surname to one that consists of both parents' surnames separated by a hyphen.

Under current law, the name of a nonmarital child who has not been adopted and whose parents have not married each other may be changed if the child's mother petitions the court for the change and the father joins in the petition if his parental rights have not been terminated. Further, notice of the proposed name change and where and when the court will hear the petition for the change must be published in an area newspaper once per week for three consecutive weeks before the petition can be heard.

[Act 16 Section: 3793m]

10. REMOVAL OF CHILD TO CERTAIN FOREIGN NATIONS

Assembly: Provide that, if both parents of a child have periods of physical placement with the child, neither parent could take the child to a country that has not ratified or acceded to the Hague Convention on the Civil Aspects of International Child Abduction unless the other parent agrees in writing that the child may be taken to such a country. Provide that the court must advise the parties of the prohibition when granting physical placement, and that the order establishing placement must include the prohibition.

Specify that, if a parent who has physical placement with a child desires or intends to take the child to a country that has not agreed to the terms of the Hague convention and the other parent refuses or fails to agree in writing that the child may be taken to such a country, the parent who desires to take the child may, with notice to the other parent, file a motion, petition, or order to show cause with the court for permission to take the child. The court could grant permission to take the child after considering, among other things, the likelihood that the parent will promptly return the child by the time represented by that parent.

Under current law, if both parents have physical placement with the child, the parent who has legal custody must give the other parent at least 60 days' notice of his or her intention to remove the child from the state for more than 90 days or to establish his or her legal residence with the child outside the state or in the state at a distance of 150 miles or more from the other parent. If the parent who is not moving or taking the child outside the state objects, he or she may request the court to prohibit the move or removal or to modify the current legal custody or physical placement order.

Conference Committee/Legislature: Delete provision.

REPORTS AND STUDIES

REPORTS AND STUDIES

Date Due	Nature	Prepared By	Reported To
90 days after the bill's general effective date	Allocation of Funding for Outpatient Hospital Rate Increases. A plan that identifies how DHFS would allocate funding provided for outpatient hospital rate increases between hospitals and HMOs. [Section 9123(13dd)]	Health and Family Services	Joint Committee on Finance
Quarterly report during 2001-03 biennium	Quarterly UW-Madison LTE Conversion Report. A report on the number of LTE positions converted to classified service positions. [Section 9156(3c)]	UW System	Administration, Joint Committee on Finance
Semi-annually, no date specified	Victim Restitution Report. Report which specifies: (a) the amount of restitution received for victims by DOJ under court order or settlement agreement during the reporting period; (b) the persons to whom DOJ paid restitution and the amount paid to each recipient during the reporting period; and (c) DOJ's methodology for selecting recipients and determining the amount paid to each recipient. [Section 2856d]	Justice	Joint Committee on Finance, Administration
Annually	Average Health Insurance Rates. Report on the average insurance rates by county or other regional factor for health care coverage under health insurance offerings of the Private Employer Health Care Coverage Board. [Section 1400f]	Private Employer Health Care Coverage Board	Legislature
Annually	Charter School Report. Report on the status of existing charter schools, the number of petitions for new charter schools, and school board and departmental action on petitions for new charter schools. [Section 2635m]	Public Instruction	Legislature
Annually, on a date specified by DOA	Restorative Justice Reports. Annual report summarizing: (a) the amount of time spent implementing restorative justice programs and assisting other DAs in implementing restorative justice programs; (b) the number of victims and offenders served; (c) the types of offenses addressed; and (d) the rate of recidivism among offenders served by the restorative justice programs compared to the rate of recidivism by offenders not served by such programs. The restorative justice program will expire June 30, 2005. [Section 4031p]	Milwaukee County DA's office and DA office selected by Corrections to receive restorative justice prosecutor position	Administration

Date Due	Nature	Prepared By	Reported To
Annually by March 31	Performance Measures and Report. Report regarding executive branch performance measures and achievement related to financial aspects of information technology, personnel utilization in information technology and information technology customer satisfaction. [Section 1030k]	Electronic Government	Joint Committee on Information Technology and Electronic Government's Information Technology Management Board
Annually by September 30	GPR Position Creation Report. A report indicating the number of GPR full-time equivalent positions created or abolished in the prior fiscal year. [Section 242]	UW System	Administration, Joint Committee on Finance
September 1, 2001, or the first day of the second month after the bill's general effective date	Nursing Home Labor Regions. A comprehensive plan that specifies varying regions of the state with respect to labor costs for the purpose of reimbursing nursing homes for care provided to MA recipients. [Section 9123(13d)]	Health and Family Services	Joint Committee on Finance
October 15, 2001, April 15, 2002, October 15, 2002, and April 15, 2003	Transfer of Credit Report. A report on the status of implementing the joint UW-WTCS resolution concerning the transfer of credits between WTCS and the UW System. In addition, the report must identify high-demand occupations by geographical region and specify a plan to expand programs to meet these needs. [Section 9156(2mp)]	UW System and Wisconsin Technical College System	Senate and Assembly Education Committees
Annually by October 31, beginning in 2001	Fee Recovery Cost Report. A report that contains the number and type of courses offered by the UW System for which the academic fees or tuition charged equals at least 100% of the cost of offering the course, as well as the number of students enrolled in such courses. [Section 1351r]	UW System	Joint Committee on Finance
Annually by November 1, beginning in 2001	Minority Undergraduate Retention Grant Report. A report on the effectiveness of the minority undergraduate retention grant program. [Section 1383]	Higher Educational Aids Board	Administration

Date Due	Nature	Prepared By	Reported To
December 1, 2001	Report on Avoiding Duplication of Effort in Developing Tax Systems. DWD and DOR are directed to consult to avoid duplication of effort in redesigning the unemployment insurance tax and accounting system and DOR's integrated tax system and report on plans to avoid such duplication of effort. [This study was directed by the Joint Committee on Finance; there is no statutory provision in the budget act.]	Revenue and Workforce Development	Joint Committee on Finance
January 1, 2002	Accumulated Sick Leave Conversion Credit (ASLCC) Program. Study whether to allow WRS participants who have terminated covered employment after 25 years but are not yet eligible for a WRS annuity to retain, rather than forfeit, their accumulated sick leave for conversion into credits under the ASLCC program once the individual does take a WRS annuity. Require DER to submit proposed legislation to the Joint Committee on Employment Relations incorporating the recommendations contained in the study. [Section 9132(3xx)]	Joint Survey Committee on Retirement Systems	Employment Relations
March 1, 2002	Forgivable Loan Program for Farmers. Require HEAB to submit a report summarizing a plan to develop a program to implement a forgivable loan program for students who graduate from the UW System or from the Wisconsin Technical College System and farm for a period of five consecutive years. [Section 9124(1x)]	Higher Educational Aids Board	Governor and Legislature
March 1, 2002	Food Stamp Transfer. Submit a proposal to DOA for supplemental expenditure and position authority necessary to transfer all administrative functions related to the food stamp program from DWD to DHFS. If the Secretary of DOA approves the proposal, it would be submitted to the Joint Committee on Finance for the Committee's approval under a 14-day passive review process. [Section 9158(9q)]	Health and Family Services and Workforce Development	Administration and Joint Committee on Finance

Date Due	Nature	Prepared By	Reported To
March 31, 2002, and annually thereafter	Plan for Land Information Integration. Require DOA, DATCP, Commerce, DHFS, Historical Society, DNR, PSC, Revenue, DOT, Tourism and the UW System Board of Regents to submit to the Land Information Board a plan for the integration of land information so that the information is readily transferable, retrievable, and geographically referenced for use by any state agency, local unit of government, or public utility. The plan must include information needed by local governments for comprehensive planning. [Sections 343]	Administration	Land Information Board
Annually, by June 30, beginning in 2002	Area Cooperation Compact Reports. A report indicating whether or not the municipality has entered into any area cooperation compacts or agreements with other municipalities or counties in the region. [Section 2022t]	Municipalities in cooperation regions	Revenue
June 30, 2002, and June 30, 2003	Performance Review Pilot Reports. A report describing the activities of the council and including a description of the council's recommendations and an explanation of all the performance review analyses conducted by the council. [Section 2022s]	Performance review councils created by selected counties and municipalities	Revenue
June 30, 2002	Savings Relating to TEACH Grants. A report specifying any funds saved by Corrections because of grants or subsidies provided to secured juvenile correctional facilities from the Technology for Educational Achievement (TEACH) Board. [Section 9111(2)]	Corrections	Administration
July 1, 2002	Misdemeanor Offender Diversion Program Proposal. A proposal to DOA with alternative charging and sentencing options for misdemeanor crimes in order to divert misdemeanor offenders from imprisonment, including required alternative charging and sentencing options for nonviolent crimes against property. Prior to implementation of any program, the program proposal must be approved by the Joint Committee on Finance under a 14-day passive review process. [Section 9139(1)]	Public Defender, in consultation with the Director of State Courts and the Wisconsin District Attorneys Association	Administration, Joint Committee on Finance

Date Due	Nature	Prepared By	Reported To
December 31, 2002	Airport Financing Study Committee Report. Report on the Committee's evaluation, findings and recommendations on the state's airport system needs and the financing of airport projects. The Committee's recommendations, if enacted, should generate revenue in an amount equal to or greater than the amount appropriated for aeronautical activities. [Section 9152(3)]	Airport Financing Study Committee	Governor and Legislature
January 1, 2003	On-line Electronic Filing Systems for Vital Records. A report that includes recommended guidelines for an on-line electronic filing system for vital records, including a proposed schedule of vital record fees that would support implementation of an on-line system, and security measures to protect against identity theft. [Section 9123(8kk)]	An eight-member committee, including the state register of vital statistics, three local registrars, three representatives of DHFS and one genealogist	Governor and Legislature
January 1, 2003	Immunization Registry. A report on the statewide immunization registry. [Section 9123(14k)]	Health and Family Services	Legislature
The Governor's veto message directs DHFS to complete the study by January 1, 2003	BadgerCare Funding. A report showing the results of a study and its findings and recommendations on the potential for long-term savings under BadgerCare. [Section 9123(9wo)]	Health and Family Services	Joint Committee on Finance
January 1, 2003	Use of Aircraft by State Agencies. Require DOA, DOT and DNR to conduct a joint study of the use of aircraft by state agencies, including a determination of how cost reductions can be made associated with state agency aircraft use. [Section 9159(3y)]	Administration, Transportation and Natural Resources	Legislature
January 1, 2003	Study of Relocating Tax Processing Activities. Study the feasibility of moving tax processing activities to a location in Southwestern Wisconsin. [Section 9144(2z)]	Revenue	Governor and Legislature

Date Due	Nature	Prepared By	Reported To
January 1, 2003	Shared Revenue Study. Study on restructuring the shared revenue program to encourage high-growth sectors of the economy and the creation of high-quality jobs. The study must contain elements addressing how the program could be modified to: (a) set aside up to 10% of the total distribution for purposes related to matching local efforts to encourage the creation of high-quality jobs; (b) incorporate smart growth planning concepts; and (c) allow towns to maintain their boundaries in exchange for their shared revenue payments. [Section 9144(1c)]	Revenue	Secretary of Administration
July 31, 2003	Performance Review Pilot Report. A report summarizing the activities and recommendations contained in the reports submitted by local government performance review councils and describing ways that those recommendations can be implemented on a statewide basis. [Section 2022s]	Revenue	Governor and Legislature
September 1, 2003	UW-Madison LTE Conversion Report. A report on the number of LTE positions converted to classified service positions, the reduction in the number of LTE appointments at UW-Madison and service-related information on appointees, as well as the reasons why an individual in a converted position later terminated employment. [Section 9156(3c)]	UW System	Governor, Department of Employment Relations and Legislature
No date specified, but after the 2002-03 fiscal year	Electronic Procurement and Commerce Activities. Require DOA to report on the status of electronic procurement and commerce activities, including a cost/benefit assessment of such activities for FY 2002-03 and an assessment of the effectiveness of state executive branch agencies in increasing the volume of such activities. [Section 9101(14)]	Administration	Governor and Joint Committee on Finance
In conjunction with the 2003-05 capital budget request	Probation and Parole Hold Facility Feasibility Study. Study the feasibility of placing a probation and parole hold facility in north central Wisconsin. [Section 9111(3d)]	Corrections	Building Commission
Annually, by June 30, beginning in 2004	Area Cooperation Compacts Report. A report on the performance of area cooperation compacts. [Section 2022t]	Legislative Audit Bureau	Chief Clerks for submission to appropriate standing committees

Date Due	Nature	Prepared By	Reported To
October 1, 2004	Evaluation and Report of Restorative Justice Program. Evaluate, on a quantitative and qualitative basis, the success of restorative justice programming, in Milwaukee County and the county selected by Corrections, in serving victims, offenders and communities affected by crime. [Section 9132(4m)]	Legislative Audit Bureau	Standing committees of the Legislature, as determined by the Speaker of the Assembly and President of the Senate
Prior to release of funds by Joint Committee on Finance	In-House Servicing of the Primary Mortgage Loan Program Portfolio. Develop a plan for the most cost-effective method for the in-house servicing of the veterans primary mortgage loan portfolio. Release of funding contingent on JFC review and approval of plan. [Section 9157(1)]	Administration and Veterans Affairs	Joint Committee on Finance
Prior to release of funds by Joint Committee on Finance	Mobile Claims Officers and Regional Coordinators Staffing Increases. Require DVA, in consultation with various veterans' groups, to study whether additional mobile claims officer or regional coordinator positions are needed to provide claim and benefit assistance to veterans. A study must be completed before additional position authority is requested. [Section 9157(5mk)]	Veterans Affairs	Joint Committee on Finance
Within 30 days of the final credits to DOT's appropriations being made by DETF to implement a "premium holiday" provision of 1999 Act 11	Department of Transportation Lapse Plan. A plan for lapsing: (a) \$3,530,800 in 2001-02 from DOT's appropriations to account for the savings associated with the "premium holiday" provisions of 1999 Act 11; and (b) \$800,000 annually from DOT's appropriations for departmental management and operations, administration and planning, the Division of Motor Vehicles, the Division of State Patrol and the delivery cost portion of state highway program appropriations. [Section 9152(2cd)]	Transportation	Administration
Three years from the date of program initiation	Inmate Rehabilitation and Aftercare. Report regarding an evaluation of the inmate rehabilitation and aftercare program administered by a nonprofit community organization(s). [Section 3333]	Corrections	Governor and Legislature

Date Due	Nature	Prepared By	Reported To
No date specified	Study of the Department of Transportation's Computerized Information Systems. A report on DOT's computerized information systems and the Department's plan for utilizing its data processing resources, including the use of those resources for the redesign of the motor vehicle and driver license databases. [Section 9152(5z)]	Transportation, in consultation with the Department of Electronic Government	Administration
No date specified	TANF Expenditures. Submit annual report of TANF expenditures for the previous fiscal year. Required by Governor's veto message, not by Act 16.	Workforce Development	Administration
No date specified	Stanley Correctional Facility Lease. Report on Stanley Correctional Facility lease agreement, for approval by JFC, specifying final lease payment and the source of that funding. [Section 9111(5gk)]	Administration	Joint Committee on Finance
No date specified	Wood Treated with Arsenic Study. A study to review the environmental and health effects of wood treated with arsenic. [Section 2394p]	Agriculture, Trade and Consumer Protection and Commerce	Not specified
No date specified	Qualified Interpreter Definition Study. A request that the Legislative Council study a potential definition for "qualified interpreter" for appointments in court proceedings and contested administrative case proceedings. (This provision was inadvertently not deleted; Act 16 contains a definition of "qualified interpreter.") [Section 9132(3z)]	Legislative Council	Legislature
No date specified	Fond du Lac Avenue Study. Require that the UW System Board of Regents ensure that the Center for Economic Development at UW-Milwaukee completes an economic development study of the Fond du Lac Avenue corridor from North Avenue to Capitol Drive in Milwaukee. [Section 1351wc]	UW-Milwaukee Center for Economic Development	Not specified

NON-FISCAL POLICY ITEMS

NON-FISCAL POLICY ITEMS

ADMINISTRATION -- GENERAL AGENCY PROVISIONS

1. STATE AND LOCAL GOVERNMENT POLICY COORDINATION

Direct DOA to coordinate, to the extent possible, state policies governing the relationship between state and local governmental units (defined as political subdivisions of the state, special purpose districts, instrumentalities or corporations of these subdivisions and special districts and any combination of the foregoing) and attempt to make such policies as uniform as practicable. Authorize DOA to attempt to mediate disputes between local governmental units and state agencies (defined as all agencies created by law or by the Wisconsin Constitution, including the legislative and judicial branches, but excluding the state authorities) to the extent feasible.

Direct the Secretary of DOA to appoint a state-local government coordinator outside the classified service to undertake these activities, enumerate this position in the statutory listing of unclassified state positions and authorize the Secretary to set the salary of the coordinator. Convert 1.0 FTE undesignated base level GPR-funded classified position in DOA to 1.0 FTE unclassified position. Base level funding associated with this undesignated position would be available to support the costs of this new unclassified position.

2. STUDY OF STATE AGENCY PLAN REVIEWS OF NURSING HOMES, HOSPITALS AND RELATED FACILITIES

Direct the Department to conduct a study of the separate responsibilities of the Department of Health and Family Services and the Department of Commerce to review capital construction and remodeling plans of nursing homes, community-based residential facilities, hospitals and other medical facilities. Require the study to address the feasibility of centralizing these plan reviews under one of the agencies. Specify that the study shall be presented to the Governor and the Secretary of DOA by June 30, 2002.

Under current law, the Department of Health and Family Services must conduct plan reviews of all construction and remodeling of nursing homes and hospitals to ensure compliance with building code requirements that are otherwise regulated by the Department of Commerce and may conduct such plan reviews of community-based residential facilities. The Department of Commerce regulates the construction, repair and maintenance of public

buildings and the design, construction and alteration of medical facilities to ensure that they are accessible to persons with disabilities.

ADMINISTRATION -- AGENCY SERVICES

3. STATE PROCUREMENT LAW MODIFICATIONS

Modify the statutes related to state procurement laws as follows:

Subscription Service. Authorize DOA to permit prospective vendors to provide product or service information through the current law vendor subscription service. Specify that DOA may prescribe fees or establish fees through a competitive process for the use of the service. Specify that any fee collected by DOA would be deposited to the existing segregated VendorNet Fund. The current subscription service provides potential vendors with information of interest concerning state procurement opportunities. If DOA provides the service, the Department is required to assist small businesses that are prospective vendors in accessing and using the service by providing facilities or services to the businesses. DOA may currently charge a fee for the subscription service and is required to prescribe the amount of any fee by rule.

Bidders List. Specify that any agency to which DOA delegates purchasing authority may maintain a bidders list only if authorized under the authority delegated from the Department. Under current law, DOA or any agency to which DOA delegates purchasing authority may maintain a bidders list. Current law specifies that a bidders list include the names and addresses of all persons who request to be notified of bids or competitive sealed proposals (with estimated costs exceeding \$25,000) that are solicited by DOA or another agency for the procurement of materials, supplies, equipment or contractual services. Any list maintained by DOA may include the names and addresses of any person who requests to be notified of bids or competitive sealed proposals to be solicited by any agency. DOA or another agency is required to notify each person on its list of all requests for bids or competitive sealed proposals by DOA or the agency. Current law specifies that DOA or an agency may remove any person from its list for cause.

Procurement Solicitation by Electronic Auction. Specify that when the estimated procurement costs exceed \$25,000, DOA is required to invite bids to be submitted. Current law would continue to authorize the Governor or the Secretary of DOA to waive this requirement, if it was deemed to be in the state's best interest to do so. Specify that DOA either solicit sealed bids to be opened publicly at a specified date and time, or solicit bidding by auction to be conducted electronically at a specified date and time. Whenever bids are invited, require that due notice inviting bids be published as a Class 2 notice (current law) or posted on the internet at a site determined or approved by DOA (added by the bill). Under the bill, the bid opening or

auction must occur at least seven days after the date of the last insertion of the notice or at least seven days after the date of posting on the internet. Require that any notice specify whether sealed bids are invited or bids will be accepted by auction, and give a clear description of the materials, supplies, equipment or contractual services to be purchased, the amount of any bond, share draft, check or other draft to be submitted as surety with the bid or prior to the auction, and the date and time that the public opening or the auction will be held. Specify that if bids are solicited by auction, the award may be made in accordance with simplified competitive procedures established by DOA for such transactions.

Under current law, a Class 2 notice requires that a notice be inserted into a newspaper or publication at least twice. Insertion of a notice means the publication of a legal notice once each week for consecutive weeks, the last of which must be at least one week before the bids are opened. Under current law, when the estimated cost of a bid exceeds \$25,000, DOA must provide due notice inviting bids by publishing a Class 2 notice. Further, the bids may not be opened until at least seven days from the last day of publication. The official advertisement must give a clear description of the materials, supplies, equipment or service to be purchased, the amount of the bond, share draft, check or other draft to be submitted as surety with the bid and the date of public opening.

Specify that when the estimated cost exceeds \$25,000, DOA may invite competitive sealed proposals (if sealed bids are not practicable or advantageous) by publishing a Class 2 notice or by posting notice on the internet at a site determined or approved by the Department. Specify that the notice must describe the materials, supplies, equipment, or contractual services to be purchased, the intent to make the procurement by solicitation of proposals rather than by solicitation of bids, any requirement for surety and the date the proposals will be opened, which must be at least seven days after the date of the last insertion of the notice or at least seven days after the date of posting on the internet.

Under current law, when the estimated procurement cost exceeds \$25,000, DOA is required to publish a Class 2 notice inviting competitive sealed proposals. The advertisement must describe the materials, supplies, equipment or service to be purchased, the intent to solicit proposals rather than bids, any requirement for surety and the date the proposals will be opened, which is required to be at least seven days after the date of the last insertion of the notice.

Require that DOA either publish a Class 2 notice (current law) or post a notice on the internet at a site determined or approved by DOA (added by the bill) when the Secretary of DOA, with the approval of the Governor, waives the procurement laws and allows a purchase from a private source that is expected to exceed \$25,000. Specify that the date on which the contract or purchase is made must be at least seven days after the last date of insertion of a notice or the date of posting on the internet.

Electronic Procurement and Commerce Activities. Create a nonstatutory provision requiring DOA to report to the Governor and the Co-chairs of the Joint Committee on Finance concerning

the status of the electronic procurement and commerce activities of DOA. Require that DOA include in the report an assessment of the costs and benefits of those activities for the 2002-03 fiscal year and an assessment of the effectiveness of state executive branch agencies in increasing the volume of those activities.

ADMINISTRATION -- ATTACHED PROGRAMS

4. ELIMINATION OF THE COUNCIL ON HEALTH CARE FRAUD AND ABUSE

Repeal obsolete language establishing a 15-member Council on Health Care Fraud and Abuse, attached administratively to the Department. The Council was created by 1995 Wisconsin Act 442 to study all aspects of health care fraud and abuse and to develop strategies to combat such activities by health care providers, insurers and consumers. The Act 442 language establishing the Council also provided for a December 31, 2000, sunset of the body and its duties.

AGRICULTURE, TRADE AND CONSUMER PROTECTION -- DEPARTMENTWIDE AND RESOURCE MANAGEMENT

5. FARMLAND PRESERVATION LIENS AND CONVERSION FEES

Prohibit DATCP from relinquishing a farmland preservation agreement or releasing land from an agreement prior to termination of the agreement until the owner pays \$50 per acre for the land that is no longer covered by the agreement (except for certain cases for which no lien or payback is required under current law).

Require the owner to pay \$60 for each acre of land rezoned out of exclusive agricultural zoning or granted a special exception or conditional use permit for a use that is not agricultural as a condition of approval of the rezone petition or special exception or conditional use permit. Require the payment be made by the county or municipality, instead of the landowner, if a rezoning occurs solely as a result of an action initiated by the county or municipality.

Delete the current law requirement that any land relinquished or released from certain farmland preservation agreements or transition agreements, or that is rezoned or is granted an

exception to exclusive agricultural zoning is subject to a lien for the total amount of all credits received by all owners of such lands during the last 10 years that the land was eligible for such credit.

Payments made to DATCP under these provisions are deposited in the general fund. DATCP collected \$96,800 in farmland preservation program related fees in 1999-00. No estimate of revenues under the bill is made. [See "Shared Revenue and Tax Relief -- Property Tax Credits" for additional information on these provisions.]

6. DRAINAGE DISTRICT PERMITTING

Provide that a drainage district drain used primarily for agricultural purposes (including aquaculture) be specified as not navigable unless a United States Geological Survey map or other equally reliable scientific evidence shows that the drain was a navigable stream before it became a district drain. Allow county drainage boards to place structures or deposits in a district drain for primarily agricultural purposes without a Department of Natural Resources (DNR) permit if, after consulting with DNR, DATCP either specifically approves the placement, or the structure or deposit is required by DATCP rule to conform to approved drain specifications, regardless of whether the district drain has been designated a class 1 trout stream. Further, allow county drainage boards to clean material from a district drain for agricultural purposes without a DNR permit as long as the removal is required by DATCP rule, after consulting with DNR, to conform to drain specifications.

Delete the requirement that a drainage district must have a permit to acquire or remove any dam or obstruction from navigable waters or to clean out, deepen, widen or straighten any navigable stream. Eliminating some permit requirements for drainage boards would decrease fee revenues (and associated workload) to DNR. Unless a drainage district is dissolved, require DNR to consult with DATCP (as well as drainage commissioners under current law) on the operation and maintenance of dams. While DNR is required to give careful consideration to suggestions, DNR retains final decision authority on the operation and maintenance of dams (including dams in the Duck Creek Drainage District only if it fails to operate according to statutes).

If the Outagamie Drainage District No. 6 (Duck Creek Drainage District) fails to operate, repair and maintain dams and other structures in district drains in accordance with DATCP rules and Chapter 88 (Drainage of Lands) of the statutes, require DNR to consult with DATCP and the drainage commissioners on the operation and maintenance of the dams, or if there are no commissioners, with DATCP and any committee appointed by the county board to represent the county's interest.

7. COMMERCIAL FEED VIOLATION PENALTIES

Provide authority for DATCP or a district attorney to recover a civil forfeiture of between \$100 and \$5,000 and allow (rather than require under current law) a person to be fined up to \$200 or imprisoned up to six month, or both, for criminal violations of state commercial feed regulations, including orders and DATCP rules.

8. EXPAND DATCP PEST ABATEMENT AUTHORITY

Expand the Department's pest abatement authority to include all areas of the state (by deleting language limiting DATCP authority to agricultural lands and agricultural business premises).

Under current law, DATCP can order a property owner to treat, remove or destroy any infested or infected plant, host plant or other pest-harboring material on any agricultural land or agricultural business premises that is infested by a pest (as broadly defined by DATCP rule), without awarding damages to the owner. Further, if the property owner fails to treat an agricultural area, the Department can treat the premises and charge the owner for the expense.

9. DELETE REPORTING REQUIREMENTS

Delete the requirement that DATCP annually submit to the Legislature a report that summarizes information received from foreign persons who acquire agricultural land in Wisconsin. Further, delete the obsolete requirement that DATCP review the effectiveness of reduction of toxics in packaging requirements and report the results to the Governor and the Legislature before June 1, 1993.

10. ELIMINATE THE WORLD DAIRY CENTER AUTHORITY

Eliminate the World Dairy Center Authority. The Authority was created in 1991 Act 16 to establish a Wisconsin center for the national and international dairy industry. The Authority is no longer active.

**AGRICULTURE, TRADE AND CONSUMER PROTECTION --
TRADE AND CONSUMER PROTECTION**

11. PRODUCT SAFETY AND HAZARDOUS SUBSTANCE VIOLATIONS PENALTIES

Create a fine of up to \$200 or imprisonment in the county jail for up to six months or both and authorize DATCP or a district attorney to recover a civil forfeiture of between \$100 and \$5,000 for violating state product safety regulations, including orders and DATCP administrative rules. Further, authorize DATCP or a district attorney to recover a civil forfeiture of between \$100 and \$5,000 for violating state hazardous substance regulations, including orders and DATCP administrative rules. Further, authorize a person to be fined up to \$5,000 or imprisoned up to a year, or both, for violating an order or DATCP rules (in addition to statutory violations under current law) related to hazardous substance violations.

12. TELEMARKETING IDENTIFICATION REQUIREMENTS

As of the first day of the third month following the effective date of the bill, require an employee of a professional telemarketer (a business with employees whose primary duty is to make telephone solicitations) to disclose the employee's name, the identity of the person selling the property, goods or services, and the purpose of the call when making a telephone solicitation. Further, prohibit such an employee from making a telephone solicitation to a person who requested not to receive solicitations from the telemarketer. In addition, prohibit an employee of a professional telemarketer from blocking their telephone number or associated name from a person who uses caller identification. Allow DATCP, or any district attorney upon informing DATCP, to investigate violations of these provisions and to bring an action for temporary or permanent injunctive or other relief. Further, set a forfeiture of not more than \$500 for a professional telemarketer for each employee violation and subject the professional telemarketer to a supplemental forfeiture of up to \$10,000 if they knew or should have known that the customer called was an elderly or disabled person, or if the violation caused economic, emotional or physical damage to one of these persons. Provide that the above provisions apply to any intrastate or interstate call made to Wisconsin.

Further, as of the first day of the third month following the effective date of the bill, prohibit an employee of a professional telemarketer (rather than any person under current law) from using an electronically prerecorded message in a telephone solicitation without the consent of the person called. Further, allow DATCP, or any district attorney upon informing DATCP, to investigate such a violation and to bring an action for injunctive or other relief.

13. PAWNBROKER LICENSING FORMS

Delete the requirement that DATCP develop and provide to counties and municipalities, at no charge, license applications and other business forms required to be filled out by pawnbrokers and secondhand article dealers. Instead, allow DATCP to develop sample applications and forms for counties to either revise or reproduce and distribute to pawnbrokers and secondhand article dealers.

14. CREATE AN AGRICULTURAL PRODUCER SECURITY PROGRAM

Funding Positions		
PR-REV	- \$1,338,700	
SEG REV	4,923,000	
PR	- \$1,416,600	- 12.12
SEG	6,116,600	12.12
Total	\$4,700,000	0.00

Delete \$588,100 PR and provide \$2,938,100 SEG in 2001-02, delete \$828,500 PR and provide \$3,178,500 SEG in 2002-03 and convert 12.12 PR positions to SEG to consolidate current individual vegetable processor, dairy plant operator, grain dealer and warehouse keeper programs. Further, convert security requirements from the consolidated program to an insurance pool funded by industry assessments that would be deposited into a new SEG agricultural producer security (APS) fund. The APS fund would consist of all fees, surcharges, assessments, reimbursements and proceeds of surety bonds received by DATCP for the APS program. Establish formula-based fees for various commodities. [For a complete summary of related provisions, see "Agriculture, Trade and Consumer Protection -- Trade and Consumer Protection."]

COMMERCE -- DEPARTMENTWIDE AND ECONOMIC DEVELOPMENT

15. REGULATORY FLEXIBILITY COMMITTEE

Create a regulatory flexibility committee consisting of 10 members appointed by the Governor. At least one member would be required to be appointed from a list of nominees submitted by the Wisconsin chapter of the National Federation of Independent Businesses. At least one member would be required to be appointed from a list of nominees submitted by Wisconsin Manufacturers and Commerce. The Governor would designate one of the members of the committee as chairperson and the chairperson would set the date for the first meeting. A majority of the committee would constitute a quorum for doing business. Committee members would be reimbursed for actual and necessary expenses that were incurred while performing their duties as Committee members. Commerce would be required to provide staff support and any other assistance necessary for the Committee to complete its work.

The Committee would be required to submit a report to the Governor and the appropriate standing committees of the Legislature. The report could include recommendations for legislation and would be required to include discussions of all of the following:

- a. How to require an agency to consider the direct and indirect impact of rules proposed by the agency.
- b. Whether judicial enforcement of statutory provisions for administrative rule making considerations for small business would be appropriate or sufficient.
- c. What provisions would be available or needed to enable a business to challenge an agency's regulatory flexibility analysis prepared under state law.
- d. What additional authority would be appropriate and necessary for the Joint Committee for Review of Administrative Rules to suspend or modify a proposed or existing agency rule.
- e. What action would need to be taken by what agencies to develop a no-fault audit program and compliance assistance program.
- f. What grace periods would be appropriate during which a business could correct a rule or statutory violation before being assessed a fine or forfeiture.
- g. Whether an agency should consider a small business's ability to pay when assessing a fine or forfeiture against that business.
- h. What action would need to be taken, and by what agencies, to develop a program that allowed a business to pay a fine or forfeiture in installments.

The regulatory flexibility committee would cease to exist at the earlier of September 1, 2002 or when the report was submitted to the Legislature.

COMMERCE -- BUILDING AND ENVIRONMENTAL REGULATION

16. ELIMINATE PECFA COUNCIL

Eliminate the PECFA Council. The Council is statutorily required to advise the Secretaries of Commerce and DNR on implementation of the PECFA program and is required to include representatives of petroleum product transporters, manufacturers, suppliers, retailers, wholesalers, hydrogeologists, environmental scientists, consultants, contractors and engineers. The Council has not met since December, 1996. Since then, some of the Council

members have served as members of code advisory committees created by Commerce to develop administrative rule changes.

17. GREEN TIER AND ENVIRONMENTAL MANAGEMENT SYSTEM GRANTS

SEG	\$300,000
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Provide \$100,000 in 2001-02 and \$200,000 in 2002-03 from the segregated environmental fund in a biennial appropriation to create a green tier and environmental management system grant program within the Environmental Regulatory Services Division. Direct Commerce to provide information about environmental management systems to potential participants in the green tier program created in DNR under the bill. (See "DNR -- Air, Waste and Contaminated Land" for more information.) The green tier program is intended to improve the environmental performance of public and private entities through the provision of incentives.

Direct Commerce to provide two types of grants under the program: (a) grants to nongovernmental organizations to help those organizations develop the ability to participate as interested persons in the DNR green tier program, including the allocation of at least \$150,000 in the 2001-03 biennium of the available \$300,000; and (b) grants to assist persons to develop environmental management systems. Under the bill, "environmental management system" would mean an organized set of procedures to evaluate environmental performance and to achieve measurable or noticeable improvements in that environmental performance through planning and changes in operations.

18. FIRE SAFETY AND FIRE DUES GRANT PROGRAMS

Make several changes related to fire safety programs and the fire dues grant program. Create a fire safety and injury prevention education program. The changes include the following.

Definition of Fire Department. Create a definition of fire department for the fire safety programs and fire dues program administered by Commerce. "Fire department" would include any organization that is permitted under current law to provide fire protection services to a municipality, including: (a) a fire company under Chapter 213; (b) a department established by a city, village or town; (c) a joint fire department; and (d) a person that contracts to provide fire protection services to a town.

Fire Safety Programs. Make the following changes in local and state fire safety programs.

- a. Require each fire department, rather than Commerce, to maintain a record of all fires occurring within the fire department's territory.

b. Provide that Commerce has jurisdiction and supervision over all buildings, structures and premises in the state for administration of all laws related to fire inspections, fire prevention, fire detection and fire suppression. Currently, the Department has general jurisdiction over places of employment, public buildings and certain residential buildings.

c. Authorize Commerce to enter a private dwelling at any reasonable time to verify the proper installation of smoke detectors and fire suppression devices, but direct that the Department may do so only at the request of the owner or renter.

