



State Budget Process

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State Budget Process

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TABLE OF CONTENTS

Introduction.....	1	
Submittal of Agency Budget Requests	2	
Governor's Recommended Biennial Budget	4	
Joint Finance Review of the Governor's Recommended Budget.....	6	
Capital Budget Requests	8	
Senate/Assembly Consideration of the Budget.....	10	
Final Legislative Enactment.....	11	
2003 Budget Session -- Governor's Item Vetoes.....	11	
Appendix I	Additional Considerations Regarding the State Budget..... 13	
	Budget Period	13
	Budget Type.....	14
	Budget Bill or Bills.....	14
	Development of the New Budget.....	15
	Budget Fiscal Periods	18
	Procedures in Event of Lack of New Budget by Start of New Fiscal Biennium.....	18
	Procedures for Interim Changes in the Authorized Budget.....	19
	Non-Budget Fiscal Bills.....	21
	Appropriations	23
	Appropriation Purpose.....	25
	Appropriation Type.....	25
	Revenues (The Source of Funding for Appropriations).....	26
	Balanced Budget Requirement	28
	General Fund Condition Statement.....	29
	Statutory Balance Requirement	29
	Budget Overviews.....	30
	Budget Trends.....	32
Appendix II	Brief Chronology of the 2003-05 Budget.....	33
Appendix III	History of the 2003-05 Biennial Budget.....	35
Appendix IV	History of Passage of Biennial Budget Bills.....	39
Appendix V	Biennial Budget Bill Introduction Dates	40
Appendix VI	History of Passage of Budget Adjustment Bills.....	41

Appendix VII	Charts Showing Condition Statement, Fund Summaries and Sample Appropriations.....	42
	Chart 4--General Fund Condition Statement.....	42
	Chart 5--Summaries: Appropriations; Compensation Reserves; and Lottery Fund	43
	Chart 6--Sample of Statutory Appropriations Schedule	45
	Chart 7--Sample of Statutory Appropriations Language.....	46
Appendix VIII	Tables Summarizing the 2003-05 State Budget.....	47
	Tables 1 thru 8--Summaries of All Funds Budget.....	47
	Tables 9 and 10--Summaries of All Funds Authorized Positions.....	53
	Tables 11 and 12--Summaries of General Fund Revenues	54
	Tables 13 thru 18--Summaries of GPR Budget.....	55
	Tables 19 and 20--Summaries of GPR Authorized Positions	60
Appendix IX	General Fund Budget Trends -- 1991-93 thru 2003-05.....	61
	Tables 21 and 22--Comparative Total GPR Appropriations and Compensation Reserves by Functional Area	62
	Tables 23 and 24--Comparative Total GPR Appropriations and Compensation Reserves by Budget Purpose	63
	Tables 25 and 26--Comparative Total GPR Appropriations and Compensation Reserves by Major Programs and All Other	64
	Table 27--Comparative GPR Biennial Budgets.....	65

State Budget Process

Introduction

The purpose of this document is to acquaint the reader with the state biennial budget process in Wisconsin. Because the report is designed to provide a layperson's introduction to the process, a generalized explanation is provided. The use of technical details and language has been limited. Appendix I, however, provides additional information on some more technical aspects of the state budget that are not discussed within the body of the paper.

Succeeding appendices provide additional budgetary material. Appendix II provides the timetable of the 2003-05 biennial budget (2003 Wisconsin Act 33). A narrative history of the 2003-05 biennial budget is provided in Appendix III. Appendix IV provides a history of the passage of biennial budget bills, beginning with the 1977-79 biennial budget. Appendix V lists the statutorily-required budget introduction dates and the actual introduction dates for the last 14 biennial budgets. Appendix VI shows, beginning with the 1977-79 biennium, the years in which some type of budget adjustment bill was considered in the even-numbered year of the biennium. Appendix VII contains four charts which are reproductions of actual sections of the final statutory appropriations schedule and language for the 2003-05 budget. Appendix VIII contains a series of tables providing summary information about the 2003-05 budget. Appendix IX provides a series of tables portraying trends in general fund budgets by comparing the enacted biennial budgets for each of the last seven biennia.

Revenues and expenditures--the essence of state fiscal policy--are among the key issues facing the Governor and the Legislature every biennium.

The resolution of these issues is accomplished primarily through the state budget process. Given the Legislature's primary function of determining state policies and programs and reviewing the performance of existing programs, the budget represents the financial expression of public policy.