Fire Dues Grant Program. Currently, insurance companies pay to the state fire dues equal to 2% of the amount of all Wisconsin based premiums paid to the company for insurance against loss by fire. Commerce distributes fire dues revenues to eligible fire departments based on the equalized valuation of real property improvements within each eligible municipality, except that an eligible municipality may not receive an amount that is less than the municipality received in 1979. Fire dues are also used for Commerce administration of local fire prevention programs and fire dues payments with 7.6 positions and for firefighter training programs administered by the Wisconsin Technical College System with 3.0 positions. The bill includes the following components:

a. Apply fire dues program eligibility requirements to a municipality rather than to a fire department. To be eligible for a fire dues grant, a municipality (city, village or town) would have to receive services from a fire department.

b. Allow a municipal fire department to be eligible for a fire dues grant if it provides 95%, instead of 100% currently, of the required fire inspections. Currently, the chief of every fire department must provide a fire inspection for every public building and place of employment in the fire department's territory. Currently and under the bill, these inspections must generally be performed at least once every six months, except in the City of Milwaukee, which establishes its own inspection schedule.

c. Specify that to be eligible for a fire dues grant, the municipality must receive services from a fire department that provides a training program prescribed by Commerce rule, to train fire fighters and inspectors who provide fire suppression services, fire prevention inspections, or public education with regard to safety. This would replace a general requirement that the fire department provide a training program prescribed by Commerce rule.

d. Exclude a mutual aid agreement relating to fire protection from the type of contract that a municipality may use to satisfy eligibility requirements. If a municipality enters into a mutual aid agreement, it may still be eligible for a fire dues grant if it satisfies all applicable eligibility requirements. Currently, a municipality is eligible for a grant if the municipality receives fire protection services under a contract that is sufficient to provide fire protection to the entire municipality.

e. Require if a city, village or town uses the services of a volunteer fire department to be eligible for fire dues, the municipality must maintain or contract with a volunteer fire department that has sufficient personnel ready for service at all times and that holds a meeting at least once each month. Currently, a municipality that uses the services of a volunteer fire department must maintain a voluntary fire department that holds a meeting at least once each month.

f. Direct that the Commissioner of Insurance shall, upon request, transmit to Commerce, instead of the State Treasurer currently, a list of the names of all insurers paying fire dues and the amount paid by each listed insurer.

Fire Safety and Injury Prevention Education Program. Create a fire safety and injury prevention education program within Commerce to educate the public regarding fire prevention, fire detection, fire suppression, injury prevention and related matters. Currently, the Department is required to annually provide to the Department of Public Instruction an outline of a course of study in fire prevention for use in public schools, but the Department is not authorized to directly provide public education regarding fire safety. Authorize the Department to make grants to support the program. The bill does not provide funds or an appropriation for the program. Currently, the Department is generally authorized to receive moneys as gifts or grants to carry out the purposes for which made.

19. INSPECTION OF MANUFACTURED DWELLINGS

Make several changes related to the inspection of manufactured buildings as dwellings, including:

a. Delete the requirement that a municipality must obtain Commerce approval before enacting an ordinance to enforce the manufactured building code with regard to the installation of manufactured buildings as dwellings in the municipality.

b. Require that all dwellings that are manufactured buildings be inspected. Currently, cities, villages or towns with a population of 2,500 or less ("small municipalities") are exempt from administration of the manufactured building code. Require that a small municipality take one of the following actions related to administration of the manufactured building code for dwellings: (1) enact an ordinance to enforce the code, either independently or jointly with another municipality; (2) adopt a resolution requesting the county to administer the code in the municipality; (3) adopt a resolution not to do either (1) or (2), in which case the small municipality would be exempt from administration of the code; or (4) take no action, in which case Commerce would be required to enforce the code in the municipality.

c. In municipalities where Commerce performs inspections under the manufactured building code for dwellings, authorize the Department to perform the inspections directly or to contract with a third party for the inspections. Delete the current requirement that a

municipality pay for any manufactured building code inspections that are provided by Commerce under contract. Retain the current requirement that the Department shall establish by rule a schedule of fees sufficient to defray the cost of performing manufactured building code inspections in a municipality.

d. Specify that a person would not be required to obtain a building permit for installation of a manufactured building in a municipality if the installation begins before the effective date of the biennial budget act, and if at the time the installation begins, the municipality has not: (1) enacted an ordinance requiring a building permit for the installation, (2) requested a county to provide building permit services, or (3) requested Commerce to provide building permit services.

20. INSPECTION OF ONE- AND TWO-FAMILY DWELLINGS

In municipalities where Commerce performs inspections under the one- and two-family dwelling code, authorize the Department to perform the inspections directly or to contract with a third party for the inspections. Delete the current requirement that a municipality pay for any one- and two-family dwelling inspections that are provided by Commerce under contract. Retain the current requirement that Commerce establish by rule a schedule of fees sufficient to defray the cost of performing one- and two-family dwelling code inspections in a municipality.

21. UNIFORM DWELLING CODE COUNCIL

Add one member who represents remodeling contractors to the Dwelling Code Council. The member would have an initial term expiring on July 1, 2004. The Council is attached to the Department of Commerce and reviews the standards and administrative rules for one- and two-family dwellings. The current 17 members are appointed by the Governor and approved by the Senate, and include four representatives of building trade labor organizations, four local government building inspectors, two building contractors who construct one- and two-family homes, two manufacturers or installers of manufactured homes, an architect, engineer or designer of one- and two-family homes, two representatives of the construction material supply industry and two representatives of the public, one of whom represents persons with disabilities.

CORRECTIONS -- ADULT CORRECTIONAL FACILITIES

22. CONDITIONAL MEDICAL PAROLE AND EXTENDED SUPERVISION

Authorize the Secretary of the Department of Corrections to grant an inmate conditional medical parole or conditional medical extended supervision.

Specify that for inmates sentenced to prison for crimes committed before December 31, 1999, other than those sentenced to life imprisonment, the Secretary may grant a conditional medical parole if all the following apply: (a) the warden of the correctional institution in which the inmate is confined makes a request to the Secretary that the inmate be released on conditional medical parole; (b) the warden provides the Secretary with the inmate's age, offense for which committed, medical condition, health care needs, security classification, potential risk for violence, and appropriate level of community supervision and possible alternative community placements; (c) the inmate is seriously ill or terminally ill and the Secretary determines that the release of the inmate would not pose a risk of harm to any person; (d) the Secretary determines that the inmate's health care costs are likely to be paid by the federal Medicare program, a veteran's program, medical assistance, or another federal or state medical program, or by the inmate; and (e) Corrections provides victim notification as required under current law. Specify that an offender's conditional medical parole may be revoked if the offender violates any condition or rule of the conditional medical parole. Require Corrections to promulgate rules for the conditional medical parole program, including eligibility criteria, procedures for the Secretary to use in deciding whether to grant a prisoner a conditional medical parole, procedures to follow when revoking a conditional medical parole, and conditions of the conditional medical parole. Specify that an inmate released on conditional medical parole is subject to all conditions and rules of parole until the expiration of the sentence or until he or she is discharged by Corrections.

Specify that for inmates sentenced to prison under a bifurcated sentence, the Secretary of the Department of Corrections may reduce the term of confinement and release the inmate on conditional medical extended supervision if all the following apply: (a) the warden of the correctional institution in which the inmate is confined makes a request to the Secretary that the inmate be released on conditional medical extended supervision; (b) the warden provides the Secretary with the inmate's age, offense for which committed, medical condition, health care needs, security classification, potential risk for violence, and appropriate level of community supervision and possible alternative community placements; (c) the inmate is seriously ill or terminally ill and the Secretary determines that the release of the inmate would not pose a risk of harm to any person; (d) the Secretary determines that the inmate's health care costs are likely to be paid by the federal Medicare program, a veteran's program, medical assistance, or another federal or state medical program, or by the inmate; and (e) Corrections provides victim notification as required under current law. Specify that an inmate released on conditional medical extended supervision will have his or her period of extended supervision increased by

the amount that his or her term of confinement is reduced. Specify that an offender's conditional medical extended supervision may be revoked if the offender violates a condition or rule of the conditional medical extended supervision. Require Corrections to promulgate rules for the conditional medical extended supervision program, including eligibility criteria, procedures for the Secretary to use in deciding whether to grant a prisoner conditional medical extended supervision, procedures to follow when revoking a conditional medical extended supervision, and conditions of the conditional medical extended supervision.

Under current law, Corrections is required to administer parole, extended supervision and probation matters, except that the decision to grant or deny parole to inmates is made by the Parole Commission and the decision to revoke probation, extended supervision or parole in cases in which there is no waiver of the right to a hearing is made by the Division of Hearings and Appeals in the Department of Administration. Corrections may not discharge a person serving a bifurcated sentence from supervision. The Secretary of the Department of Corrections may, however, under certain circumstances, grant special action parole releases for inmates sentenced for an offenses committed before December 31, 1999.

23. CHANGE OBSOLETE TERMINOLOGY

Delete the word "penitentiary" and substitute the term "correctional institution" in connection with the naming and listing of state prisons for the correctional facilities in Waupun, Green Bay, Portage, Oshkosh, Fox Lake, Taycheedah, Plymouth, Sturtevant, and Racine. Change the terminology from state prisons "defined" to state prisons "listed."

EDUCATIONAL COMMUNICATIONS BOARD

24. FUND-RAISING CORPORATION

Modify current law that authorizes ECB to organize and maintain a nonstock, nonprofit corporation to describe the corporation as a fund-raising corporation.

ELECTIONS BOARD

25. ELECTION LAW CHANGES

Funding Positions		
GPR	\$179,300	1.00

Provide \$37,500 in 2001-02 and \$141,800 in 2002-03 and 1.0 position annually for an election administration reform initiative. Funding under the bill would be provided as follows: (a) \$37,500 in 2001-02 and \$41,800 in 2002-03 for 1.0 elections specialist position to assist in the implementation and oversight of the election law changes; (b) \$70,000 in 2002-03 for a grant program to assist counties and municipalities with the costs associated with maintaining a new elector registration list; and (c) \$30,000 in 2002-03 for a newly-created election observer training program. The statutory changes under the bill, along with any associated funding, would be as follows:

a. Photo Identification Requirements

1. Voter Identification At Time of Registration. Under current law, any qualified elector (eligible voter) of a municipality where registration is required who is not registered to vote in the municipality is eligible to vote at the election if: (a) he or she delivers to the municipal clerk a registration form executed by the elector; or (b) if the person cannot obtain a registration form, the person delivers a signed statement containing all of the information required on the registration form. When a person registers to vote in person prior to 5 p.m. of the second Wednesday preceding the election, there is no current statutory requirement that identification be presented at the time of registration. For persons registering in person after that time (late registrants or persons registering on election day), under current law, the person must present acceptable proof of residence, which may be: (a) a driver's license; (b) an identification card issued by the Department of Transportation; (c) any other official identification card or license issued by a Wisconsin governmental body or unit or by an employer in the normal course of business, but not including a business card; (d) a credit card or plate; (e) a library card; (f) a check-cashing or courtesy card issued by a merchant; (g) a real estate tax bill or receipt for the current year or the year preceding the date of the election; (h) a residential lease which is effective for a period that includes election day; (i) a university, college or technical institute fee card or identification card; (j) an airplane pilot's license; or (k) a gas, electric or telephone service statement for the period commencing not earlier than 90 days before election day. If no proof is presented, one other elector of the municipality, who must provide acceptable proof of residence, must corroborate the required information. Current law also provides that a person who has been a state resident for less than 10 days before a presidential election (new state resident) may apply for a ballot to vote in the presidential and vice-presidential races only, which must be accompanied by a signed and sworn affidavit that the person is a legal resident of Wisconsin.

The bill would require persons registering to vote in person under late registration procedures, persons registering to vote on election day, persons who claim to be registered but whose name does not appear on the registration list and new residents applying in person for a ballot to vote in the presidential and vice-presidential races only to present preferred identification or, if the person was unable to present preferred identification, present alternate identification. If the person was unable to present preferred or alternate identification, the person would be required to present an identification card that contains the name and photograph of the person and an identification number. For late registrants, election day registrants and persons who claim to be registered but whose names do not appear on the registration list, if the identification presented was not acceptable proof of residence (as defined under current law, above), the person would also be required to present acceptable proof of residence. If the person was unable to present any such identification or acceptable proof of residence, the required information could be corroborated by a signed statement of an elector of the municipality who had not, during that day, corroborated the registration information of more than one other elector. The corroborating person's statement would need to contain the corroborating person's current street address, and the corroborating person would be required to provide identification in the same manner as if the corroborating person were registering.

The bill would provide the following definitions for preferred and alternate identification:

(a) "Preferred identification," when used in reference to any individual, would mean a valid operator's license that contains the photograph and current street address of the individual or a valid identification card issued by the Department of Transportation that contains the street address of the individual.

(b) "Alternate identification," when used in reference to any individual, would mean any identification card other than preferred identification that contains the photograph and current street address of the individual.

For new residents applying in person to vote in the presidential and vice-presidential election, the municipal clerk would be required to record on the application form of any person unable to present preferred or alternate identification, the type of identification the person was able to present, if any, along with the identifying number contained in that identification. The clerk would be required to verify that the name and address on the identification provided or corroborated were the same as the name and address on the application and would be required to verify that the photograph reasonably resembled the person. If the identification card was not preferred or alternate identification or if it contained an address different from that on the application, the clerk would be required to verify that the name and identifying number on the identification card were the same as the person's name on the application and the identifying number of any identification card that the person's application indicated he or she was able to present. If the person's application did not indicate that he or she was able to present an identification card or if the identifying number on the identification card was different from the identifying number indicated in the application, the clerk would be required to record the type of identification and the identifying number contained in that identification.

For late registrants and election day registrants, the municipal clerk, or county clerk if designated by the town clerk, or inspector on election day would be required to include on the certificate to vote the name and address of the elector and, if the elector was unable to present preferred or alternate identification, indicate the type of identification, if any, the person was able to present and the identifying number contained in that identification.

2. Voter Identification at the Polling Place. Under current law, except for victims of domestic abuse who obtain a confidential listing, before being allowed to vote, a person must state his or her full name and address. Under the bill (except for new residents obtaining a ballot to vote in the presidential and vice-presidential races, election day registrants, persons who claim to be registered but whose names do not appear on the registration list and victims of domestic abuse who obtain a confidential listing), each person would be required to state his or her full name and address and also be required to present preferred identification, or if the person was unable to present preferred identification, alternate identification. If the person was unable to present preferred or alternate identification, the person would be required to present any identification card that contained the name and photograph of the person and an identifying number. If a person was unable to present any such identification, the person's identity and address could be corroborated by a signed statement of an elector of the municipality who had not, during that day, corroborated the identity and address of more than one other person. The corroborating person's statement would be required to contain the corroborating person's current street address, and the corroborating person would be required to provide identification in the same manner as if the corroborating person were attempting to vote.

Elections officials would be required to verify that the name and address on the identification or corroborated were the same as the person's name and address on the poll list and would be required to verify that the photograph reasonably resembled the person.

If the person presented an identification card that was not preferred or alternate identification or that contained an address different from that on the poll list, the official would be required to verify that the name and identifying number on the identification card were the same as the person's name on the poll list and the identifying number on any identification card that the person's registration indicated he or she was able to present. If the person's registration did not indicate that he or she was able to present an identification card or if the identifying number on the identification card was different from the identifying number indicated in the person's registration, the officials would be required to enter on the poll list, after the name of the person, the type of identification and the identifying number contained in the identification.

Any person who was unable to present the above identification or have his or her identity and address corroborated would not be permitted to vote.

b. Statewide Registration of Voters (Electors)

1. Every Municipality Required to Register Electors. Under current law, every municipality over 5,000 in population must keep a registration list consisting of all currently registered electors. Under the bill, all municipalities would be required to register electors for all elections, and every municipal clerk or board of election commissioners of each municipality would be required to prepare and maintain the registration list, as described below.

Under current law, in municipalities without registration, election officials must enter each name and address on a poll list in the same order as the votes are cast, or the municipal clerk can maintain a poll list consisting of the full name and address of electors compiled from previous elections (domestic abuse victims with a confidential listing may use their identification cards in lieu of providing their full names and addresses). Election officials are required to keep separate lists for overseas voters and those voters strictly being allowed to vote for president and vice president. Poll lists in municipalities without registration must be kept on forms or in an electronic format prescribed by the Elections Board to be substantially similar to the standard registration list forms used in municipalities where registration is required. With the bill's requirement that all municipalities be required to register voters, the provisions regarding municipalities without registration requirements would be repealed.

2. Official Statewide Registration List. Under the bill, the Elections Board would be required to compile and maintain electronically an official statewide registration list. Except for victims of domestic abuse who obtain a confidential listing, the list would be required to contain the name and address of each registered elector in the state and such other information as the Board would prescribe by rule. The list would be required to be open to public inspection and electronically accessible by any person as follows: by name and in alphabetical order of the electors' names for the entire state and for each county, municipality, ward, and combination of wards authorized by statute.

No person other than the Elections Board or an election official authorized by a municipal clerk would be allowed to make a change to the list. The list would be required to be designed in such a way that the municipal clerk or board of election commissioners of any municipality could, by electronic transmission, add, revise, or remove entries on the list for any elector who resided in, or who the list identified as residing in, that municipality and no other municipality. The Board could not make any changes in entries to the registration list except: (a) upon receipt of official notification by the appropriate election administrative authority of another state, territory, or possession that an elector whose name appeared on the list had registered to vote in that state, territory, or possession, in which case the Board would be required to remove the name of that elector from the list; or (b) if the Board conducted a required canvass (revision and correction of registration lists), the Board would be required to cancel the registration of any elector whose registration was required to be canceled by the municipal clerk or board of election commissioners as a result of the canvass. If the Elections Board removed a name from the list, the Board would be required to promptly notify the municipal clerk of the municipality where the elector resided or had resided, in writing or by electronic transmission.

3. Electronic Filing By Municipalities and Counties. Whenever a municipal clerk (except for certain town clerks described below) would receive a valid registration or a valid change of a name or address under an existing registration and whenever a municipal clerk would cancel a registration, the municipal clerk would be required to promptly enter electronically on the official registration list maintained by the Elections Board the required information, except that the municipal clerk would be allowed to update any entries that change on the date of an election in the municipality within 10 days after that date, and the municipal clerk would be required to provide to the Elections Board information regarding electors qualifying for confidential listings in such manner as the Elections Board would prescribe.

The town clerk of any town having a population of not more than 5,000 would be allowed to designate the county clerk as the town clerk's agent to carry out the electronic filing duties of the town clerk. The town clerk would be required to notify the county clerk of the designation in writing. The town clerk would be allowed, by similar notice to the county clerk at least 14 days prior to the effective date of any change, to discontinue the designation. If the town clerk designated the county clerk as his or her agent, the town clerk would be required to immediately forward all registration changes filed with the town clerk to the county clerk for electronic entry on the registration list.

Whenever discrepancies occurred in entering information from the forms, the original registration forms would be controlling.

4. Grants to Counties. The bill would provide \$70,000 in 2002-03 to a newly-created grants to counties and municipalities GPR appropriation to provide grants to counties and municipalities that apply for assistance to finance the cost of maintenance of the new elector registration list. The Board would be required to promulgate rules that prescribed an application procedure and an equitable method for allocation of grant moneys among counties and municipalities who would apply for such grants.

5. Individual Polling Place Registration Lists Prepared by the Elections Board. The Elections Board would be required to prepare registration lists for use at individual polling places. The lists would be required to contain: (a) the full name and address of each registered elector (except for domestic abuse victims); (b) the type of identification card, if any, that each registered elector was able to present and the identifying number contained in that identification card; and (c) a certification of the executive director of the Board stating that the list was a true and complete registration list of the municipality or the ward or wards for which the list was prepared. Consistent with the new system of having one official statewide registration list, municipalities would no longer be required to prepare at least two copies of the registration list for each ward of the municipality and bind them in book form.

6. Confidential Listings of Domestic Abuse Victims. Under current law, the municipal clerk must withhold from public inspection the name and address of a domestic abuse victim who files a valid written request with the clerk to protect the individual's

confidentiality. The bill would include the Elections Board and county clerks designated as agents of municipal clerks for purposes of electronic election filing as additional parties obligated to keep the names and addresses of domestic abuse victims confidential. The written request for a confidential listing could be provided to the county clerk if the county clerk was the municipal clerk's agent and the county clerk would be required to promptly forward a valid request to the municipal clerk. The county clerk would also be authorized to issue a voting identification card, with a unique identification serial number issued by the Elections Board, to electors qualifying for a confidential listing.

c. Registration Forms

1. Filing/Maintaining Original Registration Forms. All original registration forms of electors would have to be maintained in the office of the municipal clerk or board of election commissioners at all times. The bill would remove the requirements for municipalities not employing data processing to: (a) maintain duplicate registration forms; and (b) maintain the original registration forms by ward.

2. Registration Forms. Registration forms would be required to have space for the clerk, issuing officer or registration deputy to record: (a) the ward and aldermanic district, if any, where the elector resides; (b) information on the type of identification, if any, an applicant who was unable to present preferred or alternate identification was able to present and the identifying number contained in that identification; (c) the identification serial number appearing on a valid voting identification issued to a domestic violence victim; and (d) any other information prescribed by rule of the Elections Board.

d. Other Provisions Relating to Individual Registration and Voting

1. Registration at Register of Deeds Office. The current statutory right of a person to register to vote at the office of the register of deeds would be clarified to mean the office of the register of deeds for the county in which the person's residence is located.

2. Late Registration and Entitlement to Vote. If an elector's name was not on the registration list after the close of registration, the person would be required to comply with all other requirements for voting at the polling place.

3. New Resident's Mail Ballot for Presidential Election. If a new state resident wished to mail his or her ballot for the presidential and vice-presidential races, the application for a ballot would be required to be received no later than 5 p.m. on the Friday before the election and, to be counted, would have to be received by the municipal clerk no later than 5 p.m. on the day before the election.

4. New Resident's Cancellation Card. Inspectors at the polling place would be required to return a new resident's voting privileges cancellation card to the municipal clerk, who would then be required to forward the card to the proper official of the person's prior residence, if required.

e. Other Provisions Relating to Election Administration

1. Failure of Election Official to Exercise Due Care to Lawfully Register an Elector to Vote. The bill would create a new election practices violation for an election official failing to exercise due care to lawfully register an elector to vote. Such a violation could be subject to a forfeiture of not more than \$1,000.

2. Election Official Sticker or Badge. At all times while performing his or her duties, a person serving as an election official would be required to wear a sticker or badge that indicated the person was an election official and that contained the person's full name.

3. Combining Wards. Whenever a municipality would combine wards or discontinue any ward combination (no later than 60 days before each September primary and general election, and no later than 30 days before each other election), the municipal clerk would be required to promptly notify the Elections Board in writing or by electronic transmission.

4. Municipal Clerk Duties. Except as otherwise required by rules of the Elections Board, municipal clerks would be required to determine whether election officials met the qualifications prescribed by law and whether their conduct was in compliance with the law. The bill would delete the responsibility of municipal clerks to deliver poll list forms to polling places before the polls open. The bill is silent as to how the registration lists prepared for use at polling places by the Elections Board (called poll lists) would be distributed.

f. Additional Elections Board Powers and Duties

1. Appointment of a Special Master. If the Elections Board would find that a municipality had repeatedly and materially failed to substantially comply with the election laws or rules of the Board in administering elections, the Board could appoint a special master to assume all functions of the municipal clerk or board of election commissioners of that municipality with respect to administration of the election laws. The Board would be required to specify in the appointment order the period in which the appointment would apply, which could not exceed 12 months. A special master appointment could be renewed for additional periods of not more than 12 months, if the Board found, at the time of renewal, that the municipality served by the special master was incapable of substantial compliance or was unwilling to substantially comply with the election laws or rules of the Board. During the period of service of a special master in any municipality, all election officials other than the municipal clerk or board of election commissioners would continue to hold their offices and positions and exercise their functions, unless the special master removed an official for: (a) improper conduct or willful neglect of duties (applies to municipal clerks); (b) lacking the required qualifications, failing to attend required training sessions unless excused, neglecting his or her official duties or committing official misconduct (applies to appointed election officials).

The Elections Board would employ the special master as an unclassified employee, whose salary would be set by the Board. The Board would be required to submit a statement of its

reasonable costs incurred to appoint a special master to the municipal treasurer. The municipal treasurer would then be required to reimburse the Board for those costs within 30 days following receipt of the statement. If the municipality failed to timely reimburse the Board, the Board could submit a statement to DOA indicating the amount of the reimbursement due from the municipality. DOA would be authorized to deduct that amount from the next shared revenue payment made to the municipality.

Two new Elections Board appropriations would be created: (a) a program revenue municipal election expenses appropriation to receive payments from the municipalities for special master costs; and (b) a GPR sum sufficient unpaid municipal election expenses appropriation to receive shared revenue payment amounts that would otherwise be paid to a municipality but would instead be paid to the Board for special master expenses in lieu of the municipality making timely payments to the Board. [These two appropriations, and DOA's authority to withhold shared revenue payments, would also be used for Board expenses in conducting canvasses, described under 5. below.]

2. Appointment of a Specially Designated Inspector. If the Elections Board found that an inspector had repeatedly and materially failed to substantially comply with the election laws or rules of the Board in performing his or her functions, the Board could remove that inspector and could appoint a qualified individual to fill the vacancy in the inspector's office, without regard to party affiliation. A specially designated inspector would be exempt from the current law requirement that an inspector be a qualified elector of the ward (expanded to ward or other area in the bill) for which the polling place is established. A specially designated inspector would serve for the remainder of the unexpired term of the former inspector. A specially designated inspector would be required to be compensated by the municipality in which the inspector would serve on the same basis as other inspectors, and would be required to be supervised by the municipal clerk or board of election commissioners in the same manner as provided by law for other inspectors.

3. Administrative Rule Making Authority. The Elections Board would be given the authority to promulgate administrative rules that promote the efficient and fair conduct of elections.

4. Training, Examination and Qualification of Election Officials. The Elections Board could, by rule, prescribe standards and procedures for the training, qualification and examination of election officials.

5. Revision and Correction of Registration Lists (Canvassing) by Elections Board. Under current law, the municipal clerk of a municipality in which registration is required must revise and correct the registration list following each general election by reviewing the registration of any elector who failed to vote within the past four years if qualified to do so during that entire period. The bill would provide that this review must be completed within 90 days following each general election. If, within 120 days following a general election, the municipal clerk or board of election commissioners had not completed the revision and

correction of the municipality's registration list required by statute (called a canvass), the Elections Board would be authorized to conduct the canvass and would be authorized to submit to the municipal clerk or board of election commissioners a statement of its reasonable costs incurred. The municipality would be required to reimburse the Board for those costs within 30 days following receipt of the statement. If the municipality failed to timely reimburse the Board, the Board would be authorized to submit a statement to DOA indicating the amount of the reimbursement due from the municipality and directing DOA to deduct that amount from the next shared revenue payment made to the municipality. The two new appropriations described under 1. above would also be used to receive payments from municipalities or DOA for the Board's canvassing costs.

6. Elections Board Training Program for Election Observers. The Board would be required to conduct training programs for election observers concerning election laws, the procedures for conducting elections and the rights of election observers. The Board would be allowed to charge participants for the cost of the training, and the materials and services program revenue appropriation would be amended to receive training session charges and expend funds to provide training. However, the bill would provide \$30,000 GPR, not PR, in 2002-03 to the Board for observer training.

g. **Effective Dates.** Changes relating to observer training and grants to counties and municipalities would take effect on July 1, 2001, or on the day after publication of the bill, whichever would be later. All other changes would take effect on January 1, 2002.

EMPLOYMENT RELATIONS

26. MERIT RECRUITMENT AND SELECTION PILOT PROGRAMS

Create authority for the Administrator of the Division of Merit Recruitment and Selection in DER to establish one or more pilot programs relating to the appointment and promotion of persons in the classified service. Require that the Administrator specify the criteria and methodology that will be used to evaluate a pilot program and report the terms of each proposed pilot program to the Governor and Legislature at least 30 days before the commencement of a pilot program. Provide that any appointment or promotion under a pilot program must be based on the applicant's merit and fitness for the position and that no pilot program may be in effect for more than one year. Require that the Secretary of DER approve any pilot program and that the Administrator submit, within 60 days after the completion of any pilot program, an evaluation of the program to the Governor and the Legislature. Specify that existing provisions relating to certifications and appointments to classified positions, promotions in the classified service, requirements for competitive

examinations for appointments, use of LTE appointments to classified positions and required probationary periods do not apply to appointments or promotions made under a pilot program authorized under these new provisions unless otherwise provided for under the terms of the pilot program.

27. REPEAL RESIDENCY REQUIREMENT FOR LTE AND PROJECT APPOINTMENTS

Repeal the current law provisions under the state employment statutes that prohibit the appointment of persons who are not residents of this state to limited-term employment (LTE) or project employment under the classified service.

28. DELEGATION OF AUTHORITY TO STATE AGENCIES

Modify current law to repeal the limitations on the delegation authority of the Secretary of the Department and the Administrator of the Division of Merit Recruitment and Selection which specifies that the Secretary or the Administrator may delegate, in writing, any of their respective statutory functions to an appointing authority within a state agency under certain conditions only if the agency indicates its approval to accept the responsibility associated with such delegation. Under this change, the Secretary or Administrator could make such delegations of authority with or without the agency's approval.

29. IMPLEMENTATION OF AFFIRMATIVE ACTION PLANS

Modify current law regarding the recruitment actions of the Administrator of the Division of Merit Recruitment and Selection in relation to promotions in the classified service. Current law provides that the Administrator may limit the applicants for a vacancy in the classified service that is a promotional opportunity to those already in permanent status in the service if the Administrator determines that the resulting group of applicants fairly represents the proportion of various population groups in the relevant state labor pool. Repeal that language and instead specify that the Administrator may restrict the applicant pool to current permanent employees unless he or she determines that it is necessary to expand recruitment to outside the classified service to be consistent with an approved affirmative action plan or program.

30. MODIFY VARIOUS REPORTING REQUIREMENTS

Make the following changes to existing DER reporting requirements as follows:

a. Repeal the: (1) required biennial report (within six months following the effective date of the biennial budget) from the DER Secretary to the State Building Commission regarding the desirability of including plans for day care facility space in any new or substantial

remodeling building program project authorized in the biennial budget act [Note: the section that would be repealed also contains a provision allowing the Building Commission to, based on the Secretary's report, direct that plans for day care facility space be included in any such building project]; (2) requirements that: (a) agencies compile written records of reasons for hiring a candidate for a permanent or project position in the classified service if the person hired is not a veteran or a person the hiring of whom would serve affirmative action purposes and submit annual reports to DER; and (b) the Secretary of DER periodical review and evaluate these agencies' written records; (3) requirement that the DER Secretary keep records of the number and percentage of severely disabled employees in the classified service and that agencies provide information about the employment of such individuals to the Secretary of DER [Note: definitions regarding severely disabled employees that are currently included in these statutory sections proposed to be repealed would be relocated to the insurance statutes as a part of this change]; and (4) biennial reports to DER by state agencies on their progress in meeting their plan goals relating to developing part-time employment opportunities and flexible work hours schedules.

b. Change the following annual reporting requirements to be biennial reporting requirements: (1) reports from the DER Secretary to the Governor and the Legislature providing: (a) a summary of the accomplishments achieved under existing state agency affirmative action plans; (b) a summary of state agencies' progress in providing state employment opportunities for veterans; and (c) a summary of state agencies' progress in increasing the employment of W-2 recipients in the state civil service; and (2) a report from the state Affirmative Action Council, which is attached to DER.

EMPLOYMENT RELATIONS COMMISSION

31. SELECTION BY SCHOOL DISTRICTS OF GROUP HEALTH INSURANCE PROVIDERS MADE A PERMISSIVE SUBJECT OF BARGAINING UNDER CERTAIN CIRCUMSTANCES

Make the following changes to the Municipal Employment Relations Act relating to the selection of group health care benefits providers by school district employers:

Selection of Health Insurer Made a Permissive Subject of Bargaining under Certain Circumstances. Provide that no school district employer would be required to bargain with respect to the selection of any group health care benefits provider for the district's professional employees if the provider offers health care benefits coverage that is "substantially similar" to that offered by other providers who submit sealed bids for such services to the school district. Include reference to this new permissive subject of bargaining exception in the current statutory

provision stipulating that matters relating to wages, hours and conditions of employment are deemed mandatory subjects of bargaining and the parties to a collective bargaining agreement have a duty to bargain on such matters.

Under current practice, the Commission has consistently held that matters such as changing the benefits provided under group health insurance coverage or choosing an insurance carrier to provide such coverage are mandatory subjects of bargaining. Also, current law requires a school district to solicit sealed bids for the provision of health care benefits to the district's professional employees prior to the selection of any provider. There is no requirement that the school district actually contract with the lowest cost bidder.

Commissioner of Insurance to Promulgate Rules on "Substantially Similar" Coverage. Direct the Commissioner of Insurance to promulgate administrative rules setting out a standardized summary of benefits provided under health care coverage policies and plans for use in determining benefit similarities and differences among policies and plans.

Employment Relations Commission Determination of Whether the School District Employer Has Maintained Health Care Benefits for Purposes of a Qualified Economic Offer (QEO). Stipulate that for the purposes of determining whether the fringe benefits provided by the school district employer to its represented school teacher employees have been maintained for QEO purposes, the Commission would be required to consider substantially similar health care benefits to be identical to existing health care benefits. The Commission would be required to use the rules promulgated by the Commissioner of Insurance to determine if the health care benefits were substantially similar.

Under current law governing QEOs, a school district employer must maintain both the existing fringe benefits package and the district's percentage contribution effort to that package. The employer must also provide any annual funding increase required to maintain the fringe benefits provisions up to the equivalent of 1.7% of total compensation and fringe benefits costs for the school teacher employees. In the event that the school district employer would not have to incur additional expenditures amounting to 1.7% of total compensation and fringe benefits because of the selection of "substantially similar" health care benefits coverage, current law would require that the difference between the lower actual costs and 1.7% (deemed "fringe benefits savings") be passed on to employees as an additional element of the QEO salary offer.

Initial Applicability. Specify that the above provisions would first apply to collective bargaining agreements that expire or are extended, modified, or renewed, whichever occurs first, on and after the general effective date of the biennial budget act.

32. PROHIBITED SUBJECTS OF BARGAINING CURRENTLY AFFECTING THE MILWAUKEE PUBLIC SCHOOLS MADE APPLICABLE TO ALL SCHOOL DISTRICTS

Provide that no school district employer would be required to meet and confer with its represented employees for the purpose of collective bargaining concerning any of the following matters:

Reassignments Due to Charter School Operations. Prohibit any school district employer from bargaining over matters relating to: (a) the reassignment of its employees, with or without regard to seniority, as a result of a decision to contract with any person to operate a charter school or to convert a school to a charter school; or (b) the impact of any such reassignments on the wages, hours and conditions of employment of the employees.

Reassignments Due to Closing Low-Performance Schools. Prohibit any school district employer from bargaining over matters relating to: (a) the reassignment of its employees, with or without regard to seniority, as a result of a decision to close (or subsequently to reopen) a low-performance school; or (b) the impact of any such reassignments on the wages, hours and conditions of employment of the employees.

Contracts with Private, Nonsectarian Schools or Agencies. Prohibit any school district employer from bargaining over matters relating to: (a) any decision to contract with a private, nonsectarian school or agency to provide educational programs; or (b) the impact of any such decision on the wages, hours and conditions of employment of the employees.

Specify that all of these new prohibited subjects of bargaining provisions would first apply to collective bargaining agreements for which notice of commencement of contract negotiations is filed with the Commission on or after the general effective date of the biennial budget act.

Under current law, the above prohibited subjects of bargaining apply only to the Board of School Directors of the Milwaukee Public Schools. Under the proposed modifications, all school district employers (including the Milwaukee Public Schools) would be subject to these prohibitions.

The associated statutory changes affecting school boards and the Board of School Directors of the Milwaukee Public Schools are described under "Public Instruction."

33. NEW PROHIBITED SUBJECTS OF BARGAINING APPLICABLE TO ALL SCHOOL DISTRICTS

Provide that no school district employer would be required to meet and confer with its represented employees for the purpose of collective bargaining concerning any of the following matters:

Layoffs or Reassignments Following School District Consolidation. Prohibit any school district employer from bargaining over matters relating to: (a) the layoff or reassignment of its employees, with or without regard to seniority, during the 60 days following the effective date of a school district consolidation; or (b) the impact of any such layoffs or reassignments on the wages, hours and conditions of employment of the employees.

Assignment of Staff in School Districts with Expanded Flexibility. Prohibit any school district employer from bargaining over matters relating to: (a) the assignment of its employees, with or without regard to seniority, in any school district with expanded flexibility; or (b) the impact of any such assignments on the wages, hours and conditions of employment of the employees.

School districts would be granted expanded flexibility if, during the preceding two school years: (a) the percentage of students at the proficient level or above on pupil and reading assessments was at least equal to the statewide average; (b) commencing in the 2004-05 school year, the percentage of the district's enrolled students who took and passed the high school graduation examination equaled or exceeded the statewide average; (c) the district's high school graduation rate at least equaled the statewide average high school graduation rate; and (d) the district's pupil attendance rate at least equaled the statewide average attendance rate. Among other things, a school district with expanded would be required to allow a pupil's parent or guardian to choose the school in which to enroll the pupil if there are at least two schools that offer the appropriate grade level. To accommodate any changed staffing requirements as a result of parents exercising such enrollment choices, school district would be authorized to reassign any staff members in the district without regard to seniority in service.

Establishment of the School Calendar. Prohibit any school district employer from bargaining over matters relating to the establishment of the school year calendar. Specify that this provision would not be construed to eliminate the employer's duty to bargain collectively with its represented employees with respect to the impact of the school calendar on the wages, hours and conditions of employment of the employees. Clarify an existing school district governance provision to specify that the district has the duty to bargain collectively with respect to the impact of the school calendar on the wages, hours and conditions of employment of the employees. Under current law, that duty to bargain applies to any calendaring proposal which is primarily related to wages, hours and conditions of employment of the employees.

Include a nonstatutory provision prohibiting a school district from conducting classes on either August 31, 2001, or August 30, 2002. Establish a nine-member committee, appointed by the Governor, to study the educational and economic effects of prohibiting school districts from beginning the school term until September 1, and direct the committee to report its findings to the Governor and the Legislature by December 1, 2002.

Specify that all of these new prohibited subjects of bargaining provisions would first apply to collective bargaining agreements for which notice of commencement of contract negotiations is filed with the Commission on or after the general effective date of the biennial budget act.

The associated statutory changes affecting school boards and school district governance are described under "Public Instruction."

FINANCIAL INSTITUTIONS

34. ADMINISTRATIVE DISSOLUTION OF LIMITED LIABILITY COMPANIES

Authorize the Department of Financial Institutions (DFI) to administratively dissolve a limited liability company (LLC) if specified circumstances or conditions exist. Allow DFI to begin a proceeding to administratively dissolve a limited liability company if: (a) the LLC did not pay any fees or penalties due DFI within one year after they are due; (b) the LLC was without a registered agent or registered office in Wisconsin for at least one year; or (c) the LLC did not notify DFI within one year that its registered agent or registered office has been changed, that its registered agent had resigned, or that its registered office had been discontinued.

Procedures for Administrative Dissolution. If DFI determined that one or more grounds existed for administratively dissolving an LLC, the Department would be required to serve the LLC with written notice of the determination. If the address of the LLC's principal office cannot be determined from DFI's records, the LLC could be served notice by publishing a class 2 notice in the official state newspaper. Within 60 days after receiving notice, the LLC would be required to correct each ground for dissolution or demonstrate to DFI that each ground did not exist. If the LLC failed to do so, DFI would be required to administratively dissolve the company by issuing a certificate of dissolution that listed each ground for dissolution and the effective date of the dissolution. DFI would have to file the original certificate and serve a copy on the LLC. An LLC's right to exclusive use of its company name would terminate on the effective date of the dissolution. Current provisions relating to liquidating dissolved LLCs would apply to administrative dissolutions by DFI.

Provisions for Reinstatement Following Administrative Dissolution. An LLC that has been administratively dissolved could apply to DFI for reinstatement. The application would have to contain a statement indicating that each ground for dissolution either did not exist or had been cured and a statement that the LLC's name satisfies state requirements. DFI would be required to cancel the certificate of dissolution and issue a certificate of reinstatement if it determined that: (a) the application contained the requisite information and that the information was correct; and (b) that all fees and penalties owed by the LLC to the Department had been paid. The certificate of reinstatement would have to state the Department's determination and the effective date of reinstatement. DFI would be required to file the original and provide a copy of the certificate to the LLC or its representative. If granted, the reinstatement would relate back to

and take effect as of the effective date of the administrative dissolution, and the LLC would be allowed to resume its business activities as if the administrative dissolution had never occurred.

Provisions for Appealing a Denial of Reinstatement. If DFI denied an LLC's application for reinstatement, it would be required to provide the LLC with a written notice explaining each reason for the denial. The LLC would be allowed to appeal the denial of reinstatement within 30 days after the notice of denial had been perfected. The appeal would have to be directed to the circuit court for the county in which the LLC had its principal office or, if no such office existed in Wisconsin, to the circuit court in the county of its registered office. The appeal would have to petition the court to set aside the dissolution and include copies of DFI's certificate of dissolution, the LLC's application for reinstatement and DFI's notice of denial. The court could order DFI to reinstate the dissolved LLC or take other action it considered appropriate. The court's final decision could be appealed as in other civil proceedings.

These provisions would take effect on January 1, 2002.

35. INTEREST ON MONEY BEING HELD FOR INVESTMENT

Modify the definition of "banking" as it relates to funds temporarily held by real estate and securities agents.

Under current law, the soliciting, receiving or accepting of money or its equivalent on deposit on a regular basis is considered to be doing a banking business. However, an exception to this definition is provided for money left with an agent, pending investment in real estate or securities for, or on account of, the agent's principal unless: (a) the money is not kept in a separate trust fund; (b) the agent receiving the money mingles those funds with his or her own property, with or without the principal's consent; or (c) the agent agrees to pay a certain rate of interest on the funds or agrees to pay interest other than the actual income which may be derived from the funds while pending investment.

The bill would delete the restrictions under (a) to (c), thereby allowing agents to conduct these activities without being engaged in the business of banking.

36. INVESTMENT ADVISER REGISTRATION AND FEES

Allow the Department's Division of Securities to identify, by rule, an outside organization to which federally-registered investment advisers could complete a filing of intention to provide services in Wisconsin. Require such advisers to pay a fee established by the organization to process the filing and permit them to transmit the state fee required under current law to DOS through the outside organization. Current law allows the Division to designate, by rule, an outside organization to which securities broker-dealers, agents and investment advisers may apply for licensure to operate in the state but does not permit certain federally registered advisers to file with any entity other than DOS.

Allow broker-dealers, agents, or investment advisers to pay the prescribed state fee through an outside organization and require them to pay any fee charged by the organization for processing the filing. While current law allows these entities to file with a DOS-designated organization, they are not permitted to transmit the state fee through the organization or required to pay the organization's processing fee.

The current state fees paid to DOS are: (a) a \$200 filing fee for a broker-dealer or investment adviser and a \$30 fee for an agent representing a broker-dealer, issuer or investment adviser representative; and (b) a \$200 fee for initial filing or renewal for federally covered advisers. In addition, there is a filing fee of \$30 per branch office for both classes of advisers.

37. REGULATION OF CREDIT UNIONS

Specify that credit unions are not included in the definition of "business" that is subject to regulation by the Department of Agriculture, Trade and Consumer Protection. Currently, banks, savings banks, saving and loan associations and insurance companies are excluded from this definition.

Make the following changes to the statutes relating to the regulation of credit unions (Chapter 186 of the statutes):

Definitions

Modify the current definition of "credit union" to provide exceptions for credit unions resulting from interstate acquisitions and mergers and for non-Wisconsin credit unions that operate in this state under provisions outlined below. Under current law, "credit union" means a cooperative, nonprofit corporation, incorporated under Chapter 186 to encourage thrift among its members, create a source of credit at a fair and reasonable cost and provide an opportunity for its members to improve their economic and social conditions.

Credit Union Bylaws and Board Duties

Change the statutes related to credit union bylaws and board duties as follows:

a. Specify that credit union bylaws would have to prescribe the conditions that determine eligibility for membership. Currently, the bylaws must prescribe the conditions of residence or occupation that qualify persons for membership.

b. Amend the current requirement that credit unions be open to certain groups of individuals, including residents within a well-defined neighborhood, community or rural district to require, instead, that credit unions be open to individuals who reside or are employed within: (1) well-defined and contiguous neighborhoods and communities; or (2) well-defined and contiguous rural districts or multicounty regions. Provide that if, following a merger of credit unions, DFI's Office of Credit Unions (OCU) determines that it would be inappropriate to

require members of the resulting credit union to reside or be employed within well-defined and contiguous neighborhoods and communities, the requirement under (1) would not apply.

c. Eliminate the definition of "members of the immediate family" in the current provision specifying that members of the immediate family of all qualified persons are eligible for membership. Under present law, "members of the immediate family" include the wife, husband, parents, stepchildren and children of a member whether living together in the same household or not and any other relatives of the member or spouse of a member living together in the same household as the member. Under the bill, "members of the immediate family" would be defined in the general bylaws establishing membership criteria under (a) above.

d. Provide that organizations and associations of individuals could be admitted to membership in a credit union in the same manner and under the same conditions as individuals if the majority of the association's or organization's directors, owners or members are eligible. Current law provides that such organizations and associations are eligible if the majority of individuals in the association or organization are eligible for membership. Also, specify that an organization or association that has its principal business location within the geographic limits of the credit union's field of membership could be admitted to membership.

Investments of Credit Unions

Make the following changes to the statutes relating to investments of credit unions:

a. Change all references regarding investment in "credit union service corporations" to, instead, refer to "credit union service organizations."

b. Permit a credit union to invest more than 1.5% of its total assets in the capital shares or obligations of a credit union service organization organized primarily to provide goods and services to credit unions, credit union organizations and credit union members, if approved by OCU. Allow such investments in service organizations that are structured as corporations, limited partnerships, limited liability companies or other entities that are permitted under state law and approved by OCU. Under current law, a credit union may invest up to 1.5% of its total assets in the capital shares or obligations of a credit union service corporation. OCU may not approve a higher percentage, and the service organization must be a corporation.

c. Add electronic transaction services to the list of services that credit union service organizations may provide.

Credit Union Powers

Make the following changes to the statutes on credit union powers:

a. Provide that, with OCU's approval, a credit union could establish branch offices inside this state or outside of this state. Currently, a credit union may establish branch offices in

Wisconsin or no more than 25 miles outside of this state if the need and necessity exist and with the approval of OCU.

b. Provide that the current law provisions that authorize a credit union to establish limited services offices outside this state to serve any member of the credit union under specified conditions would only apply to such services established prior to the bill's general effective date. [Out-of-state branch offices would be permitted after that date.]

c. Authorize credit unions to: (1) act as trustees or custodians of member tax deferred retirement funds, individual retirement accounts, medical savings accounts or other employee benefit accounts or funds permitted by federal law to be deposited in a credit union; and (2) act as a depository for member qualified and nonqualified deferred compensation funds as permitted by federal law. Current law authorizes credit unions to act as trustees of member tax deferred funds permitted by federal law to be deposited in a credit union and to act as a depository for member-deferred compensation funds as permitted by federal law.

d. Create a provision that would authorize a credit union to accept deposits made by members for the purpose of funding burial agreements by certain trusts.

Financial Privacy

Create a new provision requiring credit unions to comply with federal requirements and regulations prescribed by the National Credit Union Administration relating to financial privacy, and requiring OCU to examine a credit union to determine compliance with these provisions.

Office of Credit Unions

a. Require employees of OCU and members of the Credit Union Review Board to keep secret all facts and information obtained in the course of examinations or contained in any report provided by a credit union other than any semiannual or quarterly financial report that is regularly filed with OCU, except in specified situations. Current law does not include the reference to information "contained in any report provided by a credit union other than any semiannual or quarterly financial report that is regularly filed with the Office of Credit Unions."

b. Provide that if an OCU employee or Credit Union Review Board member illegally discloses information about the private account or transactions of a credit union or information obtained in the course of a credit union examination, that person could be required to forfeit his or her office or position and could be fined between \$100 and \$1,000, imprisoned for six months to three years, or both.

c. Specify that examination reports possessed by credit unions are confidential, remain the property of OCU and must be returned to the office immediately upon request.

d. Repeal the current provision that allows OCU to accept certain audits in lieu of conducting an annual examination. Under present law, at least annually, OCU must examine the records and accounts of each credit union. However, instead of conducting an examination, OCU may accept an audit report made by a certified public accountant not an employee of the credit union in accordance with rules of the Office or may accept an examination or audit made or approved by the National Credit Union Administration Board (NCUAB).

Sales of Insurance in Credit Unions

Require any officer or employee of a credit union, when acting as an agent for the sale of insurance on behalf of the credit union, to pay all commissions received from the sale of insurance to the credit union. Current law provides similar provisions but specifies that they apply to such commissions received from the sale of credit life insurance or credit accident and sickness insurance.

Interstate Acquisitions and Mergers of Credit Unions

Amend the statutes related to interstate acquisitions and mergers of credit unions as follows:

a. Define a "Wisconsin credit union" as a credit union having its principal office located in this state. Current law applies this definition to an "in-state credit union" rather than a "Wisconsin credit union."

b. Authorize a Wisconsin credit union to acquire or merge with credit unions located in any other state. Currently, an in-state credit union may acquire or merge with one or more regional credit unions (a state or federal credit union that has its principal office located in Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri or Ohio).

c. Allow any out-of-state credit union (a state or federal credit union that has its principal office in a state other than Wisconsin) to acquire or merge with Wisconsin credit unions. Current law allows only regional credit unions to acquire or merge with in-state credit unions.

d. Repeal a current provision that requires any in-state or regional credit union that has acquired assets of or merged with an in-state credit union and that ceases to be an in-state credit union or regional credit union to immediately notify OCU of the change in its status and, as soon as practical within two years after the event causing it to no longer be one of these entities, divest itself of control of any interest in the assets or operations of any in-state credit union. In addition, repeal the current penalty for failure to immediately notify OCU (a forfeiture of \$500 for each day beginning with the day its status changes and ending with the day notification is received by the Office).

Wisconsin Offices of a Non-Wisconsin Credit Union

Create the following provisions related to a Wisconsin office of a non-Wisconsin Credit Union

Definitions. Define a "non-Wisconsin credit union" as a credit union organized under the laws of and with its principal office located in another state. Specify that "Wisconsin credit union" would have the meaning given under "Interstate Acquisitions and Mergers of Credit Unions."

Authority. Permit non-Wisconsin credit unions to open an office and conduct business as a credit union in this state if OCU finds that Wisconsin credit unions are allowed to do business in the other state under conditions similar to those contained under these provisions and that all of the following apply to the non-Wisconsin credit union: (a) it is organized under laws similar to the credit union laws of this state; (b) it is financially solvent based upon NCUAB ratings; (c) it has member savings insured with federal share insurance; (d) it is effectively examined and supervised by the credit union authorities of the state in which it is organized; (e) it has received approval from the credit union authorities of the state in which it is organized; (f) it has a need to place an office in this state to adequately serve its members in this state; and (g) it meets all other relevant standards or qualifications established by OCU.

Requirements. Require non-Wisconsin credit unions to do all of the following: (a) grant loans at rates not in excess of the rates permitted for Wisconsin credit unions; (b) comply with Wisconsin laws; and (c) designate and maintain an agent for the service of process in this state.

Records. Specify that, as a condition of a non-Wisconsin credit union doing business in this state, OCU could require the non-Wisconsin credit union to provide copies of examination reports and other related correspondence from the state in which the non-Wisconsin credit union has its principal office.

False Statements

Create a provision that would prohibit an officer, director, or employee of a credit union from: (a) willfully and knowingly subscribing to or making, or causing to be made, a false statement or entry in the books of the credit union; (b) knowingly subscribing to or exhibiting false information with the intent to deceive any person authorized to examine the affairs of the credit union; and (c) knowingly making, stating, or publishing any false report or statement of the credit union. Specify that any person who commits any of these infractions could be fined not less than \$1,000 nor more than \$5,000 or imprisoned for not less than one year nor more than 15 years, or both.

38. UNIVERSAL BANKING

Authorize the Division of Banking (DOB) within the Department of Financial Institutions to certify savings banks, saving and loan associations and state banks as "universal banks" under the procedures and with the powers outlined below. Provide that a universal bank would be one of the regulated entities under the powers of supervision and control of DOB. The provisions relating to universal banks would be created in a new chapter of the statutes, and could be cited as the "Wisconsin universal bank law" (UB Law).

General Provisions

Under current law, the Division of Savings Institutions (DSI) regulates savings banks and savings and loan associations. DOB regulates state banks. The powers and regulation of these financial institutions are specified in the statutes and vary by type of institution. The UB Law would allow such financial institutions organized under state statutes to apply to DOB to be certified as a universal bank. Certification as a universal bank would provide expanded powers when compared to those currently held by the individual financial institutions. Financial institutions certified as universal banks would remain subject to existing requirements, duties and liabilities and would retain their powers as savings banks, savings and loan associations or state banks, except that, in the event of a conflict between the UB Law and such requirements, duties, liabilities or powers, the UB Law would control.

The Division of Banking would be required to administer the UB Law for all universal banks and to establish such fees as it determined were appropriate for documents filed with the Division and for services provided by the Division. DOB would also be authorized to promulgate rules to carry out the UB Law and to establish additional limits or requirements on universal banks if it determined that the limits or requirements were necessary for the protection of depositors, members, investors or the public.

Certification

A state-chartered savings bank, savings and loan association or bank would be allowed to apply to become certified as a universal bank by filing a written application with DOB including such information as the Division required and on such forms and in accordance with such procedures as DOB prescribed. DOB would be required to approve or disapprove the application in writing within 60 days after its submission to the Division. However, DOB and the financial institution could mutually agree to extend the application period for an additional 60 days.

DOB would be required to approve an application for certification as a universal bank if the applying financial institution met all of the following requirements:

a. It was chartered or organized, and regulated, as a savings bank, savings and loan association or state bank under Wisconsin statutes and had been in existence and continuous operation for a minimum of three years prior to the date of the application.

b. It was "well-capitalized" as defined by federal law related to banks and banking.

c. It did not exhibit a combination of financial, managerial, operational and compliance weaknesses that were moderately severe or unsatisfactory, as determined by the Division based upon the Division's assessment of the financial institution's capital adequacy, asset quality, management capability, earnings quantity and quality, adequacy of liquidity and sensitivity to market risk.

d. During the 12-month period prior to the application, it had not been the subject of an enforcement action and had no enforcement action pending against it by any state or federal financial institution regulatory agency, including DOB.

e. The most recent evaluation under federal community reinvestment laws rated the financial institution as "outstanding" or "satisfactory" in helping to meet the credit needs of its entire community, including low-income and moderate-income neighborhoods, consistent with safe and sound operation of the institution.

f. The financial institution's federal-level regulator determined, by means of an examination, that the institution was in substantial compliance with federal laws regarding the protection of customers' nonpublic personal information.

For any period during which a universal bank failed to meet such requirements, the Division would be required to limit or restrict the exercise of the powers of the universal bank under the UB Law. In addition, the Division could revoke the universal bank's certificate of authority.

DOB would be required to issue to an applicant approved for certification as a universal bank a certificate of authority stating that the financial institution was so certified.

A financial institution certified as a universal bank would be authorized to terminate its certification upon 60 days' prior written notice to the Division and written approval of the Division. As a condition to the termination, the financial institution would be required to terminate its exercise of all powers granted under the UB Law prior to the termination of the certification. Written approval of the termination by DOB would be void if the financial institution failed to satisfy this precondition to termination.

Organization

Articles of Incorporation and Bylaws. A universal bank would continue to operate under its articles of incorporation and bylaws as in effect prior to certification as a universal bank or as such articles or bylaws were subsequently amended in accordance with the provisions of the statutes under which the universal bank was organized or chartered.

Name of a Universal Bank. Under current law and with certain exceptions, an institution organized as a state savings bank is required to adopt a name that identifies it as such and that includes the term "savings." With certain exceptions, an institution organized as a mutual savings and loan association or as a capital stock savings and loan association is required to include the words "savings and loan association" or "savings association" in its name. Such an institution is required to include the word "savings" in its name if its name includes the word "bank."

Subject to certain provisions on distinguishability and use of the same name, as described below, the UB Law would allow a state savings bank, state mutual savings and loan association or state capital stock savings and loan association that had been certified as a universal bank to use the word "bank" in its name, without having to include the word "savings." In addition, subject to the same provisions on distinguishability and use of the same name, the UB Law would specify that a universal bank organized as a savings and loan association that used the word "bank" in its name in accordance with the UB Law need not include the words "savings and loan association" or "savings association" in its name.

The UB Law would require that, with certain exceptions, the name of the universal bank be distinguishable upon the records of DOB from the following: (a) the name of any other financial institution organized under the laws of this state; and (b) the name of a national bank or foreign bank authorized to transact business in this state.

However, a universal bank would be allowed to apply to the Division for authority to use a name that did not meet such requirements as to a distinguishable name. DOB could authorize the use of the name if either of the following conditions were met: (a) the other bank consented to the use in writing and submitted an undertaking, in a form satisfactory to DOB, to change its name to a name that was distinguishable upon the records of the Division from the name of the applicant; or (b) the applicant delivered to DOB a certified copy of the final judgment of a court of competent jurisdiction establishing the applicant's right to use the name applied for in this state. Such exceptions to the distinguishable name requirements are consistent with current law for state banks.

In addition, a universal bank would be able to use a name that was used in this state by another financial institution, or by an institution authorized to transact business in this state, if the universal bank had done any of the following: (a) merged with the other institution; (b) been

formed by reorganization of the other institution; or (c) acquired all or substantially all of the assets, including the name, of the other institution.

Capital Requirements

Current law provides differing requirements related to capital, net worth and capital stock for the various types of financial institutions. For a savings bank, the statutes specify that such an institution may be organized to exercise the powers conferred by the relevant statutes with minimum capital, surplus and reserves for operating expenses as determined by the Division of Savings Institutions. Additional specifications are made in such areas as evidence and maintenance of capital, dividends and the nature of capital stock, capital stock loans and retirement or reduction of capital stock.

The statutes on savings and loan associations provide that such institutions must maintain net worth at an amount not less than the minimum amount established by DSI and authorize DSI to take appropriate action if an association fails to maintain the minimum net worth required.

Under current law, DOB determines the required capital of a state bank, subject to review by the Banking Review Board. The statutes also specify that a contingent fund and paid-in surplus each in an amount equal to at least 25% of the aggregate amount of the capital stock must be subscribed at the time the subscription list of shareholders is prepared by the incorporators.

Notwithstanding such provisions, the UB Law would authorize DOB to determine the minimum capital requirements of a savings bank, savings and loan association and state bank certified as a universal bank.

The UB Law would define capital for a universal bank organized as a stock organization as the sum of the following, less the amount of intangible assets that were not considered to be qualifying capital by a deposit insurance corporation or the Division: (a) capital stock; (b) preferred stock; (c) undivided profits; (d) surplus; (e) outstanding notes and debentures approved by DOB; (f) other forms of capital designated as capital by the Division; and (g) other forms of capital considered to be qualifying capital of the universal bank by a deposit insurance corporation. For a universal bank organized as a mutual organization, the same definition would apply except that net worth would be substituted for capital and preferred stock. "Deposit insurance corporation" would mean the Federal Deposit Insurance Corporation or other instrumentality of, or corporation chartered by, the United States that insures deposits of financial institutions and that is supported by the full faith and credit of the U.S. government as stated in a congressional resolution.

Under current law, a state savings bank is required to achieve and maintain status as an Internal Revenue Service qualified thrift lender. Such status requires meeting either the 60%

asset test of the section of the Internal Revenue Code (IRC) on domestic building and loan associations, or an asset test prescribed by rule of DSI that is not less than the percentage prescribed by such section of the IRC. The UB Law would specify that this requirement does not apply to universal banks.

Acquisitions, Mergers and Asset Purchases

The UB Law would authorize a universal bank, with the approval of DOB, to purchase the assets of, merge with, acquire or be acquired by any other financial institution, universal bank, national bank, federally chartered savings bank or savings and loan association, or by a holding company of any of these entities. An application for approval of such acquisitions, mergers and asset purchases would have to be submitted on a form prescribed by DOB and accompanied by a fee determined by the Division. Notwithstanding other provisions of state law, DSI approval would not be required for acquisitions or mergers involving a state savings bank or savings and loan association.

In processing and acting on applications for approval of acquisitions, mergers and asset purchases involving a universal bank, DOB would be required to apply the standards specified in the statutes governing the type of financial institution under which the universal bank had been organized or chartered.

Federal Financial Institution Powers.

Subject to the limitations outlined below, the UB Law would authorize universal banks to exercise all powers that may be exercised, directly or indirectly through a subsidiary, by a federally chartered savings bank, a federally chartered savings and loan association or a federally chartered national bank. A universal bank would be required to file a written request with DOB to exercise a power under these provisions. Within 60 days after receiving the request, the DOB would be required to approve or disapprove it. The 60-day deadline could be extended by an additional 60 days if DOB and the institution mutually agree to an extension. The UB Law would specify that DOB could require that certain powers exercisable by universal banks be exercised through a subsidiary of the universal bank with appropriate safeguards to limit the risk exposure of the universal bank.

Loan Powers

General Provisions. The UB Law would permit a universal bank to make, sell, purchase, arrange, participate in, invest in or otherwise deal in loans or extensions of credit for any purpose. With the exceptions described below, the total liabilities of any person, other than a municipal corporation, to a universal bank for a loan or extension of credit could not exceed 20% of the capital of the universal bank at any time. In determining compliance with this restriction, liabilities of a partnership would include the liabilities of the general partners, computed individually as to each general partner on the basis of his or her direct liability.

However, the UB Law would provide that the percentage limitation described above would be 50% of the universal bank's capital if the borrower's debts were limited to certain types of liabilities. The first type includes a liability secured by warehouse receipts issued by warehouse keepers who are licensed and bonded under state law or under the federal Bonded Warehouse Act or who hold a registration certificate under Wisconsin law referred to as the Warehouse Keepers and Grain Dealers Security Act, if: (a) the receipts cover readily marketable nonperishable staples; (b) the staples are insured, if it is customary to insure the staples; and (c) the market value of the staples is not, at any time, less than 140% of the face amount of the obligation.

The second type of liability for which the percentage limitation described above would be 50% of the universal bank's capital is a liability in the form of a note or bond that met any of the following qualifications: (a) the note or bond is secured by not less than a like amount of bonds or notes of the United States issued since April 24, 1917, or certificates of indebtedness of the United States; (b) the note or bond is secured or covered by guarantees or by commitments or agreements to take over, or to purchase, the bonds or notes, and the guarantee, commitment or agreement was made by a federal reserve bank, the federal Small Business Administration, the federal Department of Defense or the federal Maritime Commission; or (c) the note or bond is secured by mortgages or trust deeds insured by the federal Housing Administration.

Local Governmental Units. The UB Law would specify that liabilities of a local governmental unit could not exceed 25% of a universal bank's capital. However, if the local governmental unit's liabilities were in the form of general obligations, the limit would be extended to 50%. If the liabilities included both revenue and general obligations, the limit would be 25% for the revenue obligations and a total of 50% for the combination of revenue and general obligations.

In addition, the total amount of temporary borrowings of any local governmental unit maturing within one year after the date of issue could not exceed 60% of the capital of the universal bank. Temporary borrowings and longer-term general obligation borrowings of a single local governmental unit could be considered separately in determining compliance with this provision.

Foreign National Government Bonds. A universal bank would be authorized to purchase general obligation bonds issued by any foreign national government if the bonds were payable in United States funds. The aggregate investment in these foreign bonds would not be permitted to exceed 3% of the capital of the universal bank, except that this limitation would not apply to bonds of the Canadian government and Canadian provinces that were payable in United States funds.

Other Foreign Bonds. The UB Law would authorize a universal bank to purchase bonds offered for sale by the International Bank for Reconstruction and Development and the Inter-

American Development Bank or such other foreign bonds as were approved under rules established by DOB. The UB Law would specify that the aggregate investment in any of these bonds issued by a single issuer could not exceed 10% of the capital of the universal bank.

Limits Established by the Board of Directors. The UB Law would provide that the board of directors of a universal bank could establish an aggregate total level above which a universal bank could not make or renew a loan or loans without being supported by a signed financial statement of the borrower, unless the loan was secured by collateral having a value in excess of the amount of the loan. A signed financial statement furnished by the borrower to a universal bank in compliance with this provision would have to be renewed annually as long as the loan or any renewal of the loan remained unpaid and was subject to this provision. A loan or a renewal of a loan made by a universal bank in compliance with the level established by the board of directors of the universal bank, without a signed financial statement, could be treated by the universal bank as entirely independent of any secured loan made to the same borrower if the loan did not exceed the limitations provided under the UB Law related to loan powers.

Exceptions to Loan Powers of Universal Banks. The limits on individual liabilities would not apply to the following:

a. Liabilities secured by certain short-term federal obligations. A liability that was secured by not less than a like amount of direct obligations of the United States which would mature not more than 18 months after the date on which such liabilities to the universal bank were entered into;

b. Certain federal and state obligations or guaranteed obligations. A liability that was a direct obligation of the United States or this state, or an obligation of any governmental agency of the United States or this state, that was fully and unconditionally guaranteed by the United States or this state;

c. Commodity Credit Corporation liabilities. A liability in the form of a note, debenture or certificate of interest of the Commodity Credit Corporation;

d. Discounting bills of exchange or business or commercial paper. A liability created by the discounting of bills of exchange drawn in good faith against actually existing values or the discounting of commercial or business paper actually owned by the person negotiating the same; and

e. Certain other federal or federally guaranteed obligations. In obligations of, or obligations that were fully guaranteed by, the United States and in obligations of any federal reserve bank, federal home loan bank, the Student Loan Marketing Association, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Export-Import Bank of Washington or the Federal Deposit Insurance Corporation.

Additional Loan Authority. Under current law for state banks, debts due a bank on which interest is past due and unpaid for a period of 12 months generally must be considered bad debts. Such bad debts must be charged off to the profit and loss account at the expiration of one year from the date on which the debt became past due, unless the debts are well secured or in the process of collections.

The UB Law would permit a universal bank to lend, to all borrowers, up to 20% of its capital, which would not be subject to classification as bad debts or losses for a period of two years. A universal bank or its subsidiary would be permitted to take an equity position or other form of interest as security in a project funded under this additional loan authority. Every transaction by a universal bank or its subsidiary under these provisions would require prior approval by the governing board of the universal bank or its subsidiary, respectively. Such loans could be dispersed directly or through a subsidiary. However, neither a universal bank nor any subsidiary of the universal bank could lend to any individual borrower an amount that would result in an aggregate amount for all loans to that borrower to exceed 20% of the universal bank's capital. As outlined below, DOB could suspend this additional loan authority.

Suspension of Additional Loan Authority. DOB could suspend the additional loan authority and, in such case, specify how an outstanding loan would be treated by the universal bank or its subsidiary. Among the factors that the Division could consider in suspending authority under this provision are the universal bank's capital adequacy, asset quality, earnings quantity, earnings quality, adequacy of liquidity and sensitivity to market risk and the ability of the universal bank's management.

Exercise of Loan Powers; Prohibited Considerations. In determining whether to make a loan or extension of credit, no universal bank could consider any health information obtained from the records of an affiliate of the universal bank that is engaged in the business of insurance, unless the person to whom the health information relates consents.

Investment Powers

Investment Securities. With certain exceptions described below, a universal bank would be authorized to purchase, sell, underwrite and hold investment securities, consistent with safe and sound banking practices, up to 100% of the universal bank's capital. A universal bank would not be permitted to invest greater than 20% of its capital in the investment securities of one obligor or issuer. For purposes of this provision, "investment securities" would include commercial paper, banker's acceptances, marketable securities in the form of bonds, notes, debentures and similar instruments that are regarded as investment securities.

Equity Securities. Subject to the same exceptions, a universal bank would also be authorized to purchase, sell, underwrite and hold equity securities, consistent with safe and sound banking practices, up to 20% of capital or, if approved by the Division in writing, a greater percentage of capital.

Exceptions to Securities Investment Powers. The UB Law would specify the following exceptions to the general powers of a universal bank to invest in investment and equity securities.

a. Housing Activities. With the prior written consent of DOB, a universal bank would be permitted to invest in the initial purchase and development, or the purchase or commitment to purchase after completion, of home sites and housing for sale or rental, including projects for the reconstruction, rehabilitation or rebuilding of residential properties to meet the minimum standards of health and occupancy prescribed for a local governmental unit, the provision of accommodations for retail stores, shops and other community services that were reasonably incident to that housing, or in the stock of a corporation that owned one or more of those projects and that was wholly owned by one or more financial institutions. The total investment in any one project could not exceed 15% of the universal bank's capital, nor could the aggregate investment under these provisions exceed 50% of capital. Under these provisions, a universal bank could not make an investment unless it was in compliance with the capital requirements set by DOB under the UB Law and with the capital maintenance requirements of its deposit insurance corporation.

b. Profit-Participation Projects. The UB Law would specify that a universal bank could take equity positions in profit-participation projects, including projects funded through loans from the universal bank, in an aggregate amount not to exceed 20% of capital. However, DOB could suspend the investment authority under this provision. If the Division suspended the investment authority, the Division could specify how outstanding investments in such projects would be treated by the universal bank or its subsidiary. Among the factors that the Division could consider in suspending authority under this provision are the universal bank's capital adequacy, asset quality, earnings quantity, earnings quality, adequacy of liquidity and sensitivity to market risk and the ability of the universal bank's management. These provisions would not authorize a universal bank, directly or indirectly through a subsidiary, to engage in the business of underwriting insurance.

c. Debt Investments. In general, the UB Law would authorize a universal bank to invest in bonds, notes, obligations and liabilities as described under the UB Law with respect to loan powers, subject to the limitations under those provisions. However, the limits outlined in the section on loan powers would not apply to the following liabilities: (a) liabilities secured by certain short-term federal obligations; (b) certain federal and state obligations or guaranteed obligations; (c) Commodity Credit Corporation liabilities; (d) liabilities created by discounting bills of exchange or business or commercial paper; or (e) certain other federal or federally guaranteed obligations. Such liabilities are described in greater detail under the preceding provisions on loan powers.