A definition of the term "state budget" can vary depending upon the user and the context in which the phrase is used. However, a generally-accepted definition of the state budget is that it is the legislative document that sets the level of authorized state expenditures for a certain period of time (in Wisconsin, a fiscal biennium) and the corresponding level of revenues (particularly taxes) projected to be available to finance those expenditures. Thus, the budget is a financial balance statement for state government, dealing both with income and outgo for a two-year period. While the need for a budget might be seen simply as the accepted way of doing business, the requirement for a state budget is linked directly to the State Constitution. Article VIII, Section 2 of the Wisconsin Constitution provides that "No money shall be paid out of the treasury except in pursuance of an appropriation by law." This establishes the prerequisite for legislative appropriation of available revenues prior to any state agency being able to expend funds. The balance statement definition of the budget is supported further by a subsequent section of that same constitutional provision where the requirement for a balanced budget is specified. Section 5 of Article VIII states that:

"The legislature shall provide for an annual tax sufficient to defray the estimated expenses of the state for each year; and whenever the expenses of any year shall exceed the income, the legislature shall provide for levying a tax for the ensuing year, sufficient, with other

sources of income, to pay the deficiency as well as the estimated expenses of such ensuing year."

This is the constitutional mandate that the state operate within a balanced budget, requiring that estimated expenditures plus reserves not exceed estimated revenues.

While there are a number of facets involved in Wisconsin state budgeting, the most useful introduction to the state budget is a synopsis of the budget process itself. The material which follows presents a summary of the current biennial budget process. While each budget cycle is different, the process outlined below is based generally on the procedures followed for the 2003-05 biennial budget and is presented as a characterization of the current process.

Submittal of Agency Budget Requests

The state budget process can be viewed as a continuous cycle, moving from submittal of agency budget requests to legislative authorization of appropriations, to agency expenditure of those appropriations, to review of agency expenditures and then, beginning again, with subsequent agency budget requests. This cyclical process may be diagrammed as illustrated in Chart 1.

That part of the budget cycle from submittal of agency budget requests to final enactment of the state budget for a fiscal biennium is the one that generates the most interest and is the primary subject of this paper.

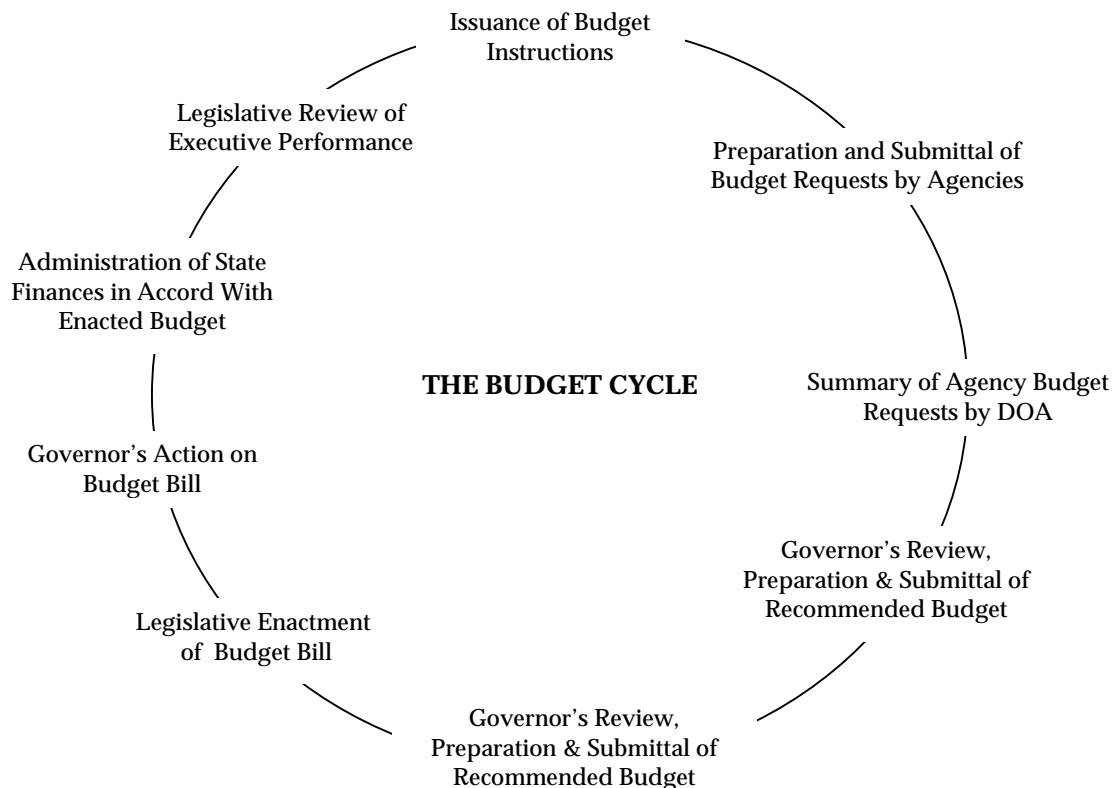
The budget process begins when the State Budget Office in the Department of Administration (DOA) issues instructions to state agencies for submittal of their budget requests for the next biennium. These instructions specify the form, manner and detail in which each state agency must submit its budget request. The issuance of these