Additional Investments. The UB Law would provide that a universal bank could invest without limitation in any of the following:

- a. Stocks or obligations of a corporation organized for business development by this state or by the United States or by an agency of this state or the United States.
- b. Obligations of an urban renewal investment corporation organized under the laws of this state or of the United States.
- c. An equity interest in an insurance company or an insurance holding company organized to provide insurance for universal banks and for persons affiliated with universal banks, solely to the extent that this ownership was a prerequisite to obtaining directors' and officers' insurance or blanket bond insurance for the universal bank through the company.
- d. Shares of stock, whether purchased or otherwise acquired, in a corporation acquiring, placing and operating remote service units of a savings banks or savings and loan association or for bank communications terminals.
- e. Equity or debt securities or instruments of a service corporation subsidiary of the universal bank.
- f. Advances of federal funds.
- g. With the prior written approval of the Division, financial futures transactions, financial options transactions, forward commitments or other financial products for the purpose of reducing, hedging or otherwise managing the bank's interest rate risk exposure.
- h. A subsidiary organized to exercise corporate fiduciary powers under state law.
- i. An agricultural credit corporation. Unless a universal bank owned at least 80% of the stock of the agricultural credit corporation, a universal bank could not invest more than 20% of the universal bank's capital in the agricultural credit corporation.
- j. Deposit accounts or insured obligations of any financial institution, the accounts of which are insured by a deposit insurance corporation.
- k. Obligations of, or obligations that are fully guaranteed by, the United States and stocks or obligations of any federal reserve bank, federal home loan bank, the Student Loan Marketing Association, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Deposit Insurance Corporation.
- l. Any other investment authorized by DOB.

In addition to the authority granted under the UB Law on acquisitions, mergers and asset purchases and on stock in bank-owned banks, and subject to the provisions of the UB Law with respect to equity securities, a universal bank would be authorized to invest in other financial institutions.

A universal bank would be permitted to make investments under the provisions outlined above, directly or indirectly through a subsidiary, unless DOB determined that an investment should be made through a subsidiary with appropriate safeguards to limit the risk exposure of the universal bank.

Universal Bank Purchase of its Own Stock

With certain exceptions, a universal bank could hold or purchase not more than 10% of its own capital stock, notes or debentures. However, a universal bank could exceed this limit if approved by DOB. In addition, a universal bank could hold or purchase more than 10% of its capital stock, notes or debentures if the purchase was necessary to prevent loss upon a debt previously contracted in good faith. Stock, notes or debentures held or purchased under this provision could not be held by the universal bank for more than six months if the securities could be sold for the amount of the claim of the universal bank against the holder of the debt previously contracted. The universal bank would be required to either sell the stock, notes or debentures within 12 months of acquisition under this provision or to cancel the stock, notes or debentures. Cancellation of the stock, notes or debentures would reduce the amount of the universal bank's capital stock, notes or debentures. If the reduction decreased the universal bank's capital below the minimum level required by DOB, the universal bank would have to increase its capital to the required amount.

A universal bank could not loan any part of its capital, surplus or deposits on its own capital stock, notes or debentures as collateral security, except that a universal bank would be allowed to make a loan secured by its own capital stock, notes or debentures to the same extent that the universal bank could make a loan secured by the capital stock, notes and debentures of a holding company for the universal bank.

Stock in Bank-Owned Banks

With the approval of DOB, a universal bank would be authorized to acquire and hold stock in one or more banks chartered under state statutes on bank-owned banks or national banks chartered under federal law or in one or more holding companies wholly owning such a bank. Aggregate investments under this provision could not exceed 10% of the universal bank's capital.

General Deposit Powers

The UB Law would provide that a universal bank could set eligibility requirements for, and establish the types and terms of, deposits that the universal bank could solicit and accept. The terms set under this provision could include minimum and maximum amounts that the universal bank would be able to accept and the frequency and computation method of paying interest.

A universal bank would be allowed to pledge its assets as security for deposits, subject to the limitations under current law applicable to banks.

With the approval of DOB, a universal bank would be permitted to securitize its assets for sale to the public. The Division could establish procedures governing the exercise of authority granted under this provision.

A universal bank would be authorized to take and receive, from any individual or corporation for safekeeping and storage, gold and silver plate, jewelry, money, stocks, securities, and other valuables or personal property. A universal bank could also rent out the use of safes or other receptacles upon its premises. A universal bank would have a lien for its charges on any property taken or received by it for safekeeping. If the lien was not paid within two years from the date the lien accrued, or if property was not called for by the person depositing the property, or by his or her representative or assignee, within two years from the date the lien accrued, the universal bank could sell the property at public auction. A universal bank would be required to provide the same notice for a sale under this provision that is required for sales of personal property on execution. After retaining from the proceeds of the sale all of the liens and charges due the bank and the reasonable expenses of the sale, the universal bank would be required to pay the balance to the person depositing the property, or to his or her representative or assignee.

Other Service and Incidental Activity Powers

Unless otherwise prohibited or limited by the UB Law, a universal bank would be authorized to exercise all powers necessary or convenient to effect the purposes for which the universal bank was organized or to further the businesses in which the universal bank was lawfully engaged.

Reasonably Related and Incidental Activities. Subject to any applicable state or federal regulatory or licensing requirements, a universal bank could engage, directly or indirectly through a subsidiary, in activities reasonably related or incident to the purposes of the universal bank. Such activities would be those that are part of the business of financial institutions, or closely related to the business of financial institutions, or convenient and useful to the business of financial institutions, or reasonably related or incident to the operation of financial

institutions or are financial in nature. Activities that would be considered reasonably related or incident to the purposes of a universal bank would specifically include the following:

1. Business and professional services;
2. Data processing;
3. Courier and messenger services;
4. Credit-related activities;
5. Consumer services;
6. Real estate-related services, including real estate brokerage services;
7. Insurance and related services, other than insurance underwriting;
8. Securities brokerage;
9. Investment advice;
10. Securities and bond underwriting;
11. Mutual fund activities;
12. Financial consulting;
13. Tax planning and preparation;
14. Community development and charitable activities;
15. Debt cancellation contracts;
16. Any activities reasonably related or incident to activities on the list above as determined by rule of DOB;
17. An activity that is authorized by statute or regulation for financial institutions to engage in as of the effective date of this provision (the first day of the third month beginning after publication of the bill); and
18. An activity permitted under the Bank Holding Company Act.

In addition, DOB would be authorized to expand, by rule, the list of activities reasonably related or incident to the purposes of a universal bank. Any additional activity approved by the Division would be authorized for all universal banks.

A universal bank would be required to give 60 days' prior written notice to DOB of the universal bank's intention to engage in an activity under these provisions.

Standards for Denial. DOB would be permitted to deny the authority of a universal bank to engage in an activity under these provisions, other than the first 15 activities listed above, if the Division determined any of the following: (a) that the activity was not an activity reasonably related or incident to the purposes of a universal bank; (b) that the universal bank was not well-capitalized; (c) that the universal bank was the subject of an enforcement action; or (d) that the universal bank did not have satisfactory management expertise for the proposed activity.

Insurance Intermediation. A universal bank, or an officer or salaried employee of a universal bank, would be permitted to obtain a license as an insurance intermediary, if otherwise qualified. A universal bank could not, directly or indirectly through a subsidiary, engage in the business of underwriting insurance.

Activities Approved by DOB. A universal bank would be authorized to engage in any other activity that was approved by rule of DOB. In addition, a universal bank could engage in activities under these provisions, directly or indirectly through a subsidiary, unless the Division determined that an activity had to be conducted through a subsidiary with appropriate safeguards to limit the risk exposure of the universal bank.

Activities Provided Through a Subsidiary. The amount of the investment in any one subsidiary that engaged in an activity under these provisions could not exceed 20% of capital or a higher percentage if approved by DOB. The aggregate investment in all subsidiaries that engaged in an activity under this provision could not exceed 50% of capital or a higher percentage authorized by the Division. A subsidiary that engaged in an activity under these provisions could be owned jointly, with one or more other financial institutions, individuals or entities.

Trust Powers

Subject to rules of DOB, a universal bank would be permitted to exercise trust powers in accordance with such authority granted by the statutes to state banks.

Rule-Making

DOB would be permitted to establish a rule specifying activities that are related to or incident to the purposes of a universal bank without complying with the notice, hearing and publication procedures under Chapter 227. The Division would be required to file the rule with the Secretary of State and the Revisor of Statutes, as generally required under Chapter 227. At the time of filing, DOB would be required to mail a copy of the rule to the chief clerk of each house and to each member of the Legislature. In addition, DOB would be required to publish a class 1 notice containing a copy of the rule in the official state newspaper and take any other step it considers feasible to make the rule known to persons who will be affected by it.

For other rules related to the UB Law, DOB would be allowed to use the emergency rule-making procedures to promulgate rules for the period before permanent rules became effective. However, DOB would not be required to provide evidence of an emergency.

Effective Date

These provisions would take effect on the first day of the third month beginning after publication of the bill.

GENERAL PROVISIONS

39. PROHIBITION ON DUAL EMPLOYMENT BY STATE AGENCIES

Repeal the current law provision which specifies that: (a) no elective state official may hold any other position or be retained in any other capacity with any state agency or authority, except in an unsalaried position or unpaid service with a state agency or authority that is compatible with the official's duties and the emoluments for which are limited to reimbursement for actual and necessary expenses incurred in the performance of those duties; (b) no individual, other than elective state official, who is employed or retained in a full-time position or capacity with a state agency or authority may hold any other position or be retained in any other capacity with an agency or authority from which the individual receives, directly or indirectly, more than \$12,000 as compensation for the individual's services during the same year (except that this prohibition does not apply to any such individual who has a full-time appointment for less than 12 months during the time outside of the appointment period); and (c) the Department of Administration shall annually check to ensure that no individual violates these prohibitions and shall order a forfeiture equal to the economic gain realized from the violation from any individual found in violation of these prohibitions.

40. STATE-LOCAL FRINGE BENEFITS STUDY COMMITTEES

Direct the Department of Employment Relations (DER), the Employment Relations Commission (WERC) and the Department of Employee Trust Funds (ETF), if it chooses to participate, to organize and appoint members to committees to study and make recommendations on all of the following: (a) fiscal pressures on local governments arising from personnel costs, including fringe benefits costs; (b) strategies for local governments to control personnel costs, especially health care costs; (c) creating a permanent labor-management partnership team (comprised of representatives of local governments and local government employees) to review issues of common concern and to make policy recommendations to state and local officials; (d) options for local governments to expand their fringe benefit partnerships with state government and other local governments; (e) changes to the interest arbitration process under the Municipal Employment Relations Act, including exempting health insurance coverage from interest arbitration, if an employer offers its employees the local government health insurance plan approved by the Group Insurance Board under Chapter 40 of the statutes; and (f) allowing local government employers to change insurance carriers to the local government health insurance plan approved by the Group Insurance Board under Chapter 40 of the statutes, if the employer offers a pre-determined wage increase to its employees.

The DER, the WERC and ETF, if it chooses to participate, would be required to seek to appoint representatives of local governments and local government employees to the committees. The participating state agencies would be required to submit a report

incorporating the recommendations of the various committees to the Governor and to the Legislature by January 1, 2003.

41. UNIFORM ELECTRONIC TRANSACTIONS ACT

Adopt the Uniform Electronic Transaction Act (UETA), as approved by the National Conference of Commissioners on Uniform State Laws. The bill contains the following provisions:

Definitions. Create the following definitions: (a) agreement; (b) automated transaction (a transaction conducted or performed, in whole or in part, by electronic means or by the use of electronic records, in which the acts or records of one or both parties are not reviewed by an individual in the ordinary course in forming a contract, performing under an existing contract, or fulfilling an obligation required by the transaction); (c) computer program; (d) contract; (e) electronic (relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities); (f) electronic agent (a computer program or an electronic or other automated means used independently to initiate an action or respond to electronic records or performances in whole or in part, without review or action by an individual); (g) electronic record (a record that is created, generated, sent, communicated, received, or stored by electronic means); (h) electronic signature (an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record); (i) governmental unit (1) an agency, department, board, commission, office, authority, institution, or instrumentality of the federal government or of a state or of a political subdivision of a state or special purpose district within a state, regardless of the branch or branches of government in which it is located; (2) a political subdivision of a state or special purpose district within a state; (3) an association or society to which appropriations are made by law; (4) any body within one or more of the entities specified previously that is created or authorized to be created by the constitution, by law, or by action of one or more of the entities previously specified; or (5) any combination of any of the entities specified as a governmental unit); (j) information; (k) information processing system; (m) record (information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form); (n) security procedure; (o) state (a state of the United States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States, including an Indian tribe or band, or Alaskan native village, which is recognized by federal law or formally acknowledged by a state); and (p) transaction (an action or set of actions occurring between two or more persons relating to the conduct of business, commercial, or governmental affairs).

Applicability. Specify that the bill applies to electronic records and electronic signatures relating to a transaction. Specify that the bill does not generally apply to a transaction to the extent that it is governed by either any law governing the execution of wills or the creation of testamentary trusts, or the Uniform Commercial Code (other than the waiver or renunciation of claim or right after breach and the statute of frauds for kinds of personal property). The bill

specifies that: (a) a transaction subject to the UETA is also subject to other applicable substantive law; and (b) the UETA applies to the State unless expressly provided.

Use of Electronic Records and Signatures. Specify that the bill does not require a record or signature to be created, generated, sent, communicated, received, stored, or otherwise processed or used by electronic means or in electronic form. The bill applies only to transactions between parties each of which has agreed to conduct transactions by electronic means. Specify that whether the parties agree to conduct a transaction by electronic means is determined from the context and surrounding circumstances, including the parties' conduct. Specify that a party that agrees to conduct a transaction by electronic means may refuse to conduct other transactions by electronic means and that the right granted by the bill may not be waived by agreement.

Statutory Construction of the Provisions Governing Electronic Transactions. Specify that provisions of the bill be construed and applied: (a) to facilitate electronic transactions consistent with other applicable law; (b) to be consistent with reasonable practices concerning electronic transactions and with the continued expansion of those practices; and (c) to effectuate its general purpose to make uniform the law with respect to electronic transactions among states enacting laws substantially similar to the Uniform Electronic Transactions Act as approved and recommended by the National Conference of Commissioners on Uniform State Laws in 1999.

Legal Recognition of Electronic Records. Require that a record or signature may not be denied legal effect or enforceability solely because it is in electronic form and that a contract may not be denied legal effect or enforceability solely because an electronic record was used in its formation. Specify that if a law requires a record to be in writing, an electronic record satisfies that requirement in that law and if a law requires a signature, an electronic signature satisfies that requirement in that law.

Provision of Information in Writing. Require that if parties have agreed to conduct a transaction by electronic means and a law requires a person to provide, send, or deliver information in writing to another person, a party may satisfy the requirement with respect to that transaction if the information is provided, sent, or delivered in an electronic record capable of retention by the recipient at the time of receipt. Specify that an electronic record is not capable of retention by the recipient if the sender or its information processing system inhibits the ability of the recipient to print or store the electronic record.

Presentation of Records. Require that if another law requires a record to be posted or displayed in a certain manner, to be sent, communicated, or transmitted by a specified method, or to contain information that is formatted in a certain manner, then: (a) the record must be posted or displayed in the manner specified in the other law; (b) the record shall be sent, communicated, or transmitted by the method specified in the other law; and (c) the record must contain the information formatted in the manner specified in the other law. Specify that if a sender inhibits the ability of a recipient to store or print an electronic record, the electronic record is not enforceable against the recipient.

Specify that in regard to providing information in writing and presenting records, the requirements of the bill may not be varied by agreement, but: (a) to the extent another law requires information to be provided, sent, or delivered in writing but permits that requirement to be varied by agreement, the requirement that the information be in the form of an electronic record capable of retention may also be varied by agreement; and (b) a requirement under another law to send, communicate, or transmit a record by 1st-class or regular mail or with postage prepaid may be varied by agreement to the extent permitted by the other law.

Attribution and Effect of Electronic Records. Create provisions related to the attribution and effect of electronic records and electronic signatures. Specify procedures related to a change or error in an electronic record in a transmission between parties to a transaction for: (a) parties that agreed to use security procedures to detect changes or errors and only one party has conformed to the procedure; or (b) individuals. For all other parties, specify that the change or error has the effect provided by other law, including the law of mistake, and the parties' contract, if any. Specify that procedures related to changes or error for individuals and for parties other than those that agreed to use security procedures may not be varied by agreement.

Notarization and Acknowledgement. Specify that if a law requires a signature or record to be notarized, acknowledged, verified, or made under oath, the requirement is satisfied if the electronic signature of the person authorized to administer the oath or to make the notarization, acknowledgment, or verification, together with all other information required to be included by other applicable law, is attached to or logically associated with the signature or record.

Retention of Records. Specify that if a law requires that a record be retained, the requirement is satisfied by retaining the information set forth in the record as an electronic record which: (a) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and (b) remains accessible for later reference. The bill specifies that a requirement to retain a record does not apply to any information the sole purpose of which is to enable the record to be sent, communicated, or received. Specify that if a law requires a record to be presented or retained in its original form, or provides consequences if the record is not presented or retained in its original form, a person may comply with that law by using an electronic record that is retained in accordance with provisions of the bill. Specify that if a law requires retention of a check, that requirement is satisfied by retention of an electronic record containing the information on the front and back of the check in accordance with provisions of the bill. Specify that a record retained as an electronic record satisfies a law requiring a person to retain a record for evidentiary, audit, or like purposes, unless a law enacted after the effective date of the bill, specifically prohibits the use of an electronic record for the specified purpose. Under the bill, a governmental unit is not precluded from specifying additional requirements for the retention of any record subject to the jurisdiction of that governmental unit.

Admissibility of Records in Evidence. Specify that in a proceeding, a record or signature may not be excluded as evidence solely because it is in electronic form.

Automated Transactions, Sending and Receipt of Records and Transferable Records. Create provisions related to the formation of contracts by interaction of electronic agents, specifying what constitutes sending and receipt of an electronic record, the timing and place of sending and receiving an electronic record and the transfer and transferability of electronic records.

Agency Rules. Delete the responsibility for the Department of Financial Institutions to promulgate rules related to electronic forms and electronic signatures for records submitted to a governmental unit. Specify that unless otherwise provided by law, with the consent of a governmental unit in Wisconsin that is to receive a record, any record that is required by law to be submitted in writing to that governmental unit and that requires a written signature may be submitted as an electronic record, and if submitted as an electronic record may incorporate an electronic signature. Require the Department of Administration to promulgate rules concerning the use of electronic records and electronic signatures by governmental units, which will govern the use of electronic records or signatures by governmental units, unless otherwise provided by law. Create a nonstatutory provision, specifying that DOA is not required to provide evidence that promulgating a rule as an emergency rule is necessary for the preservation of the public peace, health, safety, or welfare and is not required to provide a finding of emergency.

Specify that DOA and the Secretary of State must jointly promulgate rules establishing requirements that, unless otherwise provided by law, a notary public must satisfy in order to use an electronic signature for any attestation. Specify that the joint rules be numbered as rules of each agency in the Wisconsin Administrative Code. Create a nonstatutory provision specifying that the Secretary of State and DOA must promulgate initial rules related to notary publics to become effective no later than January 1, 2004.

Miscellaneous Provisions. Specify that if a governmental unit adopts standards regarding its receipt of electronic records or electronic signatures, the governmental unit must promote consistency and interoperability with similar standards adopted by other governmental units in Wisconsin and other states and the federal government and nongovernmental persons interacting with governmental units. Specify that any standards adopted may include alternative provisions if warranted to meet particular applications.

Exclude records governed by the electronic transaction and records provisions of the bill from current law provisions related to photographic copies of business records as evidence and the admissibility of duplicates.

Initial Applicability. Specify that provisions related to electronic transactions and records first apply to electronic records or electronic signatures that are created, generated, sent, communicated, received, or initially stored on the effective date of the bill.

42. REQUIREMENTS PERTAINING TO THE SALE OF MUNICIPAL UTILITY PROPERTY

Authorize municipalities to sell or lease any complete public utility plant owned by the municipality in any manner the municipality considers appropriate. Eliminate the following

requirements that currently pertain to such sales or leases: (a) a majority of the members of the municipality's governing body must adopt, at a regular meeting, a resolution or ordinance that summarizes the preliminary agreement with the buyer or lessee; (b) the preliminary agreement must fix the price of the sale or lease, unless DOT or the PSC fixes a greater price; (c) the municipality must submit the preliminary agreement to DOT or the PSC, which must determine if the sale or lease is in the public's interest and, if so, must fix the price and terms of the sale or lease; (d) a referendum, preceded by a public notice that includes a description of the property, a summary of the preliminary agreement, the price of the sale or lease, and the terms of the sale or lease, is conducted where a majority of those voting approve the sale or lease; (e) the sale or lease must be consummated within one year of the referendum, unless DOT or the PSC approve an extension, or the sale or lease is void; and (f) an escrow fund may be established to hold, administer and distribute any sale or lease proceeds necessary to cover future principal and interest payments on any outstanding revenue or mortgage bonds. Provide that the preceding requirements pertaining to DOT and PSC oversight continue to apply to the sale or lease of municipal power district properties and to contracts between municipalities and privately owned public utilities, motor bus systems and other public transportation systems. Under current law, DOT reviews sales and leases of transportation systems and the PSC reviews sales and leases of joint local water authorities, heat, light, water or power companies, natural gas companies, telecommunications companies, commercial mobile radio service providers and toll bridges.

HEALTH AND FAMILY SERVICES -- HEALTH

43. RELEASE OF HEALTH CARE INFORMATION

Repeal a 1997 Wisconsin Act 231 provision that requires DHFS to prohibit persons who purchase health care data from re-releasing individual data elements of health care data files. Repeal the requirement that DHFS promulgate rules that define "individual data elements" for the purpose of enforcing this prohibition. DHFS staff indicate that the Department currently allows vendors who provide value-added information and programming to the Bureau of Health Information to re-release information to secondary customers. DHFS rules require initial purchasers to seek approval from DHFS to release the data, and purchasers of that data to sign use agreement forms. The elimination of the prohibition against the re-release of health care data would allow DHFS to continue to monitor the sale of data to vendors through administrative rules.

HEALTH AND FAMILY SERVICES -- CHILDREN AND FAMILIES

44. GUARDIANSHIP

Authorize a juvenile court to appoint any person, rather than a relative as provided in current law, as the guardian of a child or juvenile who has been adjudged to be in need of protection or services. Authorize the court to place the child in a guardian's home immediately after the child has been adjudged to be in need of protection or services and placement of the child in the guardian's home has been recommended or requested. Current law prohibits a court from placing the child in the home of the guardian unless the child has been placed outside of his or her home under a court order for a cumulative total period of one year or longer. Specify that, if the court finds that a juvenile is in need of protection or services under Chapter 938, the court, instead of or in addition to any other imposed disposition, may place the juvenile in the home of the juvenile's guardian.

Authorize DHFS to make monthly subsidized guardianship payments to any court-appointed guardian who was licensed as the child's foster parent or treatment foster parent before the guardianship appointment, who is a resident of Milwaukee County and if: (a) the child is 12 years or older, the child has been placed outside of his or her home for 15 of the most recent 22 months and the parental rights of both of the child's parents or of the child's only living parent have been terminated, or the court has found that reasonable efforts have been made towards reunification, while assuring that the child's health and safety are the paramount concerns, unless reasonable efforts are not required, but that reunification of the child with the child's parent or parents is unlikely or contrary to the best interests of the child; or (b) DHFS has determined that providing monthly subsidized guardianship payments to the guardian is in the best interests of the child and the determination has been confirmed by the court.

Specify that community aids funds can be used to support monthly guardianship payments and that these payments will be determined by a rate established by DHFS based on the average amount of GPR expended for foster care per child in foster care in Milwaukee County in 2000-01. Further, direct DHFS to apply for a waiver from the federal Department of Health and Human Services to allow the state to claim care and maintenance costs of children in subsidized guardianship for federal Title IV-E reimbursement. If approved, the monthly guardianship payment rate would be made according to the terms of the waiver, rather than as described above. Currently, relative guardians are eligible for long-term kinship care payments of \$215 per month for providing maintenance and care for the child.

Authorize a court to appoint a guardian and transfer guardianship and custody of the child to a guardian as an additional dispositional option if the rights of both parents have been terminated and if a guardian has not been appointed. Modify current statutory provisions regarding the role and responsibility of the state in providing benefit payments to include subsidized guardianship payments.

Require the court, in appointing a person as a child's guardian, to find that reasonable efforts have been made to prevent the removal of the child from the home, in addition to finding that reasonable efforts have been made towards reunification, as provided under current law.

For a child who has been placed, or continued in a placement, outside of his or her home for less than six months, require a court to order the agency or person who is primarily responsible for providing services to the child to file the disposition court report, the permanency plan (if one was prepared) and as much information relating to the appointment of a guardian as is reasonably ascertainable. For a child who has been placed, or continued in a placement, outside of his or her home for six months or more, require the court to order that the person or agency primarily responsible for providing services to the child, as determined under a court order, to file with the court a report containing the written summary of the permanency plan review and as much information relating to the appointment of a guardian as is reasonably ascertainable, as is stated in current law.

45. PETITIONS FOR THE TRANSFER OF CUSTODY AND GUARDIANSHIP

Reduce from two years to one year the time, following the termination of parental rights, after which DHFS could petition a court to transfer the legal custody of a child from the state to a county department if a permanent adoptive placement is not in progress. Make this same change with respect to DHFS petitions to a tribal court to transfer the legal custody of a child from the state to a tribe.

Authorize DHFS, at that time, to petition the court to transfer guardianship of the child from the state to the county department if the county department is authorized to accept guardianship of the child. Specify that, if the county is not authorized to accept guardianship for the child, DHFS would remain the child's guardian. Under current law, DHFS retains guardianship over the child, even if legal custody of the child is transferred to the county department. DHFS currently may petition a tribal court to transfer guardianship of the child back to the tribe.

Specify that these changes would first apply to petitions filed on January 1, 2002, or the day after the bill's publication, whichever is later.

46. PERMANENCY PLANS FOR COURT-ORDERED PLACEMENTS WITH A RELATIVE

Require that agencies prepare permanency plans for each child that is placed in the home of a relative under a court order under the children's code (Chapter 48) or the juvenile justice code (Chapter 938). Specify that this requirement would first apply to children and juveniles who are placed in the home of a relative under a court order on the bill's general effective date.

For children and juveniles who are living in the home of a relative under a court order on the day before the bill's general effective date, require the agencies to file permanency plans with the court for at least 33% of those children or juveniles by November 1, 2001, at least 67% of those children or juveniles by January 1, 2002, and 100% of those children and juveniles by March 1, 2002, giving priority to those children or juveniles who have been living in the home of a relative for the longest period of time.

Require, rather than permit, DHFS, a county department or a licensed child welfare agency to issue a license to operate a foster home or a treatment foster home to a relative who has no duty to support the child and who requests a license to operate a foster home or treatment foster home for a specific child who is either placed by court order or who is subject to a voluntary placement agreement. Require, rather than permit, DHFS, a county department or a licensed child welfare agency to license the guardian's home as a foster home or treatment foster home for the guardian's minor ward who is living in the home and who is placed in the home by a court order. As under current law, such relatives who are licensed to operate foster homes or treatment foster homes would be subject to DHFS licensing rules.

47. COURT-ORDERED PLACEMENTS -- AGENCY RECOMMENDATIONS

Require a temporary custody, dispositional, or a change-in-placement juvenile court order that places a child outside the home in a placement recommended by an intake worker or agency that is primarily responsible for providing services to the child to include a statement that the court approves the placement recommended by the intake worker or agency. If the court places a child outside the home in a placement other than a placement recommended by the intake worker or agency, require the order to include a statement that the court has given bona fide consideration to the recommendations made by the intake worker or agency and all parties relating to the placement of the child.

This provision is intended to enable the state to comply with new federal regulations relating to eligibility for federal foster care and adoption assistance funding under Title IV-E of the Social Security Act.

48. SEARCHES FOR BIRTH PARENTS

Eliminate the Department's authority to conduct searches for birth parents or to contract with an agency to conduct such searches when requested to do so by a person, 21 years of age or older, whose birth parent's rights have been terminated or who has been adopted. Instead, authorize DHFS to license child welfare agencies to conduct these searches. Currently, licensed child welfare agencies may conduct these searches, but they need not be licensed to perform this specific function.

Eliminate the maximum fees that can be charged for the cost of conducting a search for a person's birth parents or for the cost of locating, verifying, purging, summarizing, copying and

mailing requested medical and genetic information on the birth parents to the requester. Currently, these fees are limited to \$100 and \$150, respectively.

Specify that these provisions would take effect on January 1, 2002, or on the day after publication of the bill, whichever is later.

HEALTH AND FAMILY SERVICES -- COMMUNITY AIDS AND SUPPORTIVE LIVING

49. HEALTH FACILITY LICENSING AND ENFORCEMENT

Modify and standardize statutes relating to health facility licensing and enforcement. These changes would affect nursing homes, community-based residential facilities (CBRFs), adult family homes (AFHs), residential care apartment complexes (RCACs), hospitals, home health agencies (HHAs), rural medical centers (RMCs), hospices and treatment facilities for mental illness, developmental disability, and alcohol and other drug abuse. For the purpose of this summary, the term "licenses" refers to certificates, registrations and approvals, as well as licenses that authorize the operation of these health facilities.

Revocation Standards and Procedures. For the entities listed above, authorize DHFS to revoke licenses if any of the following apply.

- a. DHFS has imposed a sanction or penalty on the entity and the entity continues to violate or resumes violation of an applicable provision of licensure, a rule promulgated under Chapter 50 or 51, or an order issued relating to a violation that forms any basis for the sanction.
- b. The entity or person under the supervision of the entity has substantially violated a provision of licensure or rule under Chapter 50 or 51 or an order issued relating to a violation.
- c. The entity or a person under the supervision of the entity has acted in relation to or has created a condition relating to the operation or maintenance of the entity that directly threatens the health, safety, or welfare of a resident or patient.
- d. The entity or person under the supervision of the entity has repeatedly violated the same or similar provisions of licensure, rules under Chapter 50 or 51 or orders issued related to a violation.

Specify procedures DHFS would use in revoking an entity's licensure. Before any revocation, require DHFS to provide an entity written notice of revocation, the grounds for the revocation, an explanation of the types of sanctions or penalties that DHFS may impose, and an explanation of the process for appealing a sanction. If the revocation is for either reason (a) or

(d) above, require the written notice to be sent at least 30 days before the date of revocation, and authorize DHFS to revoke the license only if the violation remains substantially uncorrected on the date of revocation. Authorize immediate revocation for reasons (b) and (c) above, with written notice, and require immediate revocation for a hospital that acquires another hospital without state approval, as provided under current law.

Permit any entity to contest a revocation, the imposition of a sanction or penalty, or the issuance or terms of a conditional license, by submitting a written request for an administrative hearing on the matter to DHFS within 10 days of receiving the notice to revoke. Require DHFS to hold a prehearing conference within 30 days after receipt of the request and send notice of the hearing to the entity. Retain the current provision that allows for judicial review of any final administrative hearing decision. As under current law, require that any petition for judicial review be filed within 15 days after receipt of notice of the final agency determination. Specify that entities could not contest the issuance of a notice of violation or the requirement to submit a plan of correction under these procedures.

Specify that revocation would become effective on the date set by DHFS in the notice of revocation upon final action after the hearing under chapter 227, or after court action if a stay is granted, whichever is later. Permit DHFS to delay the date of revocation if a delay is needed to permit an orderly relocation of the entity's residents or patients.

Under current law, DHFS may revoke the license of all of these entities, except RCAC registrations. However, the standards and procedures vary, and in many cases, the process is not defined in statute. In general, current law requires DHFS to provide notice of any revocation and provides for a right to an administrative hearing and judicial review. DHFS may only revoke a RMC license if the RMC fails to submit a required biennial report if DHFS has issued a warning and the report has not been submitted within 60 days of the required date.

Forfeiture Amounts and Procedures. Establish uniform procedures and a range of forfeiture amounts for violations of Chapters 50 and 51 or rules under those chapters for all nine health care entities listed above, except nursing homes, and also apply these uniform procedures and ranges to forfeitures related to noncompliance with certain orders issued to nursing homes, CBRFs, hospitals and home health agencies. Specify that, if DHFS imposes a forfeiture, it must first provide written notice of the penalty, the grounds for the penalty, an explanation of the types of sanctions or penalties that DHFS may impose, and an explanation of the process for appealing a sanction or penalty. Specify that the daily forfeiture amount be not less than \$10 nor more than \$2,000 for each violation, with each day of violation constituting a separate offense. Currently, the maximum forfeiture penalty for each type of facility is as follows: (a) CBRFs, \$1,000; (b) AFHs, \$500; (c) nursing homes, \$10,000; (d) hospitals and RCACs, \$500 (forfeitures are assessed only if the RCAC does not make a required referral to a Family Care resource center); (e) home health agencies, \$200; (f) RMCs, \$500 in general and \$1,000 for impeding investigations; and (g) hospices, \$200.

Specify that within the statutory limits, DHFS may, by rule, set daily forfeiture amounts and payment deadlines based on the size of the entity, the seriousness of the violation, and for CBRFs and treatment facilities, the type of CBRF or treatment facility. Authorize DHFS to set daily forfeiture amounts that increase periodically within the statutory limits if there is continued failure to comply with an order issued related to a violation. Authorize DHFS to directly assess a forfeiture by specifying the amount of that forfeiture in the notice. Require an entity to pay the forfeiture to DHFS within 10 days after receipt of notice of assessment or, if the forfeiture is contested, within 10 days after receipt of the final decision after exhaustion of administrative review, unless the final decision is appealed and the order is stayed by court order. Require DHFS to remit all forfeitures to the State Treasurer for deposit in the school fund.

Authorize the Attorney General to bring an action in the name of the state to collect any forfeiture imposed if the forfeiture has not been paid following the exhaustion of all administrative and judicial reviews, and specify that the only issue to be contested in any such action would be whether the forfeiture had been paid.

Except for forfeitures relating to treatment facilities, require DHFS to consider the following factors in determining whether a forfeiture is to be imposed and in fixing the amount:

- a. The gravity of the violation, including the probability that death or serious physical or psychological harm to a resident or patient will result or has resulted; the severity of the actual or potential harm; and the extent to which the provisions of the applicable statutes or rules were violated;
- b. Good faith exercised by the entity, such as awareness of the applicable statutes and regulations and reasonable diligence in complying with such requirements, prior accomplishments manifesting the licensee's desire to comply with the requirements, efforts to correct and any other mitigating factors in favor of the entity.
- c. Any previous violations committed by the entity.
- d. The financial benefit to the entity of committing or continuing the violation.

Retain several forfeiture limits for specific violations, such as the \$500 limit for a violation of required referrals to resource centers in counties participating in the Family Care pilot program. Retain the current forfeiture limits and procedures for nursing homes, except apply the uniform provisions to nursing home violations of orders to stop admitting new residents.