instructions usually occurs in June of each even-numbered year. In addition to detailing the budget forms and justification narratives that state agencies will be required to submit, these instructions include any broad fiscal policy directives that an incumbent Governor wishes agencies to follow as part of the development of their individual budget requests.

Although issuance of the State Budget Office instructions can be viewed as the official kickoff of the budget process, most larger agencies actually begin their internal processes for development of their budget requests several months prior to the issuance of these instructions. While the actual development of a budget request by an agency will vary depending upon the size of the agency and the complexity of the programs which it administers, the process for a larger state agency may be portrayed as follows. The department's budget personnel will develop internal budget request instructions in January or February of a budget request submittal year. These instructions include internal policy and procedure directions which reflect the preferences of the agency head. Later, when the State Budget Office instructions have been promulgated, additional information amplifying upon or adding to those directives may be issued by agency budget personnel.

Normally, subunits of the agency (this might be separate institutions or facilities within the agency or various sections, bureaus and divisions of the department) will then be involved in providing their input during the agency's budget request preparation process. But the precise manner and process by which such subunits are involved will vary, even within a single agency. Further, the heads of larger departments may place more responsibility on division administrators for initial budget request development. However, subunit budget request submittals may--regardless of the development process--be subject to some overall limitation such as restricting the total subunit request to some percentage increase over the current level.

CHART 1
BIENNIAL BUDGET CYCLE



Depending upon the size and complexity of the agency and the approach a particular agency head chooses, a series of sublevel reviews, discussions, meetings, and resultant changes may occur prior to the overall internal agency request being finalized by the agency head. In very large agencies there may be a series of sublevel reviews culminating with the individual division administrator's review of requests from subunits of the division. Or, there may be more centralized budget development at the divisional level, but with input and consultation from the sublevel entities. In such agencies, these divisional activities may be followed by reviews by the agency head, but more typically will involve another series of reviews including both division level administrators and the agency's top management.

There may be assigned budget staff at both the division level and the agency head level who are involved in an agency's internal budget review process. For those agencies headed by a part-time policy board (such as the Department of Veterans Affairs or the University of Wisconsin System), the budget developed by the agency head is first submitted to that board for approval before being submitted to the State Budget Office. By statute, agency budget requests are to be submitted no later than September 15 of each even-numbered year.

Upon submittal to the State Budget Office, the budget requests are initially reviewed by the budget analyst(s) responsible for that agency. Further reviews are then conducted by the

Governor's budget officer (the State Budget Director), the Secretary of the DOA, and ultimately, the Governor. Although at this stage of the process the Legislature has no official role, agencies are required, by statute, to submit copies of their budget requests to the Legislative Fiscal Bureau at the same time that copies are delivered to the State Budget Office. This is done so that the Legislature may be kept apprised of the content of agency budget requests. The Legislative Fiscal Bureau is a nonpartisan legislative service agency which is charged with the statutory responsibility of assisting the Joint Committee on Finance and the Legislature in their deliberations on the budget. Similar to the State Budget Office, the Bureau's analysts are assigned the responsibility for review of specific state agencies' budgets.

The Secretary of the DOA is required, by statute, to provide to the Governor or Governor-Elect and to each member of the next Legislature, by November 20 of each even-numbered year, a compilation of the total amount of each state agency's biennial budget request. In addition, the statutes require that summary information be compiled on the actual and estimated revenues for the current and forthcoming biennium. Under current practice, the required November 20 summary provides information only with regard to general fund revenues. These revenue estimates are prepared by the Department of Revenue and are used by the Governor as the basis on which total general fund biennial budget spending levels are recommended.

Subsequent to the release of the November 20 report, the Legislative Fiscal Bureau publishes a summary of the major items included in state agencies' budget requests and distributes this document to each member of the Legislature. This summary is distributed in December of each even-numbered year. The Fiscal Bureau also prepares an independent estimate of general fund revenues. This is provided annually, in January, to the Legislature. The Bureau's revenue estimates issued in January of the odd-numbered year are used in legislative budget deliberations.

Governor's Recommended Biennial Budget

After state agencies have submitted their budget proposals, the budget analysts in the State Budget Office begin their review of the requests. These reviews include checks of the technical accuracy of the request, analyses of the justifications for the requested changes and evaluations of the policy implications of such changes. The specific procedures followed by the analysts in the State Budget Office may vary from year to year depending upon how a particular Governor wishes to approach the budget.

The State Budget Director (who is an appointee of the Secretary of the Department of Administration and who also serves as the Administrator of the Division of Executive Budget and Finance) is involved in the review of agency requests and the development of the Governor's budget recommendations. Typically, there is also considerable involvement by the Secretary of the DOA (who is an appointee of the Governor), although this may vary depending on the desires of the Secretary and/or the Governor. Regardless of the specific procedures followed, the overall responsibility of the State Budget Office is to provide such information, analyses and recommendations as the Governor desires to allow the Governor to arrive at a recommended appropriation level for each year of the forthcoming biennium for each state agency and program.

In addition, the Governor's budget recommendations include any statutory language changes needed to accomplish policy initiatives and program or appropriation changes that are a part of the Governor's budget recommendations. For example, if it is recommended that a state agency undertake a major new program activity or, conversely, discontinue operation of an existing one, this is reflected not only in the total dollar level recommended for an agency but also in any accompanying required statutory modifications,

such as in statutory language detailing eligibility requirements for a state program or specifying how, when and in what amount grants are to be paid.

The Governor, in arriving at his or her budget recommendations, may elect to hold very detailed briefing sessions with State Budget Office staff and/or other DOA and Executive Office (Governor's) staff, may choose to focus attention only on recommended changes to agency requests or may choose to examine primarily major policy or dollar changes. Further, the Governor may choose to have one or more meetings with the State Budget Office staff and a particular state agency head regarding that agency's budget request and/or the tentative budget recommendations of the Governor.

In addition to a wide variety of possible internal budget briefings and hearings, the Governor may, but is not required to, hold public hearings on agency budget requests for the purpose of gathering additional information from state agencies, interested citizens and others regarding agency budget requests.

Under state law, the Governor is required to deliver the biennial budget message to the Legislature on or before the last Tuesday in January of the odd-numbered year. However, upon request of the Governor, a later submittal date may be allowed by the Legislature upon passage of a joint resolution. For the 2003-05 budget, the Governor requested and the Legislature approved an extension of the required submittal date from January 28, 2003, to February 18, 2003. The Governor delivered his recommended budget on that later date. The Governor's budget was introduced as 2003 Senate Bill 44.

For 12 of the last 15 biennial budgets, a delayed submittal date, averaging over 11 days, has been requested by a Governor. Appendix V compares the statutorily-required submittal dates with the actual submittal dates for the last 15 biennial

budgets. The statutes also require that, in addition to delivering the budget message, the Governor is to transmit to the Legislature the biennial state budget report, the executive budget bill or bills and suggestions for the best methods for raising any additional needed revenues.

In addition to the actual budget bill, (or bills--see the discussion of an omnibus budget bill in Appendix I) there are a number of supporting documents which accompany the bill. The principal one is customarily referred to as the Governor's Budget Book(s), which is actually referenced in the statutes as the Governor's "Biennial State Budget Report." The budget book provides a brief description of each agency, summary fiscal information and a listing by incremental items of the Governor's recommended changes to an agency's existing (base) budget level.

All of the budget changes requested by an agency must be shown in the Governor's budget book, as well as the Governor's recommended changes, although how this is to be done is not specified. In recent years, the budget book has focused on agency request items that have been recommended by the Governor and may include a brief summary of the reasons for the Governor's decision. Further, where a Governor has recommended a new budget item not requested by the agency, this item will also be summarized. Items not recommended are listed in title form only at the end of the agency summary without any accompanying discussion. Thus, the Governor's budget book provides an item-by-item listing of all the spending changes from an agency's base budget level that are included in the Governor's recommended budget. In general, however, this listing is summary in nature. More detailed descriptions of the change items are usually contained in the agency budget requests.