Conditional Licensure. Authorize DHFS to issue a conditional license to the following entities: (a) CBRFs; (b) AFHs; (c) RCACs; (d) hospitals; (e) home health agencies; (f) rural medical centers; (g) hospices; and (h) treatment facilities. Under current law, DHFS may issue a conditional license to a nursing homes if a Class A or B violation continues to exist. Specify that for the other entities, a conditional license could be issued if a violation of a Chapter 50 or 51 provision or related administrative rule continues to exist. The same procedures and conditions

would apply to these other entities as currently applies to nursing homes. These procedures and conditions are as follows:

- a. The issuance of a conditional license revokes any outstanding license.
- b. Prior to the issuance of a conditional license, DHFS must establish a written plan of correction that specifies the violations that prevent full licensure and that establish a time schedule for correction of deficiencies.
- c. Retention of the conditional license would be conditional on the entity meeting the requirements of the plan of correction.
- d. DHFS must send to the entity a written notice of the decision to issue a conditional license, together with the plan of correction. The notice must inform the entity of its right to a case conference before issuance of the conditional license and must inform the entity of its right to an administrative hearing.
- e. In order to have a case conference, the entity must, within four working days of notice, send a written request for a case conference to DHFS. DHFS must schedule and hold a case conference in the entity's county within four working days of the request.
- f. After the case conference, the entity can request an administrative hearing under the same conditions as described for contesting a revocation or forfeiture.
- g. The conditional license can be issued for a period of up to 12 months. DHFS must periodically inspect any entity that is operating under a conditional license. If DHFS finds substantial failure by the entity to follow the plan of correction, DHFS may revoke the conditional license under the standard procedures for revocation (notice, hearing and judicial review).
- h. If DHFS determines that the conditional license will be allowed to expire without renewal or replacement, DHFS must notify the entity at least 30 days before expiration of the conditional license. The notice must state the grounds for the expiration and explain the process for appealing the expiration.

Use of License Suspensions. Eliminate the Department's authority to suspend licenses for the following entities: (a) nursing homes; (b) CBRFs; (c) hospitals; (d) home health agencies; (e) RMCs; and (f) hospices. Authorize DHFS to suspend approvals for treatment facilities.

Demonstrate Fit-to-Operate When in Noncompliance. Require nursing homes, CBRFs and hospices that are in substantial noncompliance with federal or state law or regulations, to demonstrate, including by providing financial or other information requested by DHFS, that the entity continues to be fit and qualified to operate, as defined by DHFS by rule. Require DHFS to promulgate rules defining "substantial noncompliance."

Other Sanctions to Remedy Noncompliance. Authorize DHFS to order certain sanctions for certain types of entities when, based on an investigation, a violation is discovered and written notice is provided of the grounds for the sanction, an explanation of the types of sanctions and penalties that DHFS may impose, and an explanation of the process for appealing a sanction or penalty. Authorize DHFS to order the following sanctions.

- a. That a person stop operating a CBRF, hospital or home health agency if the entity is without a valid license.
- b. That, within 30 days after the date of the order, a CBRF, hospital or HHA terminate the employment of any employed person who operated an entity for which licensure was revoked before issuance of the order.
- c. That a CBRF, hospital or HHA stop violating any licensure provision or any rules under Chapter 50.
- d. That a CBRF, hospital or HHA submit a plan of correction for violation of any licensure provision or a rule under Chapter 50.
- e. That a CBRF implement and comply with a plan of correction previously submitted by the CBRF and approved by DHFS.
- f. That a CBRF implement and comply with a plan of correction that is developed by DHFS.
- g. That a nursing home, CBRF, or hospital admits no additional residents or patients until all violations are corrected.
- h. That a CBRF, hospital or HHA provide training for staff.

Under current law, DHFS may apply these sanctions only to CBRFs. In addition, DHFS may order a nursing home or hospital to suspend new admissions under certain circumstances.

Suspension of Nursing Home Admissions. Eliminate the current requirement that DHFS suspend new admissions to a nursing home if: (a) the nursing home received a class A violation or three or more class B violations in the last 12 months; and (b) a nursing home received a class A violation or three or more class B violations in any 12 month period during the three years immediately preceding the period in (a). Under current law, the suspension begins 90 days after notice if DHFS determines that the violation remains uncorrected.

Grounds for License Denial. Authorize DHFS to deny licensure to any of the nine health care entities if the entity previously had its licensure revoked. Under current law, DHFS is explicitly authorized to deny licensure only to CBRFs for this reason.

Option for Case Conference. Expand the authority for DHFS to hold a case conference with the parties to any contested action to resolve the dispute prior to a formal hearing to the

following entities: (a) hospitals; (b) RMCs; (c) home health agencies; and (d) hospices. Under current law, DHFS may use case conferences to resolve disputes for nursing homes, CBRFs, AFHs and RCACs.

Provisional Licenses. Eliminate the Department's authority to issue a provisional license to RMCs. Reduce from 24 months to 12 months the maximum term for provisional licenses for hospices. Change the name of "provisional" license to "probationary" license for home health agencies and hospices. Under current law, DHFS is required to issue a probationary (or provisional) license for nursing homes, CBRFs and hospices if the applicant has not been previously licensed or is not in operation at time of application. In the case of home health agencies, a provisional license is used to allow a home agency to operate when its facilities are in use or needed for patients, but the home health agency is temporarily unable to conform to all the regulatory rules. For RMCs, current law does not specify the circumstances for issuing a provisional license except that the term of the provisional license is only valid for up to six months.

Effective Date and Initial Applicability. Specify that these provisions would take effect on the first day of the seventh month beginning after the bill's publication, and that the changes would initially apply to licenses issued on, and violations committed, on that date.

50. STUDY FOR CENTRALIZING NURSING HOME AND HOSPITAL CONSTRUCTION PLAN REVIEWS

Require the Department of Administration to conduct a study that reviews the separate responsibilities of DHFS and the Department of Commerce to review capital construction and remodeling plans of nursing homes, community-based residential facilities, hospitals and other medical facilities. Require DOA to present the study to the Governor and the DOA Secretary by June 30, 2002. Specify that the study examine the feasibility of centralizing the construction plan reviews in one of the departments.

51. DELETE OBSOLETE REFERENCE

Delete references to a grant award to the Wisconsin Coalition Against Domestic Violence in the 1999-00 fiscal year.

**HEALTH AND FAMILY SERVICES -- FAMILY CARE AND OTHER
COMMUNITY-BASED LONG-TERM CARE PROGRAMS**

52. CHILDREN'S HOME AND COMMUNITY-BASED WAIVER

Require DHFS to request a federal waiver of federal MA statutes and regulations that are necessary to provide to disabled individuals under 24 years of age, under one program, with uniform administration and service delivery, the services available under several MA community-based waiver programs (COP-W, CIP IA, CIP II and CIP IB), the family support program and early intervention services (birth-to-three) program. Require DHFS to seek enactment of statutory language to implement the waiver within the limits of available federal, state and county funds if DHFS receives the waiver.

The COP-W and CIP II programs provide community-based long-term care services to persons who are 65 years and older and to persons who are physically disabled. The CIP IA and CIP IB programs serve persons who are developmentally disabled. All four of these programs are part of the MA program, and provide a comprehensive set of long-term care services as an alternative to nursing home care. The family support program assists families with a disabled child so that the family can maintain the child in the home, and is funded as a categorical allocation within the community aids appropriation. The early intervention program provides services for children with developmental delays who are up to three years of age. Under this program, Wisconsin supplements federal grant funds with state funds to develop and implement a statewide, comprehensive, coordinated, multidisciplinary interagency program of early intervention services.

53. FAMILY CARE -- REFERRALS TO RESOURCE CENTERS

Repeal the current requirement that DHFS promulgate rules that require hospitals, before discharging a patient who is 65 years of age or older or who has a developmental disability or physical disability and whose disability or condition requires long-term care that is expected to last at least 90 days, to refer the patient to a resource center. Repeal the \$500 forfeiture penalty hospitals must pay if they fail to make such a referral, under the rules promulgated by DHFS. Instead, require hospitals to participate in developing and implementing plans for making appropriate referrals to resource centers for persons who are likely to be eligible for the Family Care benefit. As under current law with respect to required referrals, this requirement would only apply if the DHFS Secretary certified that a resource center was available for the hospital and for specified groups of eligible individuals that include persons seeking admission to, or patients of, the hospital.

Require resource centers to annually develop a tentative plan for coordinating appropriate referrals of individuals who are discharged from hospitals serving the geographic

area served by the resource center and who are likely to be eligible for, and to benefit from, the Family Care benefit. Require resource centers to consider any recommendations of the local long-term care council and to work in cooperation with the hospitals in developing the final form of the plan and its implementation. Require local long-term councils to review a tentative plan of the resource center and to provide the resource center any nonbinding recommendations for ensuring cooperation and coordination between the resource center and hospitals

Include persons with developmental disabilities as one of the groups that are required to be referred to a resource center by an adult family home, residential care apartment complex or community-based residential facility for persons seeking admission to these facilities. Under current law, these facilities must make referrals for persons who are 65 years or older or who are physically disabled, if a resource center has been certified as available in that area. These facilities are subject to a forfeiture of up to \$500 if a required referral is not made.

54. FAMILY CARE -- SERVICES OF RESOURCE CENTERS AND MISCELLANEOUS CHANGES

Transfer the following responsibilities that are currently assigned to Family Care resource centers to DHFS: (a) informing residents of nursing homes, CBRFs, adults family homes (AFHs) and residential care apartment complexes (RCACs) of the services available at the resource center within six months after the Family Care benefit is available to all eligible persons in the area; (b) provision of the functional and financial screens to any nursing home, CBRF, AFH or RCAC resident who requests a screening; (c) assisting in enrolling in a care management organization (CMO) any nursing home, CBRF, AFH or RCAC resident who is eligible and chooses to do so; (d) offering to provide, and, if the offer is accepted, the provision of the functional and financial screens to any person seeking admission to a nursing home, CBRF, AFH or RCAC to persons who are determined by the resource center to have a condition that is expected to last at least 90 days that would require care, assistance or supervision; (e) provision of protective services or protective placements and elder abuse services through cooperation with the county agency or agencies that provide the services.

Modify the current requirement that residents of nursing homes, CBRFs, adults family homes and RCACs be informed of the services of the resource center within six months after the Family Care benefit is available to limit the requirement to only those residents who are members of a target population served by a CMO that operates in the county.

Define a "family member" as a spouse or an individual related by blood, marriage or adoption within the 3rd degree of kinship and replace current references to "immediate family member" to reflect this new definition, for purposes of meeting the requirement that a certain number of elderly or disabled persons or their family members must be appointed to the local long-term council. Specify that the functional and financial screens prescribed by DHFS be uniform screening tools, and that the financial screen be used to determine the amount the

client must contribute to the cost of care. Specify that, initially, DHFS can contract with a Family Care district, in addition to a county, for serving as a CMO during the initial period in which other entities may not compete for the CMO contract. Clarify that resource centers and CMOs must operate to meet state requirements, in addition to federal requirements, as provided under current law.

55. FAMILY CARE -- EXEMPT CMO CONTRACTORS FROM HOME HEALTH AGENCY LICENSURE REQUIREMENT

Exempt entities that contract with care management organizations (CMOs) to provide services under Family Care from the requirement to be licensed as a home health agency. Under current law, a Family Care CMO is exempt from the home health licensure requirement, but the exemption does not apply to entities that contract with CMOs

56. FAMILY CARE -- FAMILY CARE DISTRICTS

Modify provisions relating to the appointments and terms of members of a Family Care district to: (a) allow the county to appoint only the initial board members, and specify that the board would appoint any future members; (b) reduce the terms of the initial members of the board from three years to one year for five of the initial members, from four years to two years for five of the initial members, and from five years to three years for the remaining members; (c) make initial appointments subject to review and approval by the DHFS Secretary; (d) require the local long-term care council to review the proposed initial members of the board and make a recommendation concerning the appointments to the DHFS Secretary; and (e) limit the number of elected or appointed officials or employees of the county that may be board members to less than one-fourth of the board members.

Require counties to obtain the approval of the DHFS Secretary to create a Family Care district.

Under current law, a county can create a Family Care district that is separate and distinct from the county, to operate either a care management organization or a resource center, but not both. The county appoints the members of the board of the Family Care district, and up to one-fourth of the members of the board may be elected or appointed officials or employees of the county. DHFS does not currently have any review authority for board appointees.

57. FAMILY CARE -- HEARING RIGHTS

Require a person to file a written request for a hearing with the DOA Division of Hearings and Appeals on a matter relating to Family Care within 45 days after the effective date of the matter. Under current law, a person must file the written request within 45 days of the

failure by a resource center or CMO to act on the matter within the time frames specified by rule by DHFS, or within 45 days after receipt of notice of a decision in a contested matter.

In addition, eliminate estate recoveries as one of the matters for which a Family Care client could request a hearing.

58. PREADMISSION REQUIREMENT FOR CBRFS AND RCACS IN NON-FAMILY CARE COUNTIES

Modify preadmission requirements for community-based residential care (CBRFs) and residential care apartment complexes (RCACs) in non-Family Care counties to: (a) require RCACs to inform prospective residents of the county aging unit and the agency in the county that administers the community options program (COP) and to inform the prospective resident of conditions for eligibility for public funding for long-term care services; (b) require CBRFs to refer persons seeking admission to the CBRF to the agency in the county that administers COP. Authorize DHFS to assess a forfeiture of up to \$500 for each violation of these disclosure and referral requirements. Permit counties to use COP funding to conduct preadmission consultations for persons who seek admission, or are about to be admitted to, a CBRF. Specify that these provisions would apply to residencies in RCACs and CBRFs sought on or after January 1, 2002.

Under current law, CBRFs and RCACs in counties with a certified Family Care resource center must inform prospective residents of public long-term care resources and must refer persons to the Family Care resource center. The penalty for failing to provide such information or a referral is a forfeiture of up to \$500 for each violation.

HISTORICAL SOCIETY

59. REPEAL HISTORICAL SOCIETY ENDOWMENT FUND COUNCIL

Repeal the Historical Society Endowment Fund Council. The ten-member Council was created under 1997 Wisconsin Act 27 along with the creation of the endowment fund. Members have never been appointed to the Council.

INSURANCE

60. MANAGEMENT CONTRACTS

Repeal provisions that enable an insurer that offers a health maintenance organization (HMO), limited service health organization (LSHOs) or preferred provider plan (PPP) to delegate management authority with regard to the HMO, LSHO or PPP to a person other than an officer, director or employee of the insurer if the person exercises the management authority according to the terms of a written contract between the insurer and the person and if the contract is filed with OCI and not disapproved by the Commissioner. Specify that this change would take effect on January 1, 2004.

Current law prohibits a domestic stock or mutual insurance corporation from entering into a contract that has the effect of delegating management authority to a person to the substantial exclusion of the board of the corporation, but makes exceptions to this general prohibition for insurers that offer HMOs, LSHOs and PPPs. Current law defines "management authority" as the authority to exercise any management control of the corporation or its underwriting, loss adjustment, investment, general servicing, production function or other major corporate function.

Companies that enter into contracts to manage these HMOs, LSHOs and PPPs are not subject to regulation by OCI. As a result, they are not required to provide information to OCI. However, the insurance plans that they manage are still subject to OCI requirements.

LEGISLATURE

61. JCLO REVIEW OF KETTL COMMISSION REPORT

Provide session law language requesting that the Joint Committee on Legislative Organization (JCLO) review the report issued by Commission on State-Local Partnerships for the 21st Century (commonly referred to as the "Kettl Commission") as it relates to state aid provided to counties for human services and justice services. Further, provide that, based on this review, JCLO make recommendations to the Legislature, including recommendations regarding each of the following issues: (a) Which, if any, human services and justice services should become the state's responsibility? (b) What should be the timetable for any state takeover of any human services and justice services? (c) What performance outcomes should be established for any human services and justice services assumed by the state? (d) What state or

local agency or department or other entity should deliver the human services and justice services assumed by the state? (e) How would the state fund any human services and justice services assumed by the state, considering the funds currently available to the counties for these services under the shared revenue program? and (f) Whether any of these human services and justice services should be provided by a private agency or business.

MILITARY AFFAIRS -- AGENCYWIDE

62. REPORT ON THE EFFECTIVENESS OF THE BADGER CHALLENGE AND THE YOUTH CHALLENGE PROGRAMS

Direct the Department to include a report on the effectiveness of the Badger Challenge program and the Youth Challenge programs as part of its 2003-05 biennial budget submission.

The Badger Challenge program, located at Fort McCoy, is a two-phase program for "at risk" 14-16 year olds. Eligibility is open to any youth who is at risk of dropping out of school, regardless of income; however, at least 25% of the enrollees must be TANF eligible. Phase I of the program consists of a six-week residential stay where cadets participate in activities to improve anger management, teamwork, leadership and personal growth. Phase II consists of post-residential mentoring with community volunteers.

The Youth Challenge program is a 22-week residential program for youth aged 16 to 18 who are high school dropouts or habitual truants who will not graduate from high school. The goal of the program is to aid these youth in learning life skills, increasing their employment potential and preparing them for the high school equivalency degree exam. The program was originally authorized by 1997 Wisconsin Act 237.

MILITARY AFFAIRS -- EMERGENCY MANAGEMENT

63. LEVEL A HAZARDOUS MATERIALS RESPONSE TEAM TRAINING AND REPORTING REQUIREMENTS

Clarify that each Level A regional emergency response team must meet the "highest" standards for hazardous materials response. Newly require each team to have at least one

member who is trained in each specialty areas established by the National Fire Protection Association's under its NFPA 472 standard. These specialty areas are tank car training, cargo tank training, intermodal tank training, flammable liquids bulk storage training and flammable gases bulk storage training.

Require each Level A regional emergency response team that receives state funding to file an annual financial report with the Adjutant General, in a format prescribed by the Department, no later than 90 days after the end of the fiscal year of the team's sponsoring public agency

NATURAL RESOURCES -- DEPARTMENTWIDE

64. RENAME DIVISION OF LAND

Change the name of the Division of Land to the Division of Land and Forestry.

65. WILD RICE LICENSE EXEMPTION

Eliminate the exemption for recipients of old-age assistance and members of their immediate families from the licensing requirements for wild rice harvesting. Instead, provide the exemption from licensing requirements to persons who are at least 65 years old and their immediate families. The meaning of "old-age assistance" under current law is unclear; this provision would eliminate an exemption DNR has found unworkable and would instead create a benefit for individuals who are at least age 65 and their immediate families.

NATURAL RESOURCES -- FISH, WILDLIFE AND RECREATION

66. ELK HUNTING

Authorize the DNR to establish an elk hunting season, and to otherwise regulate the hunting of elk in this state. Expand the definition of "game animals" to include any wild animal specified by DNR. Allow both residents and nonresidents to be issued elk hunting licenses, but allow DNR to make up to 99% of elk hunting licenses each year available only to residents. Require individuals to pay a non-refundable processing fee of \$10 (including a 25¢ issuing fee) to apply to purchase an elk hunting license. Departmental revenues from the \$10 processing fee

would be deposited to the fish and wildlife account. Authorize DNR to select at random who would be issued a license each year if the number of applicants exceeds the number of licenses available. A hunter must have successfully completed an elk hunter education course (either in Wisconsin or in another state) to be issued a license.

Require DNR to establish an elk hunter education course, and prohibit DNR from assessing a fee for this course. Direct that the hunter education course include all of the following: (a) history and recovery of elk in both Wisconsin and the United States; (b) elk census and population estimation methods used in this state; (c) elk biology and disease prevention; (d) elk hunting techniques and hunter ethics; (e) elk hunting zones; (f) rules promulgated by DNR concerning elk hunting; and (g) Native American hunting. Individuals that complete this course would receive a certificate of accomplishment from the DNR.

Permit DNR to limit the number of elk hunters and elk harvested in any area of the state. Allow DNR to establish by administrative rule closed zones where elk hunting is prohibited.

Fees for an elk hunting license would be \$100 for residents and \$500 for nonresidents (including a 75¢ issuing fee and a \$1 wildlife damage surcharge). Make elk damage eligible for the wildlife damage claims and abatement program if elk hunting is authorized by DNR. A replacement elk hunting license would cost \$25. Carcass and back tags (which must be displayed while hunting) would be issued to each person who purchased an elk hunting license. Create an option where any applicant for an elk hunting license may, in addition to paying the fee charged for the license, elect to make a voluntary contribution of at least \$1 to be used for elk research. Create an appropriation where all monies received from the sale of elk hunting licenses and from voluntary contributions would be used for administering elk hunting licenses, for elk management and research activities, and for the elk hunter education program. No estimation of revenues is made. The Clam Lake herd is currently estimated to have 90 elk. The Department projects that a limited bull-only hunting season may be able to take place when the population reaches 150 elk.

Allow the hunting of elk in state parks if DNR has authorized by rule elk hunting in the state park. Permit the removal of lawfully killed elk to an adjoining state, governed by the same requirements as for transportation of deer. Require any person who kills an elk to immediately attach a current validated elk carcass tag to the ear or antler of the elk. The elk must be registered in the manner required by the DNR. The carcass tag may be removed when the elk is butchered, but the person who obtained the elk must retain all tags until the meat is consumed (unless the meat is received as a gift).

Individuals could only be issued an elk hunting license once during his or her lifetime, and the license could be used during only one elk hunting season. The license would authorize the hunting of elk by bow and arrow or by firearm. The license would also authorize a state resident who is eligible for a crossbow permit under current law due to physical disabilities to hunt elk. Shining elk while hunting or possessing weapons would be prohibited. A warden

would be permitted to kill a dog found running, injuring, causing injury to, or killing an elk if immediate action is necessary to protect the elk from injury or death.

No person would be allowed to have possession or control of the green head or green skin of an elk beginning 30 days after the close of the elk hunting season until the opening of the following season. In addition, unless authorized by the DNR, no person would at any time be allowed to have possession or control of an elk head in the velvet, or an elk skin in the red, blue, or spotted coat. These provisions would not apply to the head and skin of any elk lawfully killed, when severed from the rest of the carcass. Any elk from which the antlers had been removed, broken, shed, or altered so as to make determination of the legality of the elk impossible would be an illegal elk if the elk was taken during an open season for hunting only antlered elk or during an open season for hunting antlerless elk.

For hunting elk without a valid license, possessing an elk that did not have a carcass tag attached, or for possessing an elk during the closed season, a fine would be levied of not less than \$1,000 nor more than \$15,000, or imprisonment for not more than six months or both for the first violation. Subsequent violations would be subject to a fine of not more than \$20,000 or imprisonment of not more than one year or both. In addition, the court would be required to revoke all hunting and trapping approvals issued to the violator, and prohibit the issuance of any new hunting or trapping approvals to this person for five years. Any other violation relating to elk hunting or registration would be subject to a forfeiture of not more than \$5,000. In addition, allow the DNR to bring a civil action in the name of the state for the recovery of damages against any person killing, wounding, catching, taking, trapping or possessing in violation of regulations elk for not less than \$2,000.

Prohibit the keeping of wild elk on game farms, deer farms, or in wildlife exhibits. Captive elk farms would continue to be regulated by the Department of Agriculture, Trade, and Consumer Protection under Chapter 95 of statutes.

67. MASTER HUNTER EDUCATION PROGRAM

Authorize DNR to establish and supervise the administration of a master hunter education program. The program would provide instruction on (a) principles of wildlife management; (b) responsibilities of hunters to landowners; (c) the wildlife damage claims and abatement program; (d) provisions concerning the removal of wild animals; and (e) hunting ethics and firearms safety. The program would include classroom instruction, home-study, volunteer work for landowners, and firearm proficiency testing. Allow DNR to appoint volunteer directors and instructors on county, regional, and statewide levels as necessary.

Allow DNR to establish the fee for the course by administrative rule. An instructor may retain up to 50% of the fee as compensation to defray expenses incurred as a result of conducting the course. The instructor would remit the remaining portion of the fee, or, if nothing is retained, the whole fee to DNR for deposit in a PR-continuing appropriation to

support the costs of the program. Individuals who successfully complete the program would be issued a certificate of accomplishment; duplicate certificates would be issued for a \$2 fee. No estimate of revenue is made.

68. REQUIREMENTS FOR PERMIT ISSUANCE

Remove the requirement that the agent who issues licenses and permits on behalf of DNR must also sign the issued permit. Also, eliminate the requirement that hunting and fishing stamps must bear the signature of the holder of the stamp. This provision would remove language from statutes that conflicts with automated license and stamp issuance under the ALIS system. Under current law, DNR also issues certain tags to license and permit holders that must be attached in a manner required by DNR. Current law specifies that DNR must provide all required tags. The bill would eliminate that requirement, allowing DNR more flexibility to issue tags through agents or the ALIS system.

NATURAL RESOURCES -- FORESTRY AND PARKS

69. STATEWIDE TRAIL SYSTEM

Require DNR to submit a plan to the Governor by July 1, 2002, to accomplish the objective of connecting all state trails. The plan must require DNR to work cooperatively with other state agencies, political subdivisions, federal agencies, and non-governmental organizations to accomplish the plan's objective and must propose a method for obtaining this cooperation. The plan must also include an implementation schedule, a completion date, a description of the costs involved in accomplishing the plan's objective, and a description of how the costs will be funded.

NATURAL RESOURCES -- WATER QUALITY

70. FISH FARM WATER USAGE EXEMPTIONS

Allow fish farms to obtain water from a natural body of water that is not part of a fish farm for use in a fish farm if both of the following conditions are met: (a) the water is transferred directly between the water body and the fish farm by use of a pipe, flume, ditch or

pump (all of which must contain barriers that prevent the passage of fish between them); and (b) any water transferred out of the fish farm after use is returned directly to the natural body of water from which the water was obtained.

Require that no person may divert water from a stream without a permit if the diversion is for an "agricultural purpose," and provide the same guidelines for the use of water as are allowed under current law for irrigation and agriculture. The bill defines an "agricultural purpose" as aquaculture, beekeeping, dairying, egg production, feedlots, grazing, arboriculture, horticulture, floriculture, plant nurseries and green houses, raising of livestock, raising of poultry, fur farming or growing of vegetables, fruits, nuts, berries, grains, grass, sod, mint or seed crops.

Exempt the use of land for "agricultural purposes," (rather than for agricultural uses of land under current law) from the requirement to obtain a permit for the following activities: (a) to construct, dredge or enlarge any artificial waterway, canal, channel, ditch, lagoon, pond, lake or similar waterway where the purpose is ultimate connection with an existing navigable stream, lake or other navigable waters, or where any part of the artificial waterway is located within 500 feet of the ordinary high-water mark of an existing navigable stream, lake or other navigable waters; (b) to connect any natural or artificially constructed waterway, canal, channel, ditch, lagoon, pond, lake or similar waterway with an existing body of navigable water, for navigation or any other purpose; or (c) to grade or otherwise remove top soil from the bank of any navigable stream, lake or other body of navigable water where the area exposed by such grading or removal will exceed 10,000 square feet.

71. WATER POLLUTION DISCHARGE PERMIT VARIANCE TO WATER QUALITY STANDARDS

Make the following two changes related to the issuance of a variance to a water quality standard in a water pollution discharge elimination system (WPDES) permit required for a person who discharges pollutants into the waters of the state from a confined source: (a) change the maximum term for a variance to a water quality standard from three to five years; and (b) require a permittee to submit an application for renewal of its variance with the application for reissuance of its discharge permit. Currently, DNR sets water quality standards for the waters of the state. Water pollution discharge permits contain requirements to meet one or more water quality standards for the water body into which the permittee discharges pollutants. Permittees may request, and under specified circumstances, DNR may grant a variance to a water quality standard. Currently, permittees may follow certain procedures to request a renewal of a variance, but the timing of submittal of the application for renewal is not specified.

NATURAL RESOURCES -- AIR, WASTE AND CONTAMINATED LAND

72. RECYCLING -- REPORT TO PROPOSE LOCAL GRANT FORMULA CHANGE

Require DNR to submit to DOA, by September 15, 2002, a proposal for changing the method for determining the amount of financial assistance under the municipal and county recycling grant program to encourage regional recycling.

73. AIR MANAGEMENT -- GENERAL CONSTRUCTION PERMITS

Authorize DNR to promulgate administrative rules that specify the types of stationary sources of air emissions that may obtain general construction permits. A general construction permit may cover several similar stationary sources. It would be used instead of issuing an individual construction permit for each source covered by the general construction permit. Examples of categories for which a general construction permit might be created would include crushers, package boilers, degreasing units, dry cleaners and hot-mix asphalt plants.

74. BROWNFIELDS -- LOCAL GOVERNMENT NEGOTIATION AND COST RECOVERY PROCESS

Make a number of changes in the process through which local governments that own contaminated property are currently authorized to negotiate with parties responsible for environmental pollution about how the contamination will be remedied and how much the various parties that are responsible for the contamination will contribute toward the investigation and remedial action costs. Currently, an umpire conducts the negotiations. If an agreement is reached, it is binding on the parties. If an agreement is not reached, the umpire makes a recommendation that may be accepted or rejected by the parties. If the local government accepts the recommendation and another party rejects the recommendation, the local government may sue that party to attempt to recover a portion of the investigation and remedial action costs; and if the local government then recovers an amount equal to or exceeding the amount that the party would have paid under the umpire's recommendation, the local government may recover interest and litigation costs. The changes in the bill include:

Applicability. Expand the applicability of the negotiation and cost recovery process so that a local government may use it for a site or facility that it does not own if the local government is a responsible party at the site or facility (meaning it caused some of the contamination) and if both of the following apply: (a) the local government commits itself, by passing a resolution of its governing body, to paying more than 50% of the amount of financial assistance received for the site or facility from the total cost of investigation and remedial action for the site or facility

and (b) if the site or facility is a landfill, the landfill is closed. Currently, the process is available only for a site or facility owned by a local government.

Specify that "financial assistance" as used in the calculation in (a) above would mean money, other than a loan, provided by the state to pay a portion of the cost of investigation and remedial action for a site or facility, but does not include money provided by the state because the state is a responsible party at a site or facility. Specify that "remedial action" would mean action that is taken in response to a discharge of a hazardous substance to restore the environment and minimize the harmful effects of the discharge on the air, lands and waters of the state, including actions taken immediately after the discharge occurs.

Require that if the site or facility is owned by a local government, and is a landfill, it must be a closed landfill. Currently, the process is available to a landfill owned by a local government.

Transporter Responsibilities. Require a transporter (defined currently and in the bill as a person who accepts or accepted a hazardous substance for transport to a site or facility) who is notified by certified mail by a local government that the transporter is a responsible party at a site or facility to provide records about the transport and disposal of waste at the site or facility. The transporter would be required to submit the records to the local government within 90 days of receiving the request. If any of the records requested by the local government were lost or destroyed before the transporter received the notice of request from the local government, the transporter would be authorized, within 90 days of receiving the request, to submit an affidavit that includes: (a) a statement that the records are no longer available; (b) a statement that the transporter will cooperate by providing depositions, statements and other materials sought by the local government or the allocator of costs among the responsible parties, that will help allocate responsibility for the costs of investigation and remedial action at the site or facility; and (c) a description of the process used by the transporter to search for the records. The transporter would be required to provide depositions, statements and other materials to aid in the process of allocating responsibility for the costs of investigation and remedial action at the site or facility. If a transporter discovers additional records more than 90 days after receiving a request from a local government, it would be required to immediately submit the records to the local government, along with an explanation of why the records were not submitted earlier.

Under the bill, if a transporter complies with the requirement to provide requested records to the local government, the local government or other person who allocates costs among the responsible parties at a site or facility may not allocate to the transporter more than 15% of the costs allocated to responsible parties. If a transporter does not comply with the requirement to provide requested records, or provides false information, the allocator of costs shall allocate to the transporter more than 15% of the costs allocated to responsible parties. If a transporter provides the requested records after the 90-day deadline for providing the information and provides an explanation of why the information was not provided sooner, the allocator of costs is given the discretion to allocate to the transporter less than 15% of the costs allocated to responsible parties.

Compliance with Identification of Responsible Parties. Authorize a local government to bring an action in Circuit Court to comply with the bill's requirement that a transporter provide records, or with the current law requirement that a person who generated, transported, treated, stored or disposed of a hazardous substance that may have been disposed of or discharged at the site or facility provide access to certain records about the site. The Court would be authorized to require a person who fails to provide the requested records to pay costs and reasonable attorney fees.

DNR Approval of Remedial Action Plan. Require a local government to prepare a remedial action option report that identifies the local government's preferred remedial option. The local government would be required to submit the report and a list of responsible parties to DNR. DNR, instead of the local government currently, would hold a public hearing to receive comments on the report and list. DNR, instead of the local government, would solicit testimony on whether the preferred remedial option is the most cost effective method for meeting the standards for remedial action contained in DNR rules. DNR, rather than the local government, would be required to accept written comments for 30 days after the public hearing.

No later than 90 days after the end of the written comment period, DNR would be required to issue an approval of a remedial option, taking into account the local government's preferred remedial option, written comments and the comments received at the public hearing. DNR would also be required to issue a list of responsible parties within the same 90 days, and to make any appropriate revisions to the list submitted by the local government. Currently, the local government submits a preliminary remedial action plan to DNR for approval after the local government completes the public hearing process. Under the bill, if DNR does not issue an approval decision within the required 90 days, the local government's preferred remedial option would be approved and considered to be the Department's decision. A person could request a contested case hearing under Wisconsin Statutes section 272.42 and the administrative decision would be subject to judicial review under s. 227.52 to 227.58, but the decision regarding the approved remedial option would not be subject to other administrative or judicial review.

Cost Allocation. Authorize a local government to appoint a person to make a cost allocation among the responsible parties at a site or facility. Current law does not specify a cost allocation process but generally includes in the negotiation process the authority for local governments and responsible parties to negotiate the contribution of funds for the design and implementation of the remedial action plan. Under the bill, if a local government chooses to use a cost allocator, the allocator must submit a preliminary cost allocation to the local government no later than 90 days after DNR approves a remedial option. If the local government does not use a cost allocator, the local government must prepare a preliminary cost allocation within the same time period.

Under the bill, the local government would be required to hold a public hearing on the preliminary cost allocation. The local government would be required to mail a notice of the public hearing to all of the listed responsible parties at least 14 days before the hearing and to

publish notice of the hearing in a local newspaper. The local government would have to accept comments on the cost allocation for 30 days after the close of the public hearing.

The allocator or the local government, whichever one prepares the preliminary cost allocation, would be required to make a final cost allocation decision, taking into account the written comments and comments received at the public hearing, and provide the cost allocation decision to the local government and the responsible parties no later than 90 days after the close of the public comment period after the public hearing.

Offer to Settle. Require the local government to provide an offer to settle based on the cost allocation decision to each of the listed responsible parties. A responsible party would be required to notify the local government if it accepts the offer to settle. If a responsible party rejects the offer, he or she would be required to notify the local government, in writing, of the basis for the rejection no later than 30 days after receiving the offer to settle. When the local government receives the notice of rejection, it may request DNR to select an umpire.

Selection of Umpire. Require that umpires on the list DNR is required to maintain be environmental experts, in addition to the current requirement that umpires be competent, disinterested and qualified.

Negotiation Process. Specify that the agreement that the umpire shall attempt to reach between the local government and the responsible parties shall be for the contribution of funds. Delete the requirement that the agreement shall also relate to the design and implementation of the remedial action plan. (Under the bill, as described earlier, DNR would approve the remedial option that will be implemented at the site or facility.) Further, delete the current provision requiring the local government to cease action if no responsible parties intend to participate in negotiations.

Specify that if the local government and the responsible parties are not able to reach an agreement through negotiation, the umpire shall make a recommendation regarding the contribution of funds for investigation and remedial action. The umpire would be required to submit the recommendation to the local government and all affected responsible parties, in addition to DNR currently. The umpire would be required to submit the recommendation within 60 days, instead of 20 days currently, after the end of the negotiation period.

Compliance. Direct a responsible party that accepts an offer to settle to comply with the offer. This would be in addition to the current requirement that a responsible party that enters into an agreement with a local government or accepts the umpire's recommendation must comply. A local government would be entitled to recover litigation expenses and interest if a responsible party accepts an offer to settle and does not comply with the requirements.