In addition to this book, totaling almost 600 pages, there is the Governor's budget message (delivered to the Legislature) which tends to focus on highlights of the recommended budget. The

State Budget Office also produces a "Budget-in-Brief" document, which is an overview of the Governor's budget policies and the major changes recommended by the Governor.

Shortly after introduction of the executive budget bill(s), independent explanatory information on the Governor's budget is prepared by the Legislative Fiscal Bureau. It is at this point in the budget process that the Bureau begins its budget summary document. Initially, the document provides a summary of all changes to each agency's existing budget level that are being recommended by the Governor as well as all proposed statutory changes included in the Governor's budget bill. Included in the descriptive material are references to all the individual sections of the Governor's budget bill that relate to a specific budget item. This summary document is then periodically updated throughout the legislative budget process to reflect the status of the budget at various stages of the enactment process. When completed, it provides a historic tracking of budget decisions, reflecting the actions of the Governor, Joint Committee on Finance, Legislature and partial vetoes of the Governor.

Joint Finance Review of the Governor's Recommended Budget

Budget Bill

As required by statute, the Governor's budget recommendations must be incorporated into an executive budget bill(s) to be presented to the Legislature. To accommodate this requirement, a bill draft is prepared by the Legislative Reference Bureau incorporating the Governor's fiscal and statutory recommendations. The statutes provide that immediately after delivery of the Governor's budget message, the executive budget bill(s) must be introduced, without change, into one of the two houses of the Legislature by the Joint Committee on Finance. Upon introduction, the bill or bills

must be referred to that Committee for review.

Review of proposed legislation by a committee of the Legislature is usually the first step in the legislative processing of any proposed statutory enactment. However, the Joint Committee on Finance's review of the Governor's recommended budget is--because of both the complexity of the document and its significance on state government operations--the most extensive and involved review given any bill in a legislative session.

Briefings and Public Hearings

Upon issuance of the Legislative Fiscal Bureau's budget summary document, the Joint Committee on Finance begins to hold public hearings on the Governor's proposed budget.

Two distinct types of public hearings were held on the 2003-05 biennial budget. The first type, denominated as agency informational briefings, were public hearings at which representatives (agency head and other appropriate agency staff) of designated state agencies were scheduled to appear before the Joint Committee on Finance in a public session to present testimony on the Governor's recommended budget and the effect the recommended budget would have on the agency and its programs. For those agencies governed by a part-time policy board or a three-member commission, the president of the board or the chair of the commission was also asked to appear before the Committee.

The agency head (and the head of a board where the agency is under a board) was asked to provide comments on the budget for the agency as proposed by the Governor. This testimony was then followed by questions that Committee members had regarding the testimony and the agency's proposed budget. These agency hearings were held in Madison on four separate days in March of 2003.

The second type of hearing that was held were Committee sessions at which members from the

general public were heard regarding any area of the proposed state budget that was of concern to those citizens wishing to testify. Agency representatives were asked not to testify again at these hearings. Seven, public hearings (between the period of March 24 and April 9) were held in cities around the state [Rhinelander, Menasha, Milwaukee, River Falls, Platteville, Madison, and Medford (via teleconference)].

The time period required to complete public hearings on the budget varies, depending upon the scheduled floor periods for the Legislature. When floor sessions of the Legislature are being held, the Joint Committee on Finance--like all other committees--is able to meet only when the respective houses are not in actual floor session. When floor sessions are not scheduled, the Finance Committee can hold budget hearings during the entire day. However, in recent years, the scheduling resolution for the Legislature has provided specified blocks of time when the Legislature will not be in floor sessions to allow the Finance Committee, as well as other committees, to meet in all-day sessions.

At the same time that the Joint Committee on Finance is involved in its review of the budget, other committees of the Legislature may also hold hearings to review portions of the Governor's budget proposal. These sessions, conducted at the discretion of the standing committee chairperson, are intended to inform the standing committee's members of particular aspects of the budget which may impact upon the substantive interests of that particular committee. Some committees also forward recommendations to the Finance Committee regarding possible budget changes to be incorporated in the Joint Finance Committee version of the budget.

Non-fiscal Policy Items of the Budget

Given the omnibus nature of the Wisconsin biennial budget, the recommendations of the Governor often include policy items that are non-

fiscal and not related to budgetary matters. In recent biennia, the Co-chairs of the Joint Committee on Finance have identified a number of such items contained in the budgets as submitted by the Governor and removed them from consideration prior to Committee deliberations on the state's budget. Rather than address these items as part of the budget, the leadership of the two houses, in conjunction with the Committee's Co-chairs, have instead had these items drafted as individual bills for introduction into the Senate and Assembly. The purpose of this action is to provide the opportunity for greater public input and detailed review of these items by the other standing committees of the Legislature.

As a part of Committee action on the 1993-95 budget, a number of non-fiscal policy items were removed from the Governor's budget proposal and drafted into 112 individual bills that were introduced in the Senate and Assembly. For the 1995-97 budget, the same policy was employed and 72 bills were prepared for introduction in the Legislature. For the 1997-99 budget, 114 items were removed as non-fiscal policy and 100 bills were prepared for introduction in the Assembly and/or Senate. For the 2001-03 budget, 112 items were removed as non-fiscal policy items and 86 bills were drafted for introduction in the Senate and the Assembly. For the 2001-03 budget, 150 items were removed as non-fiscal policy items. For the 2003-05 budget, the number of non-fiscal policy items in the Governor's budget was considerably reduced. Following a procedure similar to prior budgets, a total of 21 items were removed as non-fiscal policy items.

The removal of the non-fiscal policy items from the Governor's proposal is done prior to the Committee's executive sessions on the budget.

Executive Sessions

Upon conclusion of the public hearings, the Finance Committee commences executive sessions on the Governor's recommended budget. These

executive sessions represent the decision-making phase of the Committee's responsibilities. In Wisconsin, executive session meetings on the budget are open to the public; however, testimony or commentary from the public or agency officials is not taken and discussion is between Committee members, Legislative Fiscal Bureau staff and State Budget Office staff. Occasionally, when deemed appropriate, an agency representative may be invited, with unanimous consent by Committee members, to respond to a question during an executive session.

Following the general conclusion of public hearings, the Committee commenced executive sessions on the budget. A total of 15 executive sessions were held, with the first executive session being held on April 23, 2003, and the last being held on June 4, 2003. In advance of the executive session (or sessions) on an agency's budget, the Fiscal Bureau prepared issue papers for the Committee on various items in most agencies' proposed budgets. (A total of 311 issue papers were prepared for the Committee's consideration.) These issue papers reviewed policy and fiscal options and presented for the Committee's consideration alternatives to the Governor's recommendations. In addition, any Committee member could request the Bureau to prepare a motion(s) to amend an agency's budget and the member could then advance the motion for consideration at an executive session of the Committee.

In addition to issue papers and individual motions, the Fiscal Bureau provided a list of all other items in an agency's budget that had been recommended by the Governor for which there were no issue papers. Committee members could request that any of those items be considered individually. The remaining items were then usually recommended en masse for inclusion in the Committee's recommended budget. While no potential change was ever completely foreclosed until final adoption of a recommended budget by the Committee, most motions were presented and considered by the Committee at the time that an individual agency's budget was scheduled for

executive session action.

The time period involved in the executive session phase of the Committee's deliberations can vary from biennium to biennium, particularly depending upon the schedule of floor sessions. For the 2003-05 budget, the total time required for executive sessions and adoption of the Committee's budget totaled six weeks. The Joint Committee on Finance invariably adopts a budget which contains numerous changes to the Governor's recommendations. Once all proposed changes to the budget have been considered, the Finance Committee directs the Legislative Fiscal Bureau to work with the Legislative Reference Bureau and draft (in bill form) the Committee's recommended budget.

The form of the Committee's budget is usually as a substitute amendment to the Governor's budget bill rather than being a separately identified new bill. In addition to working on the preparation of the Committee's version of the state budget, the Legislative Fiscal Bureau at this time updates its summary of the biennial budget by itemizing each of the Committee's changes to the Governor's proposed budget on an agency-by-agency basis.