Liability for Cleanup Costs. Specify that the local government's current right to sue noncooperating responsible parties to cover a portion of the investigation and remediation costs would apply if the remedial action specified in an agreement or an umpire's recommendation had begun, instead of currently where the remedial action is completed. A responsible party

that is liable for a portion of costs would be liable for costs "that have been or will be" incurred by a local government for remediation under an agreement or an umpire's recommendation. When a local government takes action to recover costs, the liability of transporters would be calculated separately and would not be included in the current calculation that noncooperating responsible parties would be responsible for the percentage of the total investigation and remediation costs that equals the percentage of that party's contribution to the environmental pollution resulting from the discharge or disposal of hazardous substances at the site or facility. Before calculating the liability of responsible parties from which it is possible to collect, state financial assistance for a site or facility would have to be applied toward the amount that cannot be collected from a responsible party that is unidentifiable, deceased, insolvent or a dissolved corporation.

75. LOCAL GOVERNMENT LIABILITY EXEMPTION

Modify the local government liability provisions which currently exempt a local government that acquires property in specified ways, such as through tax delinquency proceedings and condemnation, from environmental liability under the hazardous substances spills law if certain requirements are satisfied. The bill would make the following changes:

a. Apply the local government liability exemption to land acquired by local governments with funds from the Warren Knowles-Gaylord Nelson stewardship 2000 program, in addition to acquisition with funds from the original Warren Knowles-Gaylord Nelson stewardship program.

b. Exempt a local government from solid waste management standards and other legal requirements relating to solid waste (such as related to monitoring, maintenance, closing and long-term care) for a property that was acquired in a way that would qualify for the exemption from cleanup requirements. The exemption would not apply to a solid waste facility that was operated by the local government or owned by the local government while it was operated or to landfills.

76. BROWNFIELDS -- ELIMINATE INTERIM LIABILITY EXEMPTION FOR VOLUNTARY PARTIES

Eliminate the interim liability exemption that is currently available to voluntary parties with respect to the existence of a hazardous substance on property if the hazardous substance is discovered in the course of a cleanup and if the voluntary party has obtained insurance to cover the costs of cleaning up hazardous substances discovered in the course of the cleanup.

77. BROWNFIELDS -- NATURAL ATTENUATION AT VOLUNTARY PARTY SITES

Modify the provision that currently exempts a voluntary party from liability under the hazardous substances and solid waste laws if there exists a hazardous substance in groundwater on a property in a concentration that exceeds a groundwater enforcement standard and DNR determines that natural attenuation will restore groundwater quality in accordance with DNR rules. Specify that in addition to the current actions that the voluntary party must take to obtain the liability exemption with the use of natural attenuation, a voluntary party who owns the property must provide access to the property to DNR, DNR's representative, or the representative of an insurance company that has issued insurance required for the voluntary party natural attenuation exemption, for the purpose of determining whether natural attenuation has failed, and if so, to allow someone else to clean up the property. Specify that the voluntary party liability exemption would continue to apply to a voluntary party who no longer owns or controls the property if the person who owns or

controls the property fails to provide access to the property for the purpose of determining whether natural attenuation has failed, and to take action to clean up the property.

78. BROWNFIELDS -- VOLUNTARY PARTY LIABILITY EXEMPTION FOR FORMER OWNERS

Modify the voluntary party liability provision that currently allows parties who conduct voluntary cleanups of contaminated property to limit their environmental liability if they meet certain conditions. Change the requirement that the voluntary party must maintain and monitor the property as required by DNR so that it only applies if the voluntary party owns or controls the property. Specify that the voluntary party liability exemption would continue to apply to a voluntary party who no longer owns or controls the property if the person who owns or controls the property fails to maintain and monitor the property as required by DNR. Currently, the liability exemption applies to the voluntary party's successor if the successor maintains the property.

79. BROWNFIELDS -- LIABILITY EXEMPTION FOR SEDIMENT

Specify that the current liability exemption for soil contamination that originates off of the property also applies to hazardous substances in sediments. Currently, a person is exempt from environmental liability under the hazardous substances spills law with respect to the existence of a hazardous substance in soil on property possessed or controlled by the person if the discharge originated from a source off of the property and other specified conditions are satisfied.

80. VOLUNTARY PARTY LIABILITY EXEMPTION FOR PROPERTIES IMPACTED BY OFF-SITE CONTAMINATION

Provide that voluntary parties would be eligible to obtain a full certification of cleanup and exemption from future liability if there is soil contamination (in addition to groundwater contamination currently) that migrated to the property from off-site. Voluntary parties are able to limit their liability for certain cleanups at environmentally contaminated property if they meet certain conditions and if the hazardous substance discharge occurred prior to the date that DNR approved the environmental investigation.

81. LIABILITY EXEMPTION FOR USE OF SPECIAL WASTE UNDER PUBLIC WORKS CONTRACTS

Modify the provision of immunity from liability for the use of special waste in a public works project that was created in 1999 Act 9. Specify that solid wastes that DNR has exempted or waived from the normal disposal requirements under the solid waste facility chapter are considered special wastes and may be characterized by DNR as suitable for beneficial use in public works projects. The current definition of special wastes in the section includes any solid waste that is characterized for beneficial use in public works projects by DNR but does not reference the solid waste facility chapter. The bill would require DNR to maintain a list of special wastes that are suitable for use in specified types of public works projects. Delete the requirement that DNR may characterize a solid waste for beneficial use in public works projects by rule, memorandum of understanding between DNR and other state agencies or local governments or on a case-by-case basis. Authorize DNR to include in the list of special wastes, conditions under which special waste may be used in the public works project in order for the current immunity from liability and exemption from regulation as solid waste to apply. Specify that the DNR list of special wastes would not be an administrative rule.

82. LIST OF CONTAMINATED SITES

Require DNR to compile and make available a list or database of all known sites or facilities that are environmentally contaminated. Delete the requirement that the Department maintain the following lists: (a) an inventory of sites or facilities that may cause or threaten to cause environmental pollution, which must be updated every four years; and (b) a hazard ranking list of sites, with rankings based on the degree to which sites or facilities present a substantial danger to public health or welfare or the environment and the potential urgency of taking remedial action. Require that when DNR determines the sequence for taking state-funded response actions at contaminated sites, it shall consider the degree to which each site or facility presents a substantial danger to public health or welfare or the environment and the potential urgency of taking remedial action at each site or facility, instead of currently considering the hazard ranking of each site or facility.

Modify the current requirement that DNR shall commence remedial action for all sites on the hazard ranking list by January 1, 2000, to instead require that the Department shall commence remedial action at all of the sites or facilities that are determined to present a substantial danger to public health or welfare or the environment by January 1, 2000. DNR last published the inventory of sites causing environmental pollution in October, 1995. DNR last published a hazard ranking list in July, 1994, with 118 sites that were determined to present a substantial danger. As of October, 2000, DNR had initiated state-funded response actions at 74 sites and anticipated starting remedial actions at eight to ten sites in 2001. DNR had also initiated state-funded investigations at over 100 other contaminated sites. There are several hundred sites where remedial actions that are currently underway are being financed by responsible parties.

83. GREEN TIER PROGRAM

Create a "green tier" program within DNR that is intended to improve the environmental performance of public and private entities through the provision of incentives. [See also "Commerce -- Building and Environmental Regulatory Services" relating to a green tier grant program.] Create three "tiers" in the program. The program would include the following components.

General Provisions

Green Tier Council. A Green Tier Council would be created within DNR. The Governor would appoint 15 members representing environmental organizations, businesses, local governments and members that do not represent any of these entities. The terms of members would be for three years. The bill does not specify duties of the Council; however, DNR would be directed to consult with the Council about the operation of the green tier program, priorities for the program and evaluation of the program.

Program Definitions. The bill would create the following program definitions:

- a. An "approval" would mean a permit, license or other approval issued by DNR under Chapters 280 to 295 of the Statutes.
- b. A "covered facility" or "activity" would mean a facility or activity that is included, or intended to be included, in the green tier program.
- c. An "environmental management system" would mean an organized set of procedures to evaluate environmental performance and to achieve measurable or noticeable improvements in that environmental performance through planning and changes in operations.
- d. An "environmental management system audit" would mean a review of an environmental management system that is conducted in accordance with standards and

guidelines issued by the International Organization for Standardization and the results of which are documented and communicated to employees of the participant.

e. "Environmental performance" would, unless otherwise qualified, mean the effects, whether regulated under Chapters 160 (groundwater) and 280 to 299 (relating to drinking water, water, sewage, air, solid and hazardous waste, remedial action, mining and general environmental provisions) or unregulated, of a facility or activity on air, water, land, natural resources and human health.

f. An "environmental performance evaluation" would mean a systematic, documented and objective review, conducted by or on behalf of the owner or operator of a facility, of the environmental performance of the facility, including an evaluation of compliance with one or more environmental requirements.

g. An "environmental requirement" would mean a requirement in Chapters 160 and 280 to 299, a rule promulgated under one of those chapters, or a permit, license, other approval, or order issued by DNR under one of those chapters.

h. A "green tier contract" would mean a contract entered into by DNR and a participant in tier III of the program, and that may, with the approval of DNR, be signed by other interested parties, that specifies the participant's commitment to superior environmental performance and the incentives to be provided to the participant.

i. A "regulated entity" would mean a public or private entity that is subject to environmental requirements.

j. "Superior environmental performance" would mean one of the following: (1) that an entity limits the discharges or emissions of pollutants from, or in some other way minimizes the negative effects on, air, water, land, natural resources, or human health of, a facility that is owned or operated by the entity or an activity that is performed by the entity to an extent that is greater than is required by applicable environmental requirements; (2) that an entity minimizes the negative effects on air, water, land, natural resources, or human health of the raw materials used by the entity or the products or services produced or provided by the entity to an extent that is greater than is required by applicable environmental requirements; (3) that an entity voluntarily engages in restoring, enhancing or preserving natural resources; or (4) that an entity helps other entities to comply with environmental requirements or to accomplish the results described in (1) or (2).

k. A "violation" would mean a violation of an environmental requirement.

DNR Powers and Duties. DNR would be required to perform the following activities: (a) to develop model terms that may be used in green tier contracts, to facilitate the tier III process; (b) after consulting with interested persons, to annually establish a list identifying aspects of superior environmental performance that DNR will use to identify which letters of intent it will process under the tier III process in the following year and the order in which it will process the

letters of intent; (c) to encourage small businesses, agricultural organizations, entities that are not subject to environmental requirements, local governments and other entities to form groups to work cooperatively on projects to achieve superior environmental performance; (d) to select a logo for the program; (e) to consult with the Green Tier Council about the operation of the program, priorities for the program and evaluation of the program; (f) to, jointly with Commerce, provide information about environmental management systems to potential participants in the program and to other interested persons; (g) to consult with Commerce about the administration of the program; (h) to collect, process, evaluate and disseminate data submitted by program participants. In addition, DNR would be authorized to promulgate administrative rules for the program, and would be authorized to specify incentives, consistent with federal and other state laws, that the Department could provide to tier III participants

Report to Legislature. DNR would be required to submit a progress report on the green tier program to the Legislature no later than the first day of the 36th month beginning after the effective date of the budget act, and every two years after it submits the first report.

Eligible Program Participants. Any regulated entity could participate in tier I if the entity qualifies under the tier I description. Any public or private entity or group of public or private entities could apply to DNR to participate in tier II or tier III. An applicant for tier II or tier III would be required to identify the facilities or activities that it intends to include in the program.

Penalties. Any person who knowingly makes a false statement in material submitted under the program would be subject to a fine of not less than \$10 nor more than \$10,000 or imprisonment for not more than six months, or both. An act would be considered to be committed knowingly if it is done voluntarily and is not the result of negligence, mistake, accident, or circumstances that are beyond the control of the person.

Tier I - Eligibility and Process

A regulated entity could participate in tier I of the green tier program if the regulated entity satisfies several requirements. DNR would be required to complete specific activities. Tier I of the green tier program would include the following requirements.

Eligibility. A regulated entity would qualify for participation in tier I for a facility owned or operated by the regulated entity if all of the following happen:

a. The regulated entity conducts an environmental performance evaluation of the facility or submits findings from the facility's environmental management system.

b. If the regulated entity conducts an environmental performance evaluation, the regulated entity notified DNR in writing, no fewer than 30 days before beginning the environmental performance evaluation, of (1) the date on which the evaluation would begin, (2) the site or facility or the operations or practices at a site or facility to be reviewed, and (3) the general scope of the evaluation.

c. If the regulated entity conducts an environmental performance evaluation, the final written report of findings of the evaluation (1) is labeled "environmental performance evaluation," (2) is dated, and (3) includes a plan for corrective action for any violations identified in the evaluation. A regulated entity could use a form developed by the entity, a consultant or DNR for the final written report of findings of the environmental performance evaluation.

d. If the regulated entity submits findings from the facility's environmental management system, the entity's efforts to prevent, detect and correct violations must be appropriate to the size of the regulated entity and to the nature of its business and must be consistent with any criteria used by the U.S. Environmental Protection Agency (EPA) to define due diligence in federal audit policies or regulations.

e. The regulated entity submits a report as required in the following section.

f. At the time of submitting the report described below, the Department of Justice has not, within two years, filed a suit to enforce an environmental requirement, and the DNR has not within two years, issued a citation to enforce an environmental requirement, because of a violation involving the facility.

Report. To participate in tier I, a regulated entity that owns or operates a facility would be required to submit a report to DNR within 45 days after the date of the final written report of findings of an environmental performance evaluation of the facility or within 45 days after the date of findings from the facility's environmental management system. The regulated entity would be required to include all of the following in the report:

a. If the regulated entity conducted an environmental performance evaluation, a description of the evaluation, the name of the person who conducted the evaluation, when it was completed, what activities and operations were examined and what was revealed by the evaluation. If the regulated entity submits findings from an environmental management system, a description of the system, the activities and operations covered by the system, who made the findings and when the findings were made.

b. A description of any violations that were revealed by the environmental performance evaluation or the environmental management system, and the length of time that the violations may have continued.

c. A description of actions taken or proposed to be taken to correct any violations described in (b) above.

d. A commitment to correct any violations identified in (b) within 90 days of submitting the report or according to a compliance schedule approved by DNR.

e. If the regulated entity proposes to take more than 90 days to correct violations, a proposed compliance schedule that contains (1) the shortest reasonable periods for correcting

the violations, (2) a statement that justifies the proposed compliance schedule, and (3) a description of measures that the regulated entity will take to minimize the effects of the violations during the period of the compliance schedule.

f. If the regulated entity proposes to take more than 90 days to correct violations, the proposed stipulated penalties to be imposed if the regulated entity violates the compliance schedule.

g. A description of the measures that the regulated entity has taken or will take to prevent future violations and a timetable for taking the measures that it has not yet taken.

Public Notice and Comment Period. DNR would be required to provide at least 30 days for public comment on a compliance schedule and stipulated penalties proposed in a report described in the previous section. DNR could not approve or issue a compliance schedule or approve stipulated penalties until after the end of the comment period. Before the start of the public comment period, DNR would be required to provide public notice of the proposed compliance schedule and stipulated penalties that: (a) identifies the regulated entity that submitted the report, the facility at which the violation occurred and the nature of the violation; (b) describes the proposed compliance schedule and the proposed stipulated penalties; (c) identifies a contact person at DNR and at the regulated entity for additional information; and (d) states that comments may be submitted to DNR during the comment period and states the last day of the comment period.

Compliance Schedules. DNR would be required to review any proposed compliance schedule submitted by a regulated entity and to approve it as submitted or propose a different compliance schedule. If the regulated entity does not agree to implement a compliance schedule proposed by DNR, the Department would be required to schedule a meeting with the regulated entity to attempt to reach an agreement on a compliance schedule. If DNR and the regulated entity do not reach agreement, DNR could issue a compliance schedule. A compliance schedule would be subject to review under Chapter 227 of the statutes, related to administrative procedures and review.

DNR would not be allowed to approve or issue a compliance schedule that extends longer than 12 months beyond the date of approval of the compliance schedule. The Department would be required to consider the following factors before approving a compliance schedule: (a) the environmental and public health consequences of the violations; (b) the time needed to implement a change in raw materials or method of production if that change is an available alternative to other methods of correcting the violations; and (c) the time needed to purchase any equipment or supplies needed to correct the violations.

Stipulated Penalties. DNR would be required to review any proposed stipulated penalties submitted by a regulated entity and to approve them as submitted or to propose different stipulated penalties. If the regulated entity does not agree to the stipulated penalties proposed by the Department, DNR would be required to schedule a meeting with the entity to

attempt to reach an agreement on stipulated penalties. If the Department and entity do not reach an agreement, there would be no stipulated penalties for violations of the compliance schedule. Stipulated penalties approved by DNR would have to specify a period not longer than six months beyond the end of the compliance schedule, during which the stipulated penalties would apply.

Tier I - Incentives

Deferred Civil Enforcement. For at least 90 days after DNR receives a tier I report, the state could not begin a civil action to collect forfeitures for violations that are disclosed in the report by a regulated entity that qualifies for tier I participation. If a regulated entity that qualifies for tier I corrects violations that are disclosed in a tier I report within 90 days after DNR receives the report, the state could not bring a civil action to collect forfeitures for the violations.

The state could not begin a civil action to collect forfeitures for violations covered by an approved compliance schedule during the period of the compliance schedule if the regulated entity is not violating the compliance schedule. If the regulated entity violates the compliance schedule, DNR could collect any stipulated penalties during the period in which the stipulated penalties apply. The state could begin a civil action to collect forfeitures for violations that are not corrected by the end of the period in which the stipulated penalties apply. The state could begin a civil action to collect forfeitures for the violations, if the regulated entity violates the compliance schedule and there are no stipulated penalties.

If the Department approves a compliance schedule and the regulated entity corrects the violations according to the compliance schedule, the state could not bring a civil action to collect forfeitures for the violations.

The state could begin a civil action at any time to collect forfeitures for violations if any of the following apply: (a) the violations present an imminent threat to public health or the environment or may cause serious harm to public health or the environment; (b) DNR discovers the violations before submission of a tier I report; (c) the violations resulted in a substantial economic benefit that gives the regulated entity a clear advantage over its business competitors; (d) the violations are identified through monitoring or sampling required by permit, statute, rule, regulation, judicial or administrative order, or consent agreement.

Consideration of Actions by a Regulated Entity. If DNR receives a complying tier I report from a regulated entity that qualifies for tier I participation, and the report discloses a potential criminal violation, the Department and the Department of Justice would be required to take into account the diligent actions of, and reasonable care taken by, the regulated entity to comply with environmental requirements in deciding whether to pursue a criminal enforcement action and what penalty should be sought.

In determining whether a regulated entity acted with due diligence and reasonable care, DNR and DOJ would be required to consider whether the regulated entity: (a) took corrective

action that was timely when the violation was discovered; (b) exercised reasonable care in attempting to prevent the violation and to ensure compliance with environmental requirements; (c) had a documented history of good faith efforts to comply with environmental requirements before implementing its environmental management system or before beginning to conduct environmental performance evaluations; (d) has promptly made appropriate efforts to achieve compliance with environmental requirements since implementing its environmental management system or since beginning to conduct environmental performance evaluations and that action was taken with due diligence; (e) exercised reasonable care in identifying violations in a timely manner; or (f) willingly cooperated in any investigation that was conducted by this state or a local governmental unit to determine the extent and cause of the violation.

Recognition. If a regulated entity conducts an environmental performance evaluation that complies with tier I requirements at least every two years, submits a complying report for each environmental performance evaluation, corrects any violations described in those reports, and otherwise qualifies for participation in tier I, all of the following would apply: (a) DNR would be required to issue to the regulated entity a numbered certificate of recognition; (b) the Department would be required to identify the regulated entity, on an Internet site maintained by the Department, as a participant in tier I; (c) DNR would be required to annually provide notice of the regulated entity's status as a tier I participant to newspapers in the area in which facilities operated by the regulated entity are located; and (d) the regulated entity could use a green tier logo selected by the Department on written materials produced by the regulated entity.

Tier II - Eligibility and Process

An applicant could participate in tier II of the green tier program if the applicant satisfies several requirements. If an applicant for participation in tier II consists of a group of entities, each entity would have to satisfy each requirement. DNR would be required to complete specific activities. Tier II of the green tier program would include the following requirements.

Enforcement Record. An applicant for tier II would be required to demonstrate all of the following:

a. Within 60 months before the date of application, no judgment of conviction was entered against the applicant, any managing operator of the applicant, or any person with a 25% or more ownership interest in the applicant for a criminal violation involving a covered facility or activity that resulted in substantial harm to public health or the environment or that presented an imminent threat to public health or the environment.

b. Within 36 months before the date of application, no civil judgment was entered against the applicant, any managing operator of the applicant, or any person with a 25% or more ownership interest in the applicant for a violation involving a covered facility or activity that resulted in substantial harm to public health or the environment

c. Within 24 months before the date of application, DOJ has not filed a suit to enforce an environmental requirement, and DNR has not issued a citation to enforce an environmental requirement, because of a violation involving a covered facility or activity.

Environmental Performance. A tier II applicant would be required to submit an application that describes all of the following: (a) the applicant's past environmental performance with respect to each covered facility or activity; (b) the applicant's current environmental performance with respect to each covered facility or activity; and (c) the applicant's plans for activities that enhance the environment, such as improving the applicant's environmental performance with respect to each covered facility or activity.

Environmental Management System. A tier II applicant would be required to do all of the following:

a. Demonstrate that it has implemented, or commit itself to implementing within one year of application, for each covered facility or activity, an environmental management system that is: (1) based on the standards for environmental management systems issued by the International Organization for Standardization or determined by the department to be functionally equivalent to an environmental management system that is based on those standards; and (2) determined by DNR to be appropriate to the nature, scale, and environmental impacts of the applicant's operations related to each covered facility or activity.

b. Include, in the environmental management system, objectives in at least two of the following areas: (1) improving the environmental performance of the applicant, with respect to each covered facility or activity, in aspects of environmental performance that are regulated under Chapters 160 and 280 to 299 of the Statutes; (2) improving the environmental performance of the applicant, with respect to each covered facility or activity, in aspects of environmental performance that are not regulated under Chapters 160 and 280 to 299; and (3) voluntarily restoring, enhancing, or preserving natural resources.

c. Explain to the Department the rationale for the choices of objectives and describe any consultations with residents of the areas in which each covered facility or activity is located or performed and with other interested persons concerning those objectives.

d. Conduct, or commit itself to conducting, annual environmental management system audits, with every third environmental management system audit performed by an outside environmental auditor approved by DNR, and commit itself to submitting an annual report on the environmental management system audit to the Department.

e. Commit itself to submitting to DNR an annual report on progress toward meeting the objectives in the environmental management system.

Public Notice and DNR Approval. After DNR received an application for participation in tier II, the Department would be required to provide public notice about the application in the area in which each covered facility or activity is located or performed. After providing the

required public notice about an application, DNR would be authorized (but not required) to hold a public informational meeting on the application. DNR would be required to approve or deny an application within 60 days after providing notice or, if the Department holds a public informational meeting, within 60 days after that meeting.

The Department could limit the number of participants in tier II, or limit the extent of participation by a particular applicant, based on the department's determination that the limitation is in the best interest of the green tier program. A decision by the department to approve or deny an application would not be subject to administrative or judicial review under Chapter 227.

Tier II - Incentives

DNR would be required to provide the following incentives for participation in tier II: (a) DNR would be required to issue a numbered certificate of recognition to each tier II participant; (b) the Department would be required to identify each participant in tier II on an Internet site maintained by the Department; (c) DNR would be required to annually provide notice of the participation of each participant in tier II to newspapers in the area in which each covered facility or activity is located; (d) a tier II participant could use a green tier logo selected by DNR on written materials produced by the participant; (e) DNR would be required to assign a Department employee to serve as the contact for a tier II participant for any approvals that the participant is required to obtain and for technical assistance (f) after a tier II participant implements a complying environmental management system, DNR would be required to conduct any inspections of the participant's covered facilities or activities that are required under Chapters 280 to 295 at the lowest frequency permitted under those chapters, except that the Department could conduct an inspection whenever it has reason to believe that a participant is out of compliance with a requirement in an approval.

Tier III

An applicant could participate in tier III of the green tier program if the applicant satisfies several requirements. If an applicant for participation in tier III consists of a group of entities, each entity would have to satisfy each requirement. DNR would be required to complete specific activities. Tier III of the green tier program would include the following requirements.

Enforcement Record. An applicant for tier III would be required to demonstrate all of the following:

a. Within 120 months (instead of 60 months under tier II) before the date of application, no judgment of conviction was entered against the applicant, any managing operator of the applicant, or any person with a 25% or more ownership interest in the applicant for a criminal violation involving a covered facility or activity that resulted in substantial harm to public health or the environment or that presented an imminent threat to public health or the environment.

b. Within 60 months (instead of 36 months under tier II) before the date of application, no civil judgment was entered against the applicant, any managing operator of the applicant, or any person with a 25% or more ownership interest in the applicant for a violation involving a covered facility or activity that resulted in substantial harm to public health or the environment

c. Within 24 months (same as under tier II) before the date of application, DOJ has not filed a suit to enforce an environmental requirement, and DNR has not issued a citation to enforce an environmental requirement, because of a violation involving a covered facility or activity.

Environmental Management System. A tier III applicant would be required to do all of the following:

a. Demonstrate that it has implemented, or commit itself to implementing within one year of application, for each covered facility or activity, an environmental management system that is: (1) based on the standards for environmental management systems issued by the International Organization for Standardization or determined by the department to be functionally equivalent to an environmental management system that is based on those standards; and (2) determined by DNR to be appropriate to the nature, scale, and environmental impacts of the applicant's operations related to each covered facility or activity. This requirement would be the same as under tier II.

b. Commit itself to having an outside environmental auditor approved by the Department conduct an annual environmental management system audit and to submitting an annual report on the environmental management system audit to the Department.

c. Commit itself to annually conducting, or having an outside environmental auditor conduct, an audit of compliance with environmental requirements that are applicable to the covered facilities or activities and to submitting the results of the audit to the Department.

Superior environmental performance. A tier III applicant would be required to demonstrate a record of superior environmental performance, and describe the measures that it proposes to take to maintain and improve its superior environmental performance.

Application Process. To apply for participation in tier III, an entity would be required to submit a letter of intent to DNR. In addition to providing information necessary to show that the applicant satisfies the tier III requirements, the applicant would be required include the following in the letter of intent: (a) describe the involvement of interested persons in developing the proposal for maintaining or improving the applicant's superior environmental performance, identify the interested persons, and describe the interests that those persons have in the applicant's participation in the green tier program; and (b) outline the provisions that it proposes to include in the green tier contract.

DNR would be authorized to limit the number of letters of intent that it processes based on the staff resources available. When the Department decides to process a letter of intent, DNR

would be required to provide public notice about the letter of intent in the area in which each covered facility or activity is located or performed. After providing public notice about a letter of intent, the Department could hold a public informational meeting on the letter of intent.

Negotiations for a Green Tier Contract. Within 30 days after the public notice, interested persons could request that DNR authorize them to participate in the negotiations regarding a green tier contract. A person who makes a request under this paragraph would be required to describe the person's interests in the issues raised by the letter of intent. The Department would be required to determine whether a person who makes a request would be authorized to participate in the negotiations based on whether the person has demonstrated sufficient interest in the issues raised by the letter of intent to warrant that participation.

If DNR determines that an applicant satisfies the tier III requirements, the Department could begin negotiations concerning a green tier contract with the applicant and with any persons to whom the department granted permission to participate. The department could begin the negotiations no sooner than 30 days after providing public notice about the applicant's letter of intent.

The Department would be authorized to terminate negotiations with an applicant concerning a green tier contract. The decision to terminate negotiations would not be subject to administrative or judicial review under Chapter 227.

Green Tier Contract. If negotiations result in a proposed green tier contract, the Department would be required to provide public notice about the proposed green tier contract in the area in which each covered facility or activity is located or performed.

After providing public notice about a proposed green tier contract, DNR could hold a public informational meeting on the proposed green tier contract. Within 30 days after providing notice or, if the Department holds a public informational meeting, within 30 days after that meeting, the Department would be required to decide whether to enter into a green tier contract with an applicant. In a green tier contract, DNR would require that the participant maintain the environmental management system and perform the environmental audits it committed to. The Department could not provide reduced inspections or monitoring as an incentive in a green tier contract if the participant conducts the environmental audit.

DNR would be required to ensure that the incentives provided under a green tier contract are proportional to the environmental benefits that will be provided by the participant under the green tier contract. The Department would be required to include in a green tier contract remedies that apply if a party to the contract fails to comply with the contract. The term of a green tier contract could not exceed five years, with opportunity for renewal upon agreement of the parties for additional terms not to exceed five years for each renewal. There would be no right to an administrative hearing on the department's decision to enter into a contract, but the decision would be subject to judicial review.

Other Program Requirements

Suspension or Termination of Participation. DNR would be authorized to suspend or revoke the participation of a participant in the green tier program at the request of the participant. The Department could terminate the participation of a participant in the green tier program if a judgment is entered against the participant, any managing operator of the participant, or any person with a 25% or more ownership interest in the participant for a criminal or civil violation involving a covered facility or activity that resulted in substantial harm to public health or the environment or that presented an imminent threat to public health or the environment.

DNR could suspend the participation of a participant in the green tier program if the Department determines that the participant, any managing operator of the participant, or any person with a 25% or more ownership interest in the participant committed a criminal or civil violation involving a covered facility or activity that resulted in substantial harm to public health or the environment or that presented an imminent threat to public health or the environment and the Department refers the matter to DOJ for prosecution.

DNR could suspend or revoke the participation of a tier II participant if the participant does not implement, or fails to maintain, the required environmental management system, fails to conduct required annual audits, or fails to submit required annual reports.

DNR could, after an opportunity for a hearing, terminate a green tier contract if the Department determines that the participant is in substantial noncompliance with the green tier contract. A person who is not a party to a green tier contract, but who believes that a participant is in substantial noncompliance with a green tier contract, could ask the Department to terminate a green tier contract.

Environmental Auditors. DNR could not approve an environmental auditor for use by tier II or tier III participants unless the environmental auditor is certified by the Registrar Accreditation Board of the American National Standards Institute or meets criteria concerning education, training, experience, and performance that are specified by the department.

Access to Records. DNR would be required to make any record, report, or other information obtained in the administration of the green tier program available to the public. However, the Department would be required to keep confidential any part of a record, report, or other information obtained in the administration of this section, other than emission data or discharge data, upon a showing satisfactory to DNR by any person that the part of a record, report, or other information would, if made public, divulge a method or process that is entitled to protection as a trade secret, of that person.

If the Department refuses to release information on the grounds that it is confidential and a person challenges that refusal, DNR would be required to inform the affected regulated entity of that challenge. Unless the regulated entity authorizes DNR to release the information, the

regulated entity would be required to pay the reasonable costs incurred by the state to defend the refusal to release the information.

The confidentiality requirements would not prevent the disclosure of any information to a representative of DNR for the purpose of administering the green tier program or to an officer, employee, or authorized representative of the federal government for the purpose of administering federal law. When the Department provides information that is confidential under the green tier program to the federal government, DNR would also be required to provide a copy of the application for confidential status.

PUBLIC INSTRUCTION -- CATEGORICAL AIDS

84. SPECIAL EDUCATION REQUIREMENTS

Make the following changes to special education statutes:

a. Specify that a local educational agency (LEA), rather than an individualized education program (IEP) team as under current law, determine the special education placement for a child with disabilities. The IEP team would continue to generally be responsible for evaluating a child to determine eligibility for special education and related services and an IEP for an eligible child.

b. Delete the requirement that an LEA provide to DPI information pertaining to the range of severity of disability among children with disabilities in its plan for the provision of special education and related services.

c. Require the LEA to provide to a child's parents a copy of the evaluation report prepared by the IEP team for determination of whether the child is a child with disabilities, regardless of whether an IEP team participant requests a copy of the report or not as under current law.

d. Specify that each person, rather than only an IEP team participant as under current law, who administers tests, assessments or other evaluation materials as part of an evaluation, make available to all persons who are part of the evaluation a written summary of the person's findings.

e. Specify that an LEA has responsibility for reevaluating children with disabilities. Under current law, the LEA must ensure that the IEP team carries out reevaluations.

f. Specify that, if an IEP team determines that a child does not have a disability, the LEA need not provide the prior written notice generally required when the LEA proposes or refuses to change a child's special education status, with the required copy of the evaluation report.

g. Specify that an IEP, beginning when a child turns 14 years old and until the child is no longer eligible for special education and related services, include a statement of the transition services needed by the child and identifying the courses of study needed to prepare the child for a successful transition to his or her goals for life after secondary school. Currently, the IEP statement need only identify courses, rather than transition services.

85. SPECIAL EDUCATION RULES

Require the State Superintendent to ensure, to the extent practicable, that all state special education rules are identical to federal regulations adopted under the federal Individuals with Disabilities Education Act.

86. BILINGUAL-BICULTURAL EDUCATIONAL PROGRAM REQUIREMENTS

Delete the current law requirement that statutorily-required bilingual-bicultural education programs from kindergarten through grade eight be taught by a bilingual teacher.

Under current law, a school board is required to establish a bilingual-bicultural education program if a certain number of limited-English proficient students attend a particular school and the pupils' parents or guardians consent to the placement. The bill would not affect the provision that bilingual-bicultural programs for students in grades nine through twelve be taught by a bilingual teacher.

87. EXPANDED FLEXIBILITY FOR SCHOOL DISTRICTS

GPR	\$2,100,000
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Require DPI to designate a school district that applied for designation and met the criteria for designation as a school district with expanded flexibility. A district would retain the designation for four school years unless it failed to satisfy the requirements of a school district with expanded flexibility and could reapply for the designation. In considering a reapplication, require DPI to consider the district's success in achieving the performance goals in its annual plan.

Authorize school districts to apply to DPI to be designated as a school district with expanded flexibility by October 15 of an even-numbered year if all of the following are true for the two preceding school years: (a) the percentage of pupils enrolled in the school district who took the 3rd, 4th, and 8th grade exams and whose score on each assessment was at the proficient level or above was at least equal to the statewide average; (b) the percentage of pupils enrolled in the school district who took the 10th grade exam and whose score was at the proficient level

or above was at least equal to the statewide average; (c) beginning in the 2004-05 school year, the percentage of pupils enrolled in the school district who took and passed the high school graduation exam equaled or exceeded the statewide average; (d) the school district's attendance rate at least equaled the statewide average attendance rate; and (e) the school district's high school graduation rate at least equaled the statewide average rate. For union high school districts and their underlying elementary school districts, the requirements relating to grade levels they do not serve do not apply.

Require DPI to identify which school districts would be eligible to receive the designation of expanded flexibility by November 15 of each even-numbered year. Require DPI to designate a school district that applied and met the criteria described above as a school district with expanded flexibility beginning on July 1 of an odd-numbered year.

Require school districts with expanded flexibility to do all of the following: (a) allocate 85% of school district revenues, including federal revenues, for use by principals at their respective schools; (b) ensure that at least 95% of the pupils in the district who are eligible take the state assessments and high school graduation examination; (c) allow the pupil's parent or guardian to choose the school in which to enroll the pupil if there are at least two schools that offer the appropriate grade for the pupil; (d) ensure that each school in the school district prepares an annual plan that includes performance goals for all pupils, for minority group pupils, for low-income pupils, and for teachers; and (e) by July 1 of the calendar year following application for expanded flexibility, submit to DPI a written policy specifying how the school district will comply with the revenue allocation and school choice requirements.