Capital Budget Requests

Long-range Building Program

There is a somewhat different initial process for development of the state biennial capital budget. The statutes require the establishment and biennial update of a long-range state building program plan. Under this requirement, each state agency (where applicable) must submit each biennium a six-year facilities plan for the agency. The following state agencies are the primary agencies having to submit capital budget requests: Administration (primarily for state office buildings); Corrections; Educational Communications Board; Health and Family Services; Historical Society; Military Af-

fairs; Natural Resources; Public Instruction; State Fair Park Board; Transportation; University of Wisconsin System; and Veterans Affairs. The plan defines the facility-related needs of each agency in terms of specific projects requested and establishes a timeline for these projects over the forthcoming six years. For 2003-05, these capital budget plans had to be submitted to Division of State Facilities in the Department of Administration by July 17, 2002. The first two years of each agency's long-range building program then formed the basis for the agency's 2003-05 capital budget request.

Agency Capital Budget Requests

Each state agency wanting to have a project included in the capital budget (state building program) portion of the 2003-05 biennial budget had to submit its capital budget request to the Secretary of the State Building Commission (who is also the Administrator of the Division of State Facilities in DOA) by September 1, 2002. Staff to the Building Commission (employees in the Division of State Facilities) then analyzed these requests and submitted staff recommendations regarding the individual agency requests to the Secretary of DOA and the Governor in December of 2002.

Gubernatorial and Building Commission Review of Agency Capital Budget Requests

The staff recommendations were then first reviewed by the Secretary of DOA and the Governor during January and February of 2003. In March of 2003 these recommendations were then reviewed by the sub-committees of the Building Commission and the sub-committees developed recommendations which were then acted upon by the full Commission. Decisions of the full Commission then became the formal recommendations for the proposed 2003-05 state building program [capital budget]. Following Commission action, Division of State Facilities staff prepared for submittal to the Legislature a summary of the projects recommended by the Commission and had drafted an amendment to the budget bill submitted by the Governor to provide the statutory enumeration of

major projects and any other statutory modifications recommended by the Building Commission.

Joint Committee on Finance Review of Capital Budget

The statutes provide that those biennial recommendations of the Building Commission for the forthcoming biennium which require legislative approval shall be transmitted, in the form of draft legislation, to the Joint Committee on Finance no later than first Tuesday in April of each odd-numbered year, unless a later submittal date is requested by the Building Commission and approved by the Committee. Given this statutory date and the last Tuesday in January statutory deadline for the submittal of the Governor's biennial budget recommendations to the Legislature, the formal capital budget is therefore not usually provided to the Legislature until April.

The building program summary prepared by the Division of State Facilities and the accompanying recommended statutory changes, drafted in the form of an amendment to the budget, are normally presented to Joint Committee on Finance by the statutory deadline. The Committee considers these recommendations from the Building Commission in a public hearing which is held after the recommendations have been presented to the Committee. Then, at a subsequent executive session of the Committee, actions on the capital budget are taken similar to the way the Committee acts to approve the recommended budgets for state agencies. These actions will then be incorporated into the Committee's recommended biennial budget bill. [For the 2003-05 budget, the Building Commission recommendations, constituting the capital budget and the state building program, were submitted to the Joint Committee on Finance on March 31, 2003. A separate public hearing on the capital budget was not held.]

Legislative and Gubernatorial Review of the Capital Budget

Subsequent Assembly and Senate review of the

budget as recommended by the Joint Committee on Finance, as described in the following section, then covers the entire budget as approved by the Joint Committee on Finance, including the capital budget. Similarly, once the budget is passed by the Legislature, the Governor's action (including any partial vetoes) on the budget as passed the Legislature will involve the entire budget, including the capital budget provisions. [For further information on the capital budget process, see Legislative Fiscal Bureau Informational Paper entitled "State Building Program."]

Senate/Assembly Consideration of the Budget

The Governor's budget bill(s) is usually initially introduced in either the Assembly or Senate and then referred to the Joint Committee on Finance. For the 2003-05 budget, the Governor's budget bill was introduced in the Senate and became 2003 Senate Bill 44. Upon completion of the Finance Committee's review of the Governor's recommended budget, the bill as recommended by the Finance Committee returns to that house which initially referred it to the Committee. For the 2003-05 budget, all of the Committee's actions were incorporated as a substitute amendment to Senate Bill 44, and the bill was then reported to the Senate by the Committee.

Immediately following Finance Committee action on the budget, one or both houses will schedule briefings on the budget either as a briefing for all members of the respective house or as separate briefings for the two partisan caucuses of the respective house. These briefings are usually conducted by Legislative Fiscal Bureau staff. (If only one house holds a briefing when it receives the budget, the other house will then typically hold such briefings when it receives the budget from the other house.) Then, depending upon the amount of time set aside for the respective house's consideration of the budget, the house typically moves immediately to commence party caucuses

on the budget.