Authorize school districts with expanded flexibility to do the following: (a) create school governance councils, a majority of whose members are parents of pupils enrolled in the district, to advise school principals; and (b) reassign staff members of schools in the school district without regard to seniority in service.

A school district with expanded flexibility and, where appropriate, its employees, would be exempt from the statutory requirements and prohibitions relating to the following: (a) the employment and duties of reading specialists; (b) foreign language instruction; (c) the subjects of a human growth and development curriculum, the distribution of the curriculum to parents, and the formation of a curricular advisory committee; (d) special observance of certain days; (e) adoption of textbooks; (f) identification of and planning for children-at-risk; (g) development of a truancy committee and plan; (h) teacher reports; (g) renewal of teacher contracts; (h) electronic communication devices; (i) high school graduation criteria relating to enrollment in a class in each period of each day and alternatives; (j) development, evaluation and annual reports related to technical preparation programs; (k) gifted and talented instruction; and (l) before- and after-school day care.

Specify that supervisors, administrators, and noninstructional professional staff members who are employees of schools with expanded flexibility would not be required to hold a certificate, license or permit to teach issued by DPI before entering on duties for such positions.

In addition, a district with expanded flexibility would be exempt from school district standards requirements related to the following: (a) professional staff development plans; (b) five-year-old kindergarten; (c) guidance and counseling services; (d) 180 days of instruction; (e) instructional materials reflecting cultural diversity and a pluralistic society; (f) qualified teachers in health, physical education, art and music; (g) written curriculum plans; (h) required subjects; (i) education for employment; (j) planning for children at risk; (k) written evaluations of certified school personnel; and (l) gifted and talented instruction.

Finally, MPS, if designated, would be exempt from the statutory requirements and prohibitions related to the following: (a) expanded five-year-old kindergarten; (b) evaluating and reporting on five-year-old kindergarten and early childhood education; (c) extended-day elementary, four-year-old kindergarten, and alcohol and other drug abuse at 68th Street school; (d) expanded 1st grade; and (e) a family resource center.

Create a sum certain GPR appropriation with \$600,000 in 2002-03 for grants for school district decentralization plans for designated districts. Require DPI, in the school year of identification, to award grants on a competitive basis to help implement school district decentralization plans, including training and providing technical assistance to teachers to prepare them to work in decentralized districts, meeting the requirements of expanded flexibility, and creating school governance councils. Require that such a grant could not exceed \$7,500 multiplied by the number of schools in the district, or \$100,000, whichever is less. Specify that a grant recipient could spend the monies during the school year in which they are awarded and during the following school year.

Create a sum certain GPR appropriation with \$1,500,000 in 2002-03 for grants for training school administrators in designated districts. Require DPI, in the school year of identification, to award grants on a competitive basis to such school districts, consortia of two or more such districts, or consortia of two or more such districts and a statewide organization that is a member of the School Administrators Alliance. These districts or consortia would have to submit written plans specifying how the grant monies would be used to train superintendents, principals, and prospective principals to decentralize the administration of their districts and work effectively in decentralized districts. Specify that a grant recipient could spend the monies during the school year in which the grant is awarded or during the following school year.

Require DPI to promulgate rules to administer the program. Provide that the assignment of municipal employees, with or without seniority, in any school district designated a school district with expanded flexibility, or the impact of such assignment on the wages, hours or conditions of employment, would be prohibited subjects of bargaining. For more information on collective bargaining changes related to this provision, see "Employment Relations Commission."

88. PERFORMANCE IMPROVEMENT AWARDS FOR SCHOOLS

Require DPI to award grants to school boards on behalf of schools in school districts that demonstrate improved performance over the previous school year, beginning in the 2003-04 school year. Create a GPR sum certain appropriation for this purpose, but without funding in the 2001-03 biennium. Require DPI to promulgate rules, after considering criteria proposed by the committee described below, to administer and implement the program, which would have to include as criteria for grant eligibility dropout rates, graduation rates, improvement in pupils' academic performance and in teachers' knowledge and skills, and the number of teachers certified by the National Board for Professional Teaching Standards. The rules would have to specify the weight assigned to each criterion, except that 75% of the weight must be assigned to improvement in pupils' academic performance.

Require DPI to award grants to no more than six school boards in the same school year and ensure that the amount of each grant does not exceed \$2,000 multiplied by the number of employees in all schools in the district that meet performance requirements. Prohibit DPI from awarding a grant after June 30, 2004, to a school board that was ineligible to receive a grant before that date. Authorize DPI to renew grants to school boards that received grants before June 30, 2004, if their schools continue to meet performance requirements without interruption.

Require that any compensation received under this program would not be subject to the limitation on average increases in compensation and fringe benefits provided by school districts to non-represented professional employees.

Create a school performance committee to develop criteria for awarding the grants and require the committee to submit the proposed criteria to DPI by June 30, 2002. The committee would terminate June 30, 2002, or the date by which it submits its proposed criteria, whichever is earlier. The committee would be composed of three employees of DPI, appointed by the State Superintendent, and three members appointed by the Governor. The Governor would appoint the committee's chair.

PUBLIC INSTRUCTION -- CHOICE, CHARTER AND OPEN ENROLLMENT

89. MILWAUKEE PARENTAL CHOICE PROGRAM ADMINISTRATIVE DATES AND NOTIFICATIONS

Modify the current law date by which a private school is required to notify the State Superintendent of its intent to participate in the Milwaukee parental choice program to be February 1, rather than May 1, of the previous school year.

Provide that, if DPI receives a notice of intent to participate from a private school, DPI must notify the private school of whether it is eligible to participate in the choice program by March 1. If DPI determines that the private school is ineligible to participate, require the DPI notification to include an explanation of that determination. Allow a private school to appeal the decision to DPI within 14 days after the decision. Require DPI to approve, reverse or modify its decision within seven days of receiving an appeal.

Require the State Superintendent to publish, by May 15, a list of the private schools that DPI has determined to be eligible to participate in the choice program in the succeeding school year. Current law requires the State Superintendent to ensure that parents and guardians of pupils who reside in the City of Milwaukee be informed annually of private schools participating in the choice program, without specifics as to timing or what information is to be provided.

Require a private school that intends to participate in the choice program in the current school year to submit to DPI by August 1 of that year a report stating the number of pupils that will attend the private school under the choice program in the current year.

Require a private school participating in the choice program to file its summer membership report to DPI by September 1, rather than October 15 as under current law.

Specify that these changes would first apply to pupils and private schools that intend to participate in the program in the 2002-03 school year.

90. EXPAND CHARTERING AUTHORITY

Authorize the City of Milwaukee, the chancellor of any baccalaureate or graduate degree granting institution within the UW System, any technical college district board, and the Board of Control of any CESA to operate or contract to operate a school as a charter school within any school district. Specify that in order to attend the charter school, pupils would have to reside within the district in which the charter school is located, except that if the charter school is established or operated by a CESA, a pupil who resides in any school district served by the CESA may attend the charter school. State aid would be paid in the same manner that aid is currently paid to Milwaukee charter schools. The charter schools established under this provision would not be instrumentalities of any school district, and no school board could employ any personnel for the charter school.

Under current law, the City of Milwaukee, the UW-Milwaukee, and the Milwaukee Area Technical College may operate or contract with another party to operate a school as a charter school. Only children residing within the Milwaukee Public School may attend these charter schools if in the previous year the pupil was: (a) enrolled in MPS; (b) enrolled in a school participating in the Milwaukee parental choice program; (c) enrolled in grades K to 3 in a private school in Milwaukee; (d) not enrolled in school; or (e) enrolled in a Milwaukee charter school.

PUBLIC INSTRUCTION -- ASSESSMENTS AND LICENSING

91. MILWAUKEE PARENTAL CHOICE PROGRAM PUPIL ASSESSMENT

Require the governing body of each private school participating in the Milwaukee parental choice program (MPCP) to notify the Board on Education Evaluation and Accountability (Board), created by the bill, whether it will administer: (a) 3rd, 4th, 8th and 10th grade examinations; or (b) the high school graduation examination; or (c) both. Specify that this notification would have to be made annually by September 15 and apply to the current school year.

Provide that if the schools choose to administer the exams, the 3rd grade exam would have to be a standardized reading test developed by the Board and the other exams must be those adopted or approved by the Board, and the exams must be administered to all pupils attending the appropriate grade in the private school under MPCP . If the school notifies the Board that it will administer the high school graduation exam, require the school to administer the exam to all pupils attending the 11th and 12th grades at the school under MPCP at least twice each school year, but only to pupils attending the 11th and 12th grades under MPCP.

Provide that if the schools choose to administer the exams, private MPCP schools would follow the same requirements as public and charter schools for testing pupils enrolled in a special education program, including modifying the assessments where necessary or administering alternative assessments to those children who cannot participate in statewide or local educational agency-wide assessments. Similarly, specify that private MPCP schools would follow the same criteria, set by the Board, as public and charter schools to determine whether to administer a standardized assessment to a limited-English proficient pupil, to permit the pupil to be examined in his or her native language, or to modify the format and administration of the exam for such pupils.

Require private MPCP schools to excuse a pupil from taking a standardized assessment upon the request of the pupil's parent or guardian.

Require the Board to provide and score these examinations free of charge. Prohibit the Board from disclosing the results of exams administered by private MPCP schools, except to: (a) publish the aggregate results of all of the exams provided to the Board by private MPCP schools; and (b) report each pupil's scores to the pupil's parent or guardian.

Provide that these provisions would take effect on July 1, 2002.

92. ACCESS TO STATEWIDE EXAMINATIONS

Require the State Superintendent to allow a person to view a statewide examination (the high school graduation test and 4th, 8th and 10th grade examinations), rather than make an examination available as under current law, if the person submits a written request to do so within 90 days after the date of administration of the examination. As under current law, this provision would not apply while an exam is being developed or validated. Require the State Superintendent to promulgate rules establishing procedures to administer this provision and that the rules, to the extent feasible, protect the security and confidentiality of the exams.

93. EXCEPTIONS TO TEACHER LICENSING EDUCATION REQUIREMENTS

Require DPI to grant a temporary initial teaching license to a person who satisfies all of the requirements for an initial teaching license other than the educational requirements, upon the request of a school board that states that it intends to employ the person as a teacher, and that at least one of the following apply: (a) the person has a bachelor's degree from an accredited institution of higher education in a field related to the subject he or she will teach; (b) the person has at least five years of practical or teaching experience in a field related to the subject he or she will teach; or (c) the person served in the U.S. Armed Forces or in forces incorporated as part of the U.S. Armed Forces for at least five consecutive years, was discharged under conditions other than dishonorable, and has practical or teaching experience in a field related to the subject he or she will teach. If the board intends to employ the person in grades K to 5, the requirements under (a) or (b) above are satisfied if the person has a bachelor's degree or at least five years of practical or teaching experience related to mathematics, English, social studies, or science.

A temporary license granted under this provision would be valid for two years and would not be renewable. If a person with a license under this provision completes an alternative teacher training program approved by DPI before the expiration of the license, DPI would be required to grant an initial teaching license, valid for five years and renewable under current rules promulgated by DPI, to be considered retroactively effective to the date the temporary license was granted. The alternative training program would be required to consist of at least 100 hours of instruction over the course of no more than two years.

Clarify cross references to current statutes governing teacher licensing.

Specify that these teacher licensing modifications would first apply to license applications received by the DPI on the effective date of the bill.

Under current law, a teaching license may not be granted to a person who does not hold a bachelor's degree including such professional training as required by statute or DPI rule, with certain exceptions for applicants to teach Wisconsin native American languages and culture.

94. ESTABLISH DIFFERENT LEVELS OF TEACHER LICENSURE

Require the State Superintendent to establish different levels of teacher licensure, such as initial, professional, and master licenses, and promulgate rules establishing different standards for each level. This measure would codify in statute the general license categories in the recently-established teacher licensing rules promulgated by DPI. Also, require that by July 1, 2003, DPI submit to the Department of Administration and the Legislative Fiscal Bureau an estimate of the costs of requiring school districts to provide a qualified mentor for each person who holds an initial educator license, as is currently provided under DPI's administrative rules.

95. RECOGNIZE OUT-OF-STATE TEACHER LICENSES

Subject to certain current statutory requirements relating to social security number information, felony convictions and background investigations, require DPI to grant an initial teacher's license to any person who holds a valid license as a teacher issued by another state. In addition, if DPI establishes different levels of teacher licensure, require DPI to grant the highest level of teacher's license to any person who holds a valid teacher's license issued by another state and is certified by the National Board for Professional Teaching Standards. Specify that these provisions would first apply to license applications received by DPI on the effective date of the bill.

96. TEACHER BACKGROUND CHECKS AND LICENSE SUSPENSION

Allow the State Superintendent to limit or suspend teaching licenses or certificates, subject to the same laws and procedures currently governing revocation of licenses and certificates. Require the State Superintendent to revoke the teaching license without a hearing of a person convicted of a crime in another country equivalent to a Class A, B, C or D felony, for a violation that occurs after the effective date of the budget.

Prohibit the State Superintendent from granting a license or certificate to a person who is convicted in another state or country of a crime that is substantially similar to the crimes currently specified as grounds for denial of a license. Current law prohibits the State Superintendent from granting a license to a person convicted in another state or country of a crime that is equivalent to one of the specified crimes.

Add Class BC felonies to the crimes specified for which conviction in this state would be grounds for the revocation of a teaching license without a hearing and for which the State Superintendent would be prohibited from granting a license or certificate, for a violation that occurs after the effective date of the budget act. Class BC felonies consist of incest of a child, child enticement, second degree sexual assault, second degree sexual assault of a child and child prostitution solicitation, and are punishable by a maximum sentence of 30 years of incarceration.

Require educational agencies to release to the State Superintendent all records relating to a licensed employee or former employee of the agency, if the State Superintendent requests such records and has commenced an investigation to determine whether to initiate license limitation, suspension, or revocation proceedings. Require the State Superintendent to keep such information confidential.

Require the State Superintendent to release to an educational agency, at the request of the agency and upon receiving a signed consent from the employee or applicant, the results of a background investigation received from the Department of Justice or the Federal Bureau of Investigation concerning the employee or applicant for a position with the agency. Require the agency to keep such information confidential. Current law requires the State Superintendent to keep such information confidential, except that the State Superintendent must report relevant information concerning an employee or applicant to the Department of Workforce Development or a county child support agency at the request of either agency.

97. WAIVER FOR TEACHER LICENSES ALLOWED

Delete a current prohibition on school district requests for DPI waivers of teacher licensing requirements, except certification requirements for school nurses. Specify that this modification would apply initially to license applications received by DPI on the effective date of the bill.

Under current law, with certain exceptions, DPI is authorized to waive statutory requirements or rules governing elementary and secondary education at the request of a school board. Currently, school boards may not request waivers for requirements governing teacher licensure or certification other than the licensure of the school district administrator or business manager.

PUBLIC INSTRUCTION -- SCHOOL DISTRICT OPERATIONS

98. EXPAND CURRENT MPS SCHOOL CLOSING AUTHORITY STATEWIDE

Expand current authority for Milwaukee Public Schools to close any school that it determines is low in performance, so that it would apply statewide. Under this provision, if a school board would close any school that it determines is low in performance, it would have to adopt a resolution to that effect. If a school district administrator recommends that a school be closed for low performance, he or she would be required to state the reasons for the recommendation in writing. If the school board closes a school, the school district administrator

could both reassign the staff members of a closed school and reassign staff members to the school without regard to seniority in service.

Specify that current statutes that apply to MPS's school closing authority, which prohibit as a subject of bargaining the reassignment of employees or the impact of such a reassignment on the wages, hours or conditions of employment, as a result of a MPS decision to close a low-performing school, would apply to all school districts. This modification to the law governing bargaining would first apply to collective bargaining agreements for which notices of commencement of contract negotiations would be filed after the effective date of the budget act. See "Employment Relations Commission" for more information on the collective bargaining changes.

99. EXPAND CURRENT MPS PRIVATE SCHOOL CONTRACTING AUTHORITY STATEWIDE

Expand current authority for Milwaukee Public Schools to contract with any nonsectarian private school or any nonsectarian private agency to provide educational programs, so that it would apply statewide. Under this provision, a school board would have to ensure that each private school or agency under contract comply with specific state and federal laws relating to confidentiality of pupil records and prohibiting pupil discrimination as well as all health and safety laws and rules that apply to public schools. The private school or agency would have to be located in the school district. Any pupil in the school district could attend the private school or agency at no charge if space is available.

As under current law for MPS, require each private school or agency under contract with a school board to: (a) offer a full school-year educational program; (b) participate in the school board's parent information program; (c) offer diverse opportunities for parental participation; (d) meet insurance and financial requirements set by the school board; and (e) report any information requested by the school board. In addition, the school or agency would have to develop a pupil recruitment and enrollment plan that incorporates: a good faith effort to achieve racial balance; a pupil selection process that gives preference to siblings of enrolled pupils and no other preferences except those approved by the school board; and a description of how the plan will serve low-academic achievers and pupils from low-income families. Require the school board to establish appropriate, quantifiable performance standards for pupils served under the contracts in such areas as attendance, reading achievement, pupil retention, pupil promotion, parent surveys, credits earned and grade point average; monitor the program's performance (standardized basic skills tests may be used); and include a summary of its findings in its annual report to the State Superintendent.

Specify that current statutes that apply to MPS's private school and agency contracting authority, which prohibit as a subject of bargaining the impact of such contracting on the wages, hours or conditions of employment, would apply to all school districts. This modification to the law governing bargaining would first apply to collective bargaining agreements for which

notices of commencement of contract negotiations would be filed after the effective date of the budget act. See "Employment Relations Commission" for more information on the collective bargaining changes.

100. SCHOOL START DATE

Allow school boards to hold the public hearing relating to the school start date no earlier than May 1 of the previous school year, beginning in 2002-03 school year. Prohibit school districts from holding classes on August 30, 2001, or August 31, 2002, which are the Fridays before Labor Day weekend each year. Specify that current statutes establishing certain prohibited subjects of collective bargaining could not be construed to eliminate a school district's duty to bargain collectively with its employees with respect to the impact of any school calendar decision on wages, hours, and conditions of employment. Modify current statutes relating to school hours that state a school district's duty to bargain over any calendaring proposal which is primarily related to wages, hours and conditions of employment, to instead refer to the impact of the school calendar on wages, hours and conditions of employment.

Create a nine-member committee appointed by the Governor to study the educational and economic effects of a required September 1 school start date and require the committee to report its findings and recommendations to the Governor and Legislature by December 1, 2002. Specify that committee members would include: (a) a licensed teacher; (b) a parent of a public school pupil; (c) a school board member chosen from nominees by the Wisconsin School Boards Association; (d) a school district administrator chosen from nominees by the Wisconsin Association of School District Administrators; (e) an employer chosen from nominees by Wisconsin Manufacturers and Commerce; (f) a person chosen from nominees by the Wisconsin Restaurant Association; (g) a person chosen from nominees by the Wisconsin Tourism Association; (h) a member of the general public; and (i) the Secretary of Commerce, or his or her designee. Specify that the Governor would name the chairperson of the committee. Provide that the committee would terminate on the date it submits its findings and recommendations.

Under current law, no public school may commence the school term until September 1, unless the school holds a public hearing on the issue and adopts a resolution to commence the school term on an earlier date. The hearing may not be held prior to July 1. School boards are not prohibited from holding athletic contests or practices or scheduling in-service or work days prior to September 1, or from holding school year-round.

101. LAYOFF OR REASSIGNMENT OF EMPLOYEES IN CONSOLIDATED SCHOOL DISTRICTS

Provide that for 60 days after the effective date of the consolidation of school districts, the district administrator may lay off or reassign employees in the newly-consolidated district without regard to seniority in service. Specify that the layoff or reassignment of employees,

with or without regard to seniority, or the impact of such layoff or reassignment on the wages, hours, or conditions of employment would be prohibited subjects of bargaining. For more information on the collective bargaining changes related to this provision, see "Employment Relations Commission."

102. LOW PERFORMANCE SCHOOLS

Require each school district identified as low in performance to review the recommendations made under current law by the State Superintendent regarding how the programs and operations of the identified school districts and schools may be improved, and require the district to develop an improvement plan. Modify a current requirement that the State Superintendent periodically assess school district implementation, to refer to the plans. Require the State Superintendent to publish and distribute a list of the schools identified as low performance to the Governor and Legislature annually.

103. PROHIBIT WAIVERS FOR SCHOOL PERFORMANCE REPORTS

Prohibit a school board from requesting a waiver from DPI for the statutory provision requiring each board to compile a school performance report annually.

PUBLIC INSTRUCTION -- ADMINISTRATIVE AND OTHER FUNDING

104. COMMITTEE TO REVIEW DPI'S RULES

Establish an 11-member committee to review administrative rules promulgated by DPI. The committee would consist of the following members: (a) three school board members selected by the Governor from a list submitted by the Wisconsin Association of School Boards; (b) three school district administrators selected by the Governor from a list submitted by the Wisconsin Association of School District Administrators; (c) three teachers selected by the Governor from names submitted by organizations representing teachers; and (d) two other members appointed by the Governor, one of whom would be the parent of a school-age child. Specify that the Governor would name the chairperson, and require DPI to provide staff for the committee.

Require the committee to review all of DPI's administrative rules, except rules relating to special education and health and safety issues. Require the committee to identify rules that are outmoded, impede innovation, cause inefficiencies, or fail to promote academic achievement as

well as rules that should not apply to school districts designated with expanded flexibility as proposed under the bill.

Require the committee to report its recommendations on modifications to the rules by August 1, 2002, to the Governor, DPI, the Secretary of Administration, and the Legislature. Specify that the committee terminates upon submission of its report. Require DPI to review the committee's report. Require DPI to submit proposed modifications to the rules based on the committee's recommendations by March 1, 2003.

105. VOCATIONAL EDUCATION CONSULTANTS

Require the State Superintendent to ensure that the vocational education consultants employed by DPI coordinate their activities with, and support the activities of, the staff of the Governor's Work-Based Learning Board.

106. DISTANCE EDUCATION RULE MAKING

Prohibit the State Superintendent from promulgating rules related to distance education, defined as education characterized by separation, in time or place, between the teacher and the pupil, including courses that are taught principally through the use of video, audio, or Internet transmission, without the approval of the Secretary of Administration, the Wisconsin Technical College System Board, and the TEACH Board.

107. MINORITY GROUP PUPIL PRECOLLEGE SCHOLARSHIPS

Require the University of Wisconsin (UW) System Board of Regents, private colleges that award a bachelor's or higher degree or that provide a program that is acceptable for credit toward such a degree, and the Wisconsin Technical College System (WTCS) Board to report annually to DPI the number of students who both enrolled in a precollege program from that institution and who graduated from that institution. Also, require DPI to report to the Governor and the Legislature on the effectiveness of the minority group pupil precollege scholarship program, including the numbers submitted by the UW, WTCS and private colleges on their program participants who graduated from those institutions.

108. DIVISION FOR LIBRARIES AND COMMUNITY LEARNING

Modify the name of the Division for Libraries and Community Learning in DPI to be the Division for Libraries, Technology, and Community Learning.

109. DELETE CHARTER SCHOOL AUDIT

Delete a provision of current law that specifies that the Joint Legislative Audit Committee may direct the Legislative Audit Bureau (LAB) to perform a financial and performance evaluation audit of the charter school program. The LAB was required to file its report by January 1, 2000, and did so in December, 1998.

PUBLIC SERVICE COMMISSION -- AGENCYWIDE

110. STRAY VOLTAGE AND ELECTRICAL REWIRING ASSISTANCE

Establish a stray voltage and electrical wiring assistance program under DOA to be funded by certain investor-owned electric and gas utility base level public benefits funds that are being transitioned to the state, as follows:

Farm Rewiring Fund. Establish a farm rewiring fund as a separate, nonlapsing trust under the management of the Investment Board.

Contributions to the Farm Rewiring Fund. Specify that of the 1998 base level public benefits funds currently being transitioned from major investor-owned electric or gas utilities to the state public benefits fund, the first \$1,500,000 transferred in 2001-02 and the first \$2,500,000 transferred in 2002-03 would be earmarked instead for deposit into the new farm rewiring fund. Under current law, the amounts that the major investor-owned utilities spent on public benefits programs in 1998, as determined by the Commission, must be gradually phased over to the DOA public benefits fund during calendar years 2001, 2002 and 2003, in amounts and on a schedule established by the Commission. Beginning with calendar 2003, the utilities must contribute the entire 1998 base level amounts to DOA.

The Commission has identified \$4,655,200 of low-income related public benefits expenditures and \$18,252,500 of energy conservation and efficiency and renewable resource programs public benefits expenditures to be transitioned from the utilities to DOA in calendar year 2001. For calendar year 2002, these amounts are \$4,579,300 and \$27,307,600 respectively, and for calendar year 2003 are \$21,329,000 and \$45,826,000 respectively. While the proposed language does not indicate which revenue stream would be used to fund the farm wiring fund, revenues from the energy conservation and efficiency and renewable resource programs would most likely be used.

Stray Voltage and Electrical Wiring Assistance. Authorize DOA to award grants to operators of dairy, beef or swine farms for the purpose of: (a) eliminating potential stray voltage concerns

and sources; and (b) replacing electrical wiring. Specify that a farm operator would not be eligible to receive a grant under the program unless the public utility providing electric service to the farm had conducted tests to determine the sources of stray voltage on the farm.

Require DOA to promulgate rules establishing criteria and procedures for awarding grants under the program. The rules would have to require that any work completed under a grant would have to be "in accordance with acceptable practices."

Establish a new biennial, SEG funded appropriation under DOA to fund stray voltage and electrical wiring assistance grants. The bill does not provide any funding under this new appropriation.

Because electric cooperatives are not deemed "public utilities" under current law, farm operators served by an electric cooperative would not be eligible for a grant under the proposed program.

111. PUBLIC UTILITY EXEMPTION FROM LIABILITY FOR STRAY VOLTAGE DAMAGE

Exempt public utilities from liability for any damage caused by or resulting from stray voltage contributed by the utility if the stray voltage is below the level of concern established by the Commission at the time the measurement is made, as determined using the Commission's principles and guidelines for stray voltage screening and diagnostic procedures. Upon the request of any party to an action involving stray voltage damages, require the Commission to evaluate and testify on whether the applicable Commission standards were followed in calculating the amount of stray voltage.

For damages resulting from stray voltage, exempt a public utility and a municipal utility from current law liability for treble damages for injuries resulting from willful, wanton or reckless acts or omissions of its directors, officers, employees or agents. Provide that all of these immunity from liability provisions would first apply to actions commenced on and after the general effective date of the biennial budget act.

Electric cooperatives are not deemed "public utilities" under current law and would not be subject to these proposed statutory changes.

112. ENERGY ASSESSMENTS OF PROPOSED ADMINISTRATIVE RULES

Authorize the Commission to conduct an energy assessment of any proposed state agency administrative rule submitted to the Legislative Council Rules Clearinghouse. Stipulate that an energy assessment must evaluate the potential impact of the proposed rule on state energy policies relating to electricity generation, transmission, or distribution or to the fuels used in generating electricity. Authorize the Commission to prepare an energy impact statement, if its initial assessment results in the conclusion that the proposed rule would have a

significant impact on such state energy policies. Require the Commission's energy impact statement to evaluate those probable impacts and describe alternatives to the proposed rule that would reduce any negative impacts on state energy policies.

Require the Commission to submit its energy impact statement to the Legislative Council Rules Clearinghouse and to the state agency proposing the rule. Require the state agency developing the rule to consider the Commission's energy impact statement before submitting to the Legislature the agency's subsequent notice and report on the rule's final draft form. Require the agency's report to include any energy impact statement received from the Commission and include an explanation of the changes, if any, that were made to the proposed rule in response to the Commission's energy impact statement.

113. REVISED COMMISSION ENFORCEMENT AUTHORITY OVER VARIOUS ENTITIES PROVIDING TELECOMMUNICATIONS SERVICES

Modify the Commission's authority to enforce laws relating to telecommunications providers and carriers and to provide protection to telecommunications consumers (including other telecommunications providers), as follows:

Enhanced Commission Enforcement Authority. Grant the Commission explicit authority to take administrative action and institute all necessary actions or proceedings for the enforcement of all laws relating to telecommunications providers (persons who provide telecommunications services) and telecommunications carriers (entities that own or operate facilities or equipment to furnish telecommunications services but do not provide basic local exchange service, except on a resale basis) and for the punishment of all violations.

Protection of Telecommunications Consumers. Explicitly authorize the Commission, in its own name or on behalf of consumers, to initiate a contested case, in addition to any administrative action, to enforce the protection of telecommunications consumers. Although current law appears to authorize the Commission, on its own motion or upon a consumer's complaint, to take administrative action to enforce the protection of telecommunications consumers, a 1997 Court of Appeals decision [*PSC v Wisconsin Bell*] held that the Commission did not have the explicit statutory authority to sue a utility for forfeitures on its own behalf or on behalf of individual citizens.

Authorize the Commission, in its own name or on behalf of consumers, to take administrative action, including the initiation of a contested case, to compel compliance with: (a) laws protecting telecommunications consumers; (b) the accounting and refunding of any monies collected in violations of these protections; or (c) any other appropriate relief. Newly authorize the Commission to impose forfeitures for telecommunications consumer protection violations. Under current law, the Commission, at its discretion, may institute a proceeding in any court of competent jurisdiction to compel compliance with these matters.

Authorize the Commission to take administrative action, including initiating a contested case, bring an action or request the Attorney General to bring an action to require a telecommunications utility or provider to compensate any person for any pecuniary loss caused by its failure to comply with laws relating to the protection of telecommunications consumers. Under current law, the Commission has the authority to request the Attorney General to bring such actions.

Forfeitures. Authorize the Commission to impose, by administrative action, a forfeiture of not less than \$25 or more than \$5,000 per occurrence against a telecommunications provider. Every day of violation would be deemed a separate offense. Under current law, only a court may impose such forfeitures and only upon a public utility. Further, under current law, a "public utility" includes a telecommunications utility (typically, a provider of local exchange service) but does not include a telecommunications carrier.

Authorize the Commission, in addition to a court (as authorized under current law), to consider all of the following current law factors when imposing a forfeiture on a public utility or a telecommunications provider: (a) the appropriateness of the forfeiture to the volume of business of the public utility; (b) the gravity of the violation; and (c) any good faith attempt to achieve compliance after the public utility receives notice of the violation. As the bill is currently drafted, these current law factors refer only to public utilities and do not contain a needed reference to "telecommunications providers."

Effects of Enforcement Actions on Rates. Authorize the Commission to determine and order reasonable compensation for persons injured by the rates, tolls, charges, schedules and joint rates of telecommunications providers. Specify that payments made by a telecommunications provider for regulatory and consumer protection violations would not constitute a violation of the schedule of lawful rates filed with the Commission.

Initial Applicability. Specify that the provisions authorizing the Commission to impose forfeitures and the extension of the Commission's authority to take administrative action and institute all necessary actions or proceedings for the enforcement of all laws relating to telecommunications carriers would first apply to violations occurring on and after the general effective date of the biennial budget act.

REGULATION AND LICENSING

114. LICENSURE OF PRIVATE SECURITY AGENCIES AND ISSUANCES OF PRIVATE SECURITY PERMITS

PR	\$10,000
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Make the following changes related to the regulation of private security persons:

New Private Security Agency License Established. Authorize the Department to issue a new private security agency license to an individual, partnership, limited liability company or corporation that meets the qualifications described below and allow qualifying individuals who work for a private security agency to be issued a private security permit, as authorized under current law. Provide one-time funding of \$10,000 in 2001-02 to support the Department's costs of developing an examination for managers of private security agencies.

Prohibit any person from advertising, soliciting or engaging in the business of operating a private security agency unless the person is licensed by the Department. Establish fines of not less than \$100 nor more than \$500 and authorize imprisonment for not less than three months nor more than six months (or both) for violations of this provision. Currently these prohibitions apply only to private detective agencies, private detectives and private security persons.

Bonds and Liability Policies Required. Require a private security agency to execute a bond or liability policy that must be filed with the Department before a private security agency license may be issued. Specify that the Department would establish the amount of the bond or liability policy by rule. Current law requirements for a \$100,000 bond or liability policy for private detective agencies and a \$2,000 bond or liability policy for private detectives would be clarified and recodified.

Issuance of Private Security Permits to Employees of Private Security Agencies. Exempt from the requirement for licensure as a private detective agency, private security agency or private detective an employee of a private security agency doing business in the state by providing uniformed security personnel or patrols on the private property of plants, businesses, schools, hospitals, sports facilities, exhibits and similar activities, if: (a) the employee obtains a private security permit; (b) the private security agency provides up-to-date written information of its employees to the Department; and (c) the private security agency advises the Department within five days of any change in information on such employees. Under current law, this exemption applies only to employees of private detective agencies.

Specify that the Department must issue a private security permit to an employee of a private security agency, if: (a) the individual submits the appropriate application to the Department; (b) the individual has not been convicted of a felony (unless pardoned); (c) the individual provides satisfactory evidence of being employed by a private security agency; and

(d) the individual pays the required fees to the Department. Under current law, these provisions apply only to employees of private detective agencies.

License Fees and Renewal Dates. Establish a statutory \$20 biennial renewal fee for private security agency licenses. A current law provision that limits private security and private detective-related licenses to a term of two years would apply to the new private security agency license; however, no uniform expiration date for this new license is established under the proposal. Under current law, the initial private security agency license fee would be the same as the initial credential fee required for other professions [\$56 under the bill].

On the later of September 1, 2001, or the first day of the second month after publication of the biennial budget act, reduce the private security person renewal fee from the current \$49 to \$20. This renewal fee would continue to be paid on September 1 of each even-numbered year.

On the general effective date of the biennial budget act, change the current renewal date for private detective agency licenses from September 1 of each even-numbered year to September 1 of each odd-numbered year (but retain the current \$47 renewal fee level) and repeal a current requirement that the licenses of a private detective and a private detective agency shall expire on the same renewal date (September 1 or each even-numbered year). As a result of this proposed change, the expiration of private detective licenses and private detective agency licenses would be one year out of phase.

On the later of September 1, 2001, or the first day of the second month after publication of the biennial budget act, increase the renewal fee for private detective agencies to \$56. Since private detective agencies have already renewed their licenses under current law for two years on September 1, 2000, include a nonstatutory provision that would decrease the private detective agency renewal fee by 50% on a one-time basis for those required to renew on September 1, 2001.

Period of Validity of a Temporary Private Security Permit. Increase the period of validity of a temporary private security permit from the current 30 days to 60 days. Under current law, the Department may issue a temporary private security permit where a person has completed an application for full licensure and paid the required fees, but the Department has not completed the necessary background checks. Clarify that an individual seeking a private security permit is subject to the payment of fees for a DOJ records check (\$5 per credential), an FBI fingerprint check (\$24 per credential) and any temporary permit issued (\$10 per credential). A valid temporary private security permit expires under current law when the Department provides written notice to the applicant that all background checks have been completed and the individual is either granted or denied a regular private security permit.

115. ELIMINATION OF CERTIFICATES IN GOOD STANDING REQUIREMENT FOR RESTORATION OF FUNERAL DIRECTOR'S LICENSES

Repeal the current law provision that grants applicants for renewal of a funeral director's license who are not doing business at a recognized funeral establishment at the time of filing the application the right to receive a certificate in good standing as a funeral director, at no cost. A funeral director possessing such a certificate is currently entitled to renew his or her license, without payment of an additional renewal fee, upon subsequent employment at a recognized funeral establishment. Under current law, the business of funeral director must be conducted in a funeral establishment.

Clarify that an applicant for the renewal of a funeral director's license must also furnish proof of completion of at least 15 hours of continuing education during the two-year period immediately prior to the date of application for license renewal. Under current law, this requirement applies to the "previous 2-year licensure period."

Transition Period for Funeral Director's Licenses Granted or Last Renewed before July 1, 1995. Notwithstanding current law funeral director's license renewal provisions and continuing education requirements for credential holders who have not renewed a license within five years, direct the Funeral Examiners Examining Board to restore the license of any person possessing a certificate in good standing whose license was granted or last renewed before July 1, 1995, if the applicant does all of the following: (a) applies for license restoration on a form provided by the Department no later than the first day of the 12th month following the general effective date of the biennial budget act; (b) provides evidence to the satisfaction of the Board that the applicant has completed 15 hours of continuing education in courses approved by the Board during the two years immediately preceding the date of application; and (c) demonstrates competence as a funeral director to the satisfaction of the Board, including passing a written or oral examination or providing satisfactory written documentation of professional experience in another jurisdiction or of educational or other professional experience. The Board could not require an examination more stringent than that required on Wisconsin law for applicants for reciprocal licenses.

Transition Period for Funeral Director's Licenses Granted or Last Renewed on or after July 1, 1995. Notwithstanding current law funeral director's license renewal provisions and continuing education requirements for credential holders who have not renewed a license within five years, direct the Funeral Examiners Examining Board to restore the license of any person possessing a certificate in good standing whose license was granted or last renewed on or after July 1, 1995, if the applicant does all of the following: (a) applies for license restoration on a form provided by the Department no later than the first day of the 12th month following the general effective date of the biennial budget act; and (b) provides evidence to the satisfaction of the Board that the applicant has completed 15 hours of continuing education in courses approved by the Board during the two years immediately preceding the date of application.

Waiver of Fees. Provide that no applicant under the above transition provisions could be charged an examination fee or a late renewal fee by the Department.

REVENUE -- TAX ADMINISTRATION

116. STUDY ON PROMOTING ECONOMIC GROWTH

Require the Department conduct a study of options for restructuring shared revenue and tax incremental financing to encourage high-growth sectors of the economy and creation of high quality jobs in the Wisconsin. The study would have to include consideration of using 10% of the amount of shared revenue distributed to municipalities and counties to match local efforts to encourage high-quality jobs in the state. The Department would have to submit the report to the Secretary of Administration by January 1, 2003.

117. BIENNIAL LAND INFORMATION INTEGRATION PLAN

Eliminate the requirement that the Department submit to the Land Information Board a biennial plan to integrate land information. This provision would first apply to the report due on March 31, 2002.

REVENUE -- LOTTERY ADMINISTRATION

118. REQUIRE A COURT ORDER FOR MULTIPLE PAYEES OF A LOTTERY PRIZE

Provide that, if the holder of a single winning lottery ticket is more than one person and the total prize is equal to or greater than \$1,000, those persons would be required to petition a circuit court for an order declaring each person's interest in the lottery prize. Require that the order include: (a) the name and social security number of each person whom the court determines has an interest in the lottery prize; and (b) the amount of each person's share of the lottery prize. After a court order has been issued, the lottery administrator would be required to pay to each person whom the court has determined has an interest in the lottery prize his or her share of the lottery prize as specified in the court order. Under current law, the lottery administrator is required to pay a prize to the holder of a winning lottery ticket, to a person

designated to receive the prize on behalf of a minor or, under a court order, to the estate of a deceased prize winner or a person to whom the lottery prize has been assigned

Require the lottery administrator to report the name, address and social security number or federal income tax number of each person paid a prize under the court order to the Department of Revenue (DOR) to determine whether the payee is delinquent in the payment of state taxes or, if applicable, in the court-ordered payment of child support, or has a debt owing to the state. Under current law, this requirement applies to a person winning a lottery prize, or a person assigned a lottery prize, equal to or greater than \$1,000. DOR is required to make a determination of whether these prize winners are delinquent in making these payments and to certify these amounts, if any. The lottery administrator is required to withhold such certified amounts from the prize payments. Under the bill, the DOR and lottery administrator responsibilities in this area would also apply to persons specified in the court order as multiple payees.

Require the lottery administrator to report to the Department of Workforce Development (DWD) the name, address and social security number of each winner specified in the court order, if the prize is payable in installments, to ascertain whether the winner is obligated to provide child support, spousal support, maintenance or family support. Under current law, the lottery administrator is required to report this information to DWD for a person winning a lottery prize, or a person assigned a lottery prize, that is payable in installments. DWD must certify to the lottery administrator whether the winner is obligated to provide child support, spousal support, maintenance or family support and the amount required to be withheld from the lottery prize. The lottery administrator is required to withhold the certified amount from each payment made to the winner or assignee. Under the bill, the DWD and lottery administrator responsibilities in this area would also apply to persons specified in the court order. A technical correction relating to reporting the federal income tax number of a prize winner to DWD, if applicable, is required.

Include multiple payees under the current law provisions that require the lottery administrator to: (a) annually provide each clerk of circuit court a list of winners or assignees to be paid in installments since the date of the previous list, in order to ascertain whether the winner or assignee has failed to pay a required fine, assessment, surcharge or restitution payment; and (b) if a fine, assessment, surcharge or restitution payment is owed, withhold the amount of the judgment from the next installment payment.

SHARED REVENUE AND PROPERTY TAX RELIEF -- PROPERTY TAX CREDITS

119. FARMLAND PRESERVATION LIENS AND CONVERSION FEES

Prohibit the Department of Agriculture, Trade and Consumer Protection (DATCP) from relinquishing a farmland preservation agreement or releasing land from an agreement prior to termination of the agreement until the owner pays DATCP a fee of \$50 per acre for the land that would no longer be covered by the agreement (except for certain cases for which no lien or payback is required under current law). Under the bill, owners with agreements that expire, or agreement holders who die or are certified by a physician to be totally and permanently disabled, who have not met the requirements of the agreement, although subject to a lien under current law, would not be subject to the \$50 per acre payment.

Require the owner of the land to pay a fee of \$60 for each acre of land rezoned out of exclusive agricultural zoning or granted a special exception or conditional use permit for a use that is not agricultural as a condition of approval of the rezone petition or special exception or conditional use permit. The per acre fee would be assessed on all farmland that is rezoned or granted a permit, regardless of whether a farmland preservation tax credit has ever been received for the land. Specify that the payments be made to the county or municipality that approves the rezone petition or special exception or conditional use permit for the land and that the county or municipality pay any amounts received to the state. Require the payment to be made by the county or municipality, instead of the landowner, if a rezoning occurs solely as a result of an action initiated by the county or municipality.

Delete the current law requirement that DATCP initiate the placement of a lien against farmland property when a farmland preservation or transition area agreement is relinquished or land is released from an agreement, land is rezoned out of exclusive agricultural zoning or land is granted a non-agricultural special exception or conditional use permit. Further, delete the current law provisions that require a payback of tax credits received, including interest for certain agreement holders, on the farmland property in order to satisfy the lien placed on the property.

Replace the statement on the farmland preservation agreement that a payback of credits with interest may be required if the agreement is relinquished with a statement indicating a payment to the state may be required. Delete other statutory references to liens placed on farmland under the farmland preservation program with references to the per acre payment requirement. Require the Land and Water Conservation Board to notify DATCP if it approves applications for the relinquishment of a farmland preservation agreement or the release of land from an agreement.

Under current law, any land relinquished or released from certain farmland preservation agreements or transition area agreements is subject to a lien for the total amount of all credits

received by all owners of such lands during the last 10 years that the land was eligible for such credits. In addition, owners must pay interest compounded annually on the credits received from the time the credits were received until the lien is paid. No lien may be filed or payback of credits required for land relinquished or released from an agreement under the following circumstances: (a) the farmland is subject to exclusive agricultural zoning; (b) the farmland preservation agreement expires and the owner has met all other requirements of the agreement; or (c) the owner of the land subject to the agreement dies or is certified by a physician to be totally and permanently disabled and all other requirements of the agreement have been met. For farmland subject to an exclusive agricultural zoning ordinance that is rezoned out of exclusive agricultural zoning or is granted a special exception or a conditional use permit for a non-agricultural purpose, the owner is subject to a lien equal to the amount of tax credits paid on the land, but no interest is assessed on that amount.

Delete the requirement that DATCP release any land subject to a farmland preservation agreement from that agreement if the owner of the land has, before December 31, 1988, obtained state, county or municipal licenses, permits or approvals, other than those required under the farmland preservation program, to develop the land as a concert park.

Repeal the statutory provisions relating to farmland preservation agreements that were entered into prior to September 30, 1982. Specify that the calculation of any farmland preservation tax credits involving these agreements reference the statutory provisions that existed in the 1999 statutes.

Specify that treatment of the provisions relating to the repeal of the requirement for the placement of a lien and the institution of a per acre payment requirement would first apply to land that is released or relinquished from a farmland preservation agreement or land that is rezoned out of exclusive agricultural zoning on the effective date of the bill.

SHARED REVENUE AND TAX RELIEF -- PROPERTY TAXATION

120. PROPERTY TAX EXEMPTION FOR REGIONAL PLANNING COMMISSIONS

Extend the current property tax exemption for property owned by local governments to property owned by regional planning commissions, effective with property assessed as of January 1, 2001. Authorize regional planning commissions to acquire and hold real property for public use and to convey and dispose of such property. The current exemption applies to property of counties, municipalities, school districts, technical college districts, public inland lake protection and rehabilitation districts, metropolitan sewerage districts, municipal water districts, local joint water authorities, family care districts and town sanitary districts.

Currently, there are nine regional planning commissions, eight serving multicounty areas and one serving Dane County. They are required to prepare comprehensive plans for the region, and they advise local governments on the planning and delivery of public services.

121. PAYMENT OF REFUNDS ON MANUFACTURING PROPERTY

Require DOA to reimburse municipalities for interest payments that municipalities paid in the previous biennium on refunds of property taxes on manufacturing property. Specify that the state would be obligated for interest that accrues up to the date that the tax appeals commission determines that a refund is due. Create a sum sufficient, GPR appropriation from which interest payments would be made.

Authorize municipalities to pay refunds of taxes on manufacturing property in five annual installments if the following three conditions are met: (a) the municipality's general operations tax levy for the year for which the taxes to be refunded are due is less than \$100 million; (b) the refund is at least 0.0025% of the municipality's general operations tax levy for the year for which the taxes to be refunded are due; and (c) the refund is more than \$10,000. Specify that each annual payment, except the last, would have to equal at least 20% of the sum of the refund and the interest on the refund, as calculated on the date of the claim. Exclude refunds on manufacturing property from the current provision that specifies a 0.8% per month interest rate on tax refunds, and instead, establish the interest rate for refunds on manufacturing property as the lesser of 10% per year or the average, annual discount interest rate determined by the last auction of six-month U.S. treasury bills prior to the date of filing the appeal or objection. Additional language may be needed to ensure that the interest rate is based on the lesser of 10% or the yield on treasury bills if the refund is a recovery of unlawful taxes (s. 74.35) or a claim on an excessive assessment (s. 74.37).

Specify that these provisions would first apply to refunds of taxes that were based on assessments as of January 1, 2001. As a result, the state would not incur any interest cost on manufacturing refunds during the 2001-03 biennium. Under current law, municipalities are required to pay refunds no later than January 31 of the year after the claim, if the taxpayer files the claim on or before November 1 following the date on which the appeal is decided. If the claim is filed after November 1, the claim must be paid by the second January 31 after the claim is filed.

122. SPECIAL CHARGES FOR MUNICIPAL SERVICES THAT ARE AVAILABLE

Modify current law provisions regarding special charges by deleting provisions that limit charges to "current" services and by permitting municipalities to impose charges for services that are available, regardless of whether the services are actually rendered, effective with charges imposed on the effective date of the bill. Specify that special charges may be imposed against any real property that is eligible to be served. Municipalities may impose special

charges to recover all or part of the cost of providing the following services: snow and ice removal; weed elimination; street sprinkling, oiling and tarring; repair of sidewalks, curbs and gutters; garbage and refuse disposal; recycling; stormwater management; tree care; removal and disposition of dead animals; and soil conservation work. In return for services, municipalities may impose special charges against real property located in the municipality and against real property located in adjacent municipalities, if approved through resolution by the governing body of the adjacent municipality. If special charges are not paid, they become delinquent and are a lien against the property on which they were imposed.

123. ASSIGNMENT OF TAX DEEDS ON BROWNFIELD PROPERTY

Authorize county boards to direct the clerk of the county to execute a tax deed to property if the taxes, interest and penalties on the property have not been paid within two years after the issuance of a tax certificate and if the following conditions have been met: (a) the county clerk advertises a list of properties subject to deed, compares that list to the tax certificates previously issued by the county and confirms that the list and the certificates are correct, as required under current law; (b) the governing body of the county provides written notice to the governing body of the municipality in which the property is located at least 15 days before the governing body of the county meets to consider approving execution of the tax deed; (c) the property is a brownfield, as defined under current law; (d) an environmental assessment of the property has been conducted and the results of that assessment are provided to DNR; and (e) the person to whom the tax deed is to be executed enters into an agreement with DNR to, pursuant to rules promulgated by DNR, investigate and clean up the property to the extent practicable, minimize the harmful effects from any hazardous substance, and maintain and monitor the property. Provide that the final condition be met only if the environmental assessment determines that the property is contaminated by the discharge, as defined under current law, (a technical change would be needed to insert this term) of a hazardous substance and the person agrees to accept the tax deed regardless of the contamination. Require the county clerk to follow current law procedures with regard to executing the deed to the person and recognizing valid and enforceable restrictions and covenants pertaining to the property. Authorize a person who accepts a tax deed under these provisions to commence an action to bar any former owner of the property, and anyone claiming under a former owner, from all right, title, interest or claim in the property under current law procedures. This provision would create a procedure for the execution of a tax deed for tax delinquent brownfield property similar to that used under current law for the assignment of a county's right to take judgment with respect to this type of property.

124. SALE OF TAX DELINQUENT BROWNFIELD PROPERTIES

Authorize counties to sell tax delinquent real property acquired by the county without using a competitive bidding process, if the following conditions are met: (a) the county provides written notice of the sale to the clerk of the municipality where the property is located

at least 15 days before the sale; (b) the property is contaminated by a hazardous substance, as defined under current law; (c) the property is a brownfield, as defined under current law; (d) an environmental assessment of the property has been conducted and the results of that assessment are provided to DNR; and (e) the purchaser of the property enters into an agreement with DNR to, pursuant to rules that the Department promulgates, investigate and clean up the property to the extent practicable, minimize any harmful effects from the hazardous substance, and maintain and monitor the property.

125. ENVIRONMENTAL REMEDIATION TAX INCREMENTAL FINANCING DISTRICTS

Make the following modifications to environmental remediation tax incremental financing (ER-TIF) districts. The modifications would first apply to districts for which a written remediation proposal is approved by a political subdivision's governing body on the effective date of the bill.

ER-TIF District. Define an ER-TIF district as a contiguous geographic area within a political subdivision that is defined and created by resolution of the governing body of the political subdivision that consists solely of whole units of property as are assessed for general property tax purposes, other than railroad rights-of-way, rivers or highways. Railroad rights-of-way, rivers or highways would be allowed to be included in a district only if they are continuously bounded on either side, or on both sides, by whole units of property that are assessed for general property tax purposes and are in the ER-TIF district. Specify that an ER-TIF district would not include any area identified as a wetland on a DNR wetland map. Further, clarify various statutory references relating to the real property that may be included in an ER-TIF district to include contiguous parcels, as is allowed under current law.

Resolution to Create a District. Require the governing body of the political subdivision that is creating an ER-TIF district to adopt a resolution that: (a) describes the boundaries of an ER-TIF district with sufficient definiteness to identify with ordinary and reasonable certainty the territory included within the district; and (b) specifies a date that the district would be created. If the adoption of the resolution occurs during the period between January 2 and September 30, the date of creation would be the next preceding January 1. If the adoption of the resolution occurs during the period between October 1 and December 31, then the date of creation would be the next subsequent January 1. If the adoption of the resolution occurs on January 1, the district would be created as of that date.

Calculation of Tax Incremental Base and Increments. Include personal property located in an ER-TIF district in the calculation used in determining the environmental tax incremental base, tax increment and value increment of a district. This would treat these calculations the same as the calculations for basic TIF districts.

Specify that the tax incremental base would equal the certified aggregate, equalized property value on the January 1 preceding the date on which the district is created by a

resolution of the political subdivision. This would replace the current requirement that the tax incremental base includes the value that exists on the January 1 preceding the date on which DNR issues a certificate indicating that the environmental pollution on the property has been remediated.

Certification of the Tax Incremental Base. Require DOR to certify the tax incremental base of an ER-TIF district on or before December 31 of the year the district is created by resolution of a political subdivision, unless the district is created during the period between October 1 and December 31, in which case DOR would be required to certify the tax incremental base on or before December 31 of the following year. This would replace the requirement that DOR certify the tax incremental base on April 1 of the year following the year in which DNR certifies that the Department has approved the site investigation report that relates to the parcel or contiguous parcels.

Project Expenditures and Eligible Costs. Define project expenditures as the sum of eligible costs and all other costs incurred by a political subdivision in the creation and operation of an ER-TIF district. Allow a political subdivision to use an environmental remediation tax increment to pay only the costs of remediation of environmental pollution on contiguous parcels of property that are located within the district. Remove the payment of claims of holders of bonds or notes that have been issued to pay eligible costs as an allowable use of tax increments.

Termination of a District. Specify that an ER-TIF district would terminate when the earlier of the following occurs: (a) that time when the political subdivision has received aggregate tax increments with respect to the district in an amount equal to the aggregate of all eligible costs; (b) sixteen years after DOR certifies the tax incremental base; or (c) the political subdivision's legislative body, by resolution, dissolves the district, at which time the political subdivision would become liable for all unpaid eligible costs actually incurred which would not be paid from the separate accounting fund to which tax increments are deposited.

Require a political subdivision that creates an ER-TIF district to give DOR written notice within ten days of the termination of the district. If DOR receives a termination notice during the period from January 1 to May 15, the effective date of the notice would be the date the notice is received. If the notice is received during the period from May 16 to December 31, the effective date of the notice would be the first January 1 after the Department receives the notice.

Final Accounting and Report of District Costs and Increments. Require the political subdivision creating an ER-TIF district to provide DOR all of the following, on a form prescribed by the Department, not later than 180 days after the district terminates: (a) a final accounting of project expenditures that have been made for the district; (b) the final amount of eligible costs that have been paid for by the district; and (c) the total amount of tax increments that have been paid to the political subdivision.

Require the political subdivision to prepare a report on the status of all projects to remediate pollution that are funded from tax increments, including revenues and expenditures. The report would be required to be made available to the public no later than 12 months after the last expenditure is made or no later than 12 months after the last expenditure is allowed to be made (15 years after the district base is certified), whichever comes first. Specify that, unlike the annual report that is currently required, this report would be required to include an independent, certified audit of each project to determine if all financial transactions were made in a legal manner and to determine if each district complied with the ER-TIF statutes. Require that a copy of the report be sent out to all taxing jurisdictions overlying the district.

Property Tax Settlements. Provide ER-TIF districts the same treatment as basic TIF districts with regard to the January and February property tax settlements and property tax settlements made in subsequent months in municipalities adopting a payment schedule with three or more installments. In addition, require the taxation district treasurer to distribute from these settlements to a county the proportionate share of property taxes for each ER-TIF district created by that county.

Computer Aid Payments. Include ER-TIF districts as a taxing jurisdiction for the purposes of state computer aid payments and require that they meet the reporting requirements associated with such payments.

Economic Development Projects. Include land, plant or equipment used for facilities for the retail sale of goods or services to consumers that are located in an ER-TIF district as an economic development project for the purposes of the Wisconsin Housing and Economic Development Authority programs.

SHARED REVENUE AND TAX RELIEF -- LOCAL REVENUE OPTIONS

126. MUNICIPAL INDUSTRIAL REVENUE BONDS

Delete the requirement that municipal industrial revenue bonds may not be issued unless, prior to adoption of an initial resolution, a document that provides a good faith estimate of attorney fees that will be paid from bond proceeds is filed with the clerk of the municipality and the Department of Commerce.

STATE TREASURER

127. COLLEGE SAVINGS PROGRAM -- STATUTORY CHANGES

Modify current law regarding this program as follows: (a) change the definition of account owner from being an "individual" to being a "person" (this would allow charitable organizations, for instance, to be account owners under this program); (b) specify that the College Savings Board may (rather than shall as under current law) terminate a college savings account balance that remains unused 10 years after the anticipated initial year of the beneficiary's initial enrollment in college; and (c) add language under the tuition trust fund to provide that the fund includes revenues received from participants in the college savings program and distributions and fees received from the contracted vendor for the program.

128. COLLEGE TUITION AND EXPENSES PROGRAM -- STATUTORY CHANGES

Modify current law regarding this program as follows: (a) repeal the requirement that a beneficiary must be named when a college tuition and expenses contract is established under the program; and (b) specify that the State Treasurer may (rather than shall as under current law) terminate a college tuition and expenses contract if tuition units remain unused 10 years after the anticipated initial year of the beneficiary's initial enrollment in college.

129. STATUTORY CHANGES TO ESCHEATS STATUTES

Modify current statutory provisions relating to escheated property transferred to the unclaimed property program. Create an optional process for handling of a claim of interest for property with a value of \$5,000 or less that has been transferred within 10 years of the date of the claim as follows: (a) allow a claimant to file a claim with the State Treasurer, instead of with the probate court, on a form as prescribed by the Treasurer; (b) require the Treasurer to act on any claim filed within 90 days of filing and provide that the Treasurer may refer any claim to the Attorney General for his or her advice on payment; (c) require the Treasurer to provide written notice to the claimant on disposition of the claim; (d) for any claim for which the Treasurer proposes to provide payment, require that the proposed payment must be approved by the Attorney General and that the Treasurer must obtain from the appropriate probate court an order requiring the Treasurer to pay the claim as proposed; and (e) specify that any person who is aggrieved by the Treasurer's decision or who has not received a decision on a claim within 90 days of the filing of the claim may bring action to establish the claim in the appropriate probate court. Also, make the following changes to the current process for claims filed in probate court: (a) provide that the State Treasurer rather than the Department of Revenue shall receive a copy of any claim relating to unclaimed property filed in probate court; (b) repeal the provisions that the court certify any claim award to DOA, that DOA audit the

claim, and that before awarding the claim, the court must issue an order determining the death tax due.

TECHNOLOGY FOR EDUCATIONAL ACHIEVEMENT IN WISCONSIN BOARD

130. TEACH BLOCK GRANT REPORTING REQUIREMENT

Require a school district receiving an educational technology block grant to submit an annual report to the Board concerning the specific purposes for which the school district uses the grant, which would first apply to grants made after the effective date of the bill.

TRANSPORTATION -- LOCAL TRANSPORTATION AID

131. MASS TRANSIT OPERATING ASSISTANCE -- BASIS FOR AID

Delete the current law provision that requires that annual mass transit operating assistance payments for Tier B and Tier C transit systems be based on actual operating costs from the second preceding calendar year. Rather, require that mass transit operating assistance payments for Tier B and Tier C transit systems be made based on projected expenses for the calendar year. Specify that these changes in the basis for aid would first apply to calendar year 2001 payments. This provision would return the basis for mass transit aid payments to that which existed prior to the passage of the 1999-01 biennial budget.

TRANSPORTATION -- LOCAL TRANSPORTATION PROJECTS

132. TRANSPORTATION ECONOMIC ASSISTANCE PROGRAM -- RENAME PROGRAM

Change the formal name of the program from the transportation facilities economic assistance and development program to the Tommy G. Thompson transportation economic assistance program.

133. CIVIL IMMUNITY FOR OWNERS OF PROPERTY CONTAINING A RAILS-WITH-TRAILS TRAIL

Specify that the owner of property upon which a rails-with-trails trail is located and any railroad that operates within the active rail corridor upon which a rails-with-trails trail is located is immune from civil liability for the death of, or injury to, an individual or damage to an individual's property resulting from the individual's use of a rails-with-trails trail as long as the death, injury or property damage was not caused by the willful or wanton acts or omissions of the property owner or railroad. Define "rails-with-trails trail" as a strip of land that is located partly or fully within an active rail corridor and is identified in an agreement entered into by a railroad that operates within that rail corridor and a person who is sponsoring and maintaining the strip of land for the use of individuals for purposes specified in the agreement. Specify that the immunity provided by this item would first apply to the use of a rails-with-trails trail on the effective date of the bill.

TRANSPORTATION -- STATE HIGHWAY PROGRAM

134. INTELLIGENT TRANSPORTATION SYSTEMS

Provide DOT with explicit authorization to fund the installation, maintenance and replacement of intelligent transportation systems. Define an intelligent transportation system as a specialized computer or other technical system, including roadway detector loops, closed circuit television, variable message signs, ramp meters or an integrated traffic signal system, that is used for the purpose of traffic flow measurement and management, congestion avoidance, incident management, travel time information or other similar purposes. DOT currently funds the installation, maintenance and replacement of such systems using existing, general statutory authority.

TRANSPORTATION -- MOTOR VEHICLES

135. SUSPENSION OF A JUVENILE'S DRIVER'S LICENSE FOR FAILURE TO PAY A NONDRIVING FORFEITURE

Authorize courts to suspend the operating privilege of juveniles if they fail to pay a forfeiture that is unrelated to the violator's operation of a vehicle, first applying to forfeitures imposed on the first day of the seventh month beginning after the effective date of the bill.

1999 Act 9 eliminated the authority of courts to suspend operating privileges solely for the failure to pay a forfeiture imposed for the violation of a local ordinance that is unrelated to the violator's operation of a vehicle. This provision would restore that authority with respect to juveniles who do not pay such forfeitures.

UNIVERSITY OF WISCONSIN SYSTEM

136. MODIFY MEMBERSHIP OF WSLH BOARD

Modify the membership of the WSLH Board by replacing the President of the UW System with the Chancellor of UW-Madison. The WSLH Board currently consists of the President of the UW System, the Secretary of the Department of Health and Family Services, the Secretary of the Department of Natural Resources, and the Secretary of the Department of Agriculture, Trade and Consumer Protection.

137. TUITION REMISSIONS FOR STATE SCIENCE FAIR CHAMPION

Provide full tuition and fee remissions for a resident undergraduate student enrolled in a bachelor's degree program who is designated the annual winner of the Wisconsin state science fair by the Wisconsin Science Education Foundation. The fee remission would remain in effect until the student earns enough credits to be awarded a bachelor's degree in a science-related field of study, except that a student must remain in good academic standing and could not receive a remission for more than five consecutive years. In addition, upon completion of the science related bachelor's degree, the winner would be eligible for an additional two years of graduate fee remissions for a science-related graduate program provided the student remains in good academic standing.

138. AUXILIARY RESERVE FUND REPORT FILING DATE

Modify the filing date from September 15 to October 15 of each fiscal year under the approval requirement with regard to the UW System's accumulation of auxiliary reserve funds. Under current law, the Board may not accumulate any auxiliary reserve funds from student fees in excess of 15% of the previous fiscal year's total revenues from student segregated fees and auxiliary operations funded from student fees unless the reserve funds are approved by the Secretary of Administration and the Joint Committee on Finance.

139. UW-MADISON MEDICAL SCHOOL STATUTORY LANGUAGE MODIFICATIONS

Update statutory language relating to the University of Wisconsin-Madison Medical School to eliminate obsolete language, and correctly reflect name changes and program administration. Changes include: (a) deleting a statutory provision which required the school to reduce enrollment by 10% from 1984-85 to 1987-88; (b) modifying language relating to the Medical School Transfer program to eliminate reference to the old title Center for Health Sciences and replace it with the University of Wisconsin Medical School, and eliminate references to a program involving a fifth year of clerkship following completion of four years of study at a foreign school; and (c) modifying the membership of the Council on Physicians Assistants to reflect the current title of the Vice Chancellor for Medical Affairs, rather than an old title referring to health sciences.

140. REPEAL MEDICAL EDUCATION REVIEW COMMITTEE

Repeal the Medical Education Review Committee. Under current law, the Committee is responsible for providing analysis and recommendations to the Governor and Legislature on medical education policy, in addition to encouraging the development of training programs and continuing education for physicians and other state health workers, and working on other issues related to medical education. However, the Committee has not met for many years.

VETERANS AFFAIRS -- TRUST FUND PROGRAMS AND VETERANS BENEFITS

141. VETERANS PERSONAL LOAN PROGRAM ADMINISTRATIVE RULES

Require the Department to promulgate rules that specify criteria for the determination of the amount of each loan made under the veterans personal loan program. The amount of any such loan would continue to be subject to the current law loan maximum of \$15,000 and maximum term of 10 years. Under current law, the agency's rules governing the personal loan

program are required to address only the following matters: underwriting criteria, application procedures and any other provisions that the agency deems necessary for the efficient operation of the program. Clarify that the Department would determine the amount of each loan made by applying the criteria developed in the new rule.

Under current law, the Department may make a loan to a veteran, a veteran's unremarried spouse, or a deceased veteran's qualifying child for the purchase of: a mobile home; business or business property; the education of the veteran, a veteran's spouse or a veteran's children; payment of medical or funeral expenses; the consolidation of debt and a variety of other miscellaneous purposes. Additionally, loans may be made to a veteran's remarried spouse or to the parent of a deceased veteran's qualifying child for educational purposes.

WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

142. DEFINITION OF AN EDUCATIONAL FACILITY

Modify the definition of an "educational facility," as it relates to projects for which WHEFA may issue bonds, to delete the requirement that the facility be a post-secondary educational institution. Current law defines an "educational facility" as a regionally accredited, private, postsecondary educational institution that is considered tax exempt under section 501 (c) (3) of the Internal Revenue Code. Under this provision, facilities used for primary and second education would be eligible for WHEFA financing.

WHEFA is a quasi-public organization authorized to issue bonds to finance capital projects for health care institutions, independent colleges and universities and child care facilities.

143. AUTHORITY TO USE OUT-OF-STATE TRUST COMPANIES AND BANKS

Delete the current requirement that a trust company or bank with which WHEFA secures bonds issued by a trust agreement, trust indenture, indenture of mortgage or deed of trust be a trust company or bank in this state. Consequently, WHEFA could secure these bonds with trust companies or banks in other states.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

144. DELETE OBSOLETE DROUGHT ASSISTANCE LOAN GUARANTEE PROGRAM

Repeal statutory language related to a drought assistance loan guarantee program. Under the program, WHEDA was provided \$7.5 million GPR in 1988-89 to guarantee and subsidize drought assistance loans. Farmers were eligible for loan guarantees for up to five years, and applications were due June 30, 1989. Thus, no new loans can be made under the program, and there are no remaining guarantees outstanding.

WISCONSIN TECHNICAL COLLEGE SYSTEM

145. WTCS BOARD COURSE APPROVAL AND ELIMINATION

Modify the procedures for the approval and elimination of programs of study at technical college districts by granting the WTCS Board authority to direct technical college districts to adopt or eliminate programs of study. Under current law, the WTCS Board may not authorize or eliminate a program that has not been approved or eliminated by a district board.

146. MODIFICATION OF INCENTIVE GRANT PROGRAM

Allow the WTCS Board to award grants to districts for statewide marketing and promotion of the technical college system through the incentive grant program. Modify the incentive grant program to require WTCS Board review and approval of a district board's budget before an incentive grant is approved. The incentive grant program was created in 1985-86 and permits the WTCS Board to award supplemental funding to WTCS districts under five different grant categories (basic skill, emerging occupations, declining fiscal capacity, technology transfer and programs in juvenile correctional facilities). Base funding for the incentive grant program is set at \$7,888,100 GPR annually.

147. APPLIED TECHNOLOGY CENTER CAPITAL EXPENDITURES

Extend the sunset date for expenditures on applied technology centers without referendum approval from January 1, 2002 to July 1, 2003. Under this provision, which was established in 1999 Act 9, each WTCS district may expend up to \$5 million for the purchase or

construction of an applied technology center without a mandatory referendum provided the district board meets certain criteria and the project is approved by the WTCS Board.

148. ALTERNATIVE CERTIFICATION FOR INSTRUCTORS

Authorize district boards to employ an instructor who is not certified by the WTCS Board if the instructor holds a valid industry certification recognized by the WTCS Board. Currently, the WTCS Board must approve the qualifications of educational personnel for each program offered in district schools.

WORKFORCE DEVELOPMENT -- ECONOMIC SUPPORT AND CHILD CARE

149. W-2 COMMUNITY STEERING COMMITTEES

Modify provisions regarding community steering committees that advise W-2 agencies concerning employment and training activities. Under current law, each community steering committee must consist of at least 12 members, but not more than 15 members. The W-2 agencies are required to recommend members to the chief executive officer of each county served by the W-2 agency, who appoints all the members. The bill would eliminate the requirement that community steering committees have a specified number of members. In addition, current law requires community steering committees to coordinate with the council on workforce investment established under the federal Workforce Investment Act to ensure compatibility of purpose and no duplication of effort. The bill would require the community steering committees to also coordinate with a local workforce development board established under the Workforce Investment Act. Finally, the bill would require community steering committees to serve individuals who are receiving funding under the TANF block grant. These provisions would first apply to W-2 agency contracts entered into, extended, modified or renewed on the day after publication of the bill.

150. STUDY OF TRANSFERRING FOOD STAMP PROGRAM TO DHFS

Require DWD to study the impacts of transferring the food stamp program to DHFS, including the resources that would be transferred and the effects of transferring the CARES computer system and the local service delivery system. Require DWD to submit a report on the results of the study to the Governor by December 31, 2001.

151. DELETE OBSOLETE AFDC PROVISIONS

Delete obsolete provisions for the AFDC program, including the requirement that DWD establish merit-based personnel standards for AFDC staff or delegate this function to counties. The bill would also eliminate the requirement that the Department of Employment Relations conduct personnel examinations for AFDC staff and certify personnel lists. In addition, the bill would delete the provision requiring county departments of social services to comply with the merit-based personnel standards and selection process for AFDC staff and to perform any related record-keeping and reporting required by DWD. The bill would also delete a provision requiring county social service directors to be appointed subject to the requirements of the personnel standards and county personnel systems required for the AFDC program. In addition, the bill would eliminate provisions requiring the Personnel Commission to hear appeals under the personnel standards for AFDC staff and would delete the provision prohibiting county boards of supervisors from taking actions contrary to rules of DHFS under the personnel standards and county personnel systems for the AFDC program. The bill would also eliminate the ability of the Department of Employment Relations to use funding for conducting personnel examinations for AFDC staff.

WORKFORCE DEVELOPMENT -- CHILD SUPPORT

152. STUDY OF OPERATING THE CR&D SYSTEM WITH STATE STAFF

Require DWD to study what it would cost for the Department to operate the CR&D system, including the number of employees that would be needed. In the study, the Department would be required to differentiate between the cost of initially taking over operation of the system and the cost of operating the system annually thereafter and to compare those costs with the current and anticipated future costs of paying its designee (Lockheed Martin) to operate the system. A report, including conclusions and recommendations, would be due to the Secretary of DOA by December 31, 2001.