In contrast to the way in which recommended changes to the state budget are considered at the Finance Committee stage (where motions specifying intended changes are considered and adopted and then ultimately incorporated into a revised budget bill), any changes proposed for consideration by the full Assembly or Senate must be offered and adopted in the form of drafted amendments to the bill. Thus, should an individual legislator be interested in--for example--adding or deleting two positions to an agency's recommended budget, the legislator must have an amendment drafted by the Legislative Reference Bureau increasing or decreasing the recommended budget level for the agency. This would typically be an amendment which is very short in length, perhaps only two or three lines of text.

In contrast, another legislator--wanting to include a new program activity or delete an existing activity from the budget--might have to have a lengthy amendment drafted to modify not only the recommended dollar levels for the agency but also to add, delete or modify the pertinent statutory language governing the program or activity. Individual legislator-initiated changes that are to be considered on the floor are offered as individual amendments to the bill. In the past, but not in recent times, an entire substitute amendment (a new budget bill) has been offered by a group of legislators as an alternative to the budget under consideration.

Some of these individual amendments are ultimately offered and debated in each house. However, in recent budgets prior to 2003-05, most of the considered changes were formulated and put forth by the majority caucus as a single package as a result of extensive caucus deliberations. This process involved consideration of numerous proposed changes to the budget. In some cases, the changes were advanced by individual members of the caucus and the ones for which there was sufficient caucus support were incorporated into a single caucus amendment. In

other cases, proposed changes from individual members were first submitted to caucus leadership for development of a caucus package to be reviewed by the caucus membership.

However, for the 2003-05 budget, neither of the two majority parties used the process of caucus determination of a major caucus amendment to the budget bill as passed by the Joint Committee on Finance. With a stated goal of completing legislative action on the 2003-05 budget by the end of the then current fiscal year (June 30, 2003), the Senate -- which received the bill from the Joint Committee on Finance -- commenced action on the state budget on June 18, 2003, two days after the drafted substituted amendment adopted by the Joint Committee on Finance was received by the Senate. A total of 122 amendments to the Joint Committee on Finance budget were offered but only two of the amendments (both offered by majority party members) were adopted. The remainder of the amendments had been offered by members of the minority party. The Senate adopted the amended budget on that same day by a vote of 17 to 16.

The following day, the Assembly commenced action on the budget as passed by the Senate. A total of 55 amendments to the Senate-passed bill were offered (all but three were offered by members of the minority party). Only one amendment was adopted (an amendment offered by members of both parties). The Assembly adopted the amended budget on that same day by a vote of 58 to 37. The Senate concurred in the Assembly amendment on June 24, 2003, six-days before the deadline goal of June 30, 2003. A total of three amendments to the Joint Finance Committee budget were adopted by the two houses.

Final Legislative Enactment

The two houses of the Legislature rarely pass identical versions of the budget in their first

consideration. Consequently, like any other bill over which the two houses are in disagreement, if the bill is to become law it must be agreed upon in the identical form by each house.

There are several methods available for achieving resolution of differences between the two houses on bills. The traditional approach--where there are substantial differences--is for one house to seek a committee of conference on the bill wherein a specified number of members from each house are delegated by their respective houses to represent that house and meet as a bargaining committee with the goal of producing a report reconciling the differences. Under this procedure, a conference report is then submitted to each house as an unamendable document to be voted up or down. A conference committee on the biennial budget was used for the 2001-03 biennial budget.

However, because of the vast scope of the budget bill (encompassing all of state government) and the difficulty of limiting the items which may be addressed by a conference committee, another method that has been used from time to time has been to successively pass, between the houses, narrowing amendments dealing with only the points of difference between the respective budgets as initially recommended by the two houses. This narrowing process is then continued until all items of difference are resolved by either inclusion, exclusion or modification. Although there were relatively few differences between the two houses on the 2003-05 budget, this was the approach used for that budget.

2003 Budget Session -- Governor's Item Vetoes

Regardless of the approach used to resolve any differences, once the differences between the houses are resolved, a final budget bill has been passed by the Legislature and now is ready to be prepared for the Governor's consideration. The bill at this stage--termed an "enrolled bill"--is not sent

to the Governor until it is called for by the Governor. Typically, several weeks may ensue before the bill is requested. This allows the Governor and the Governor's staff time to review the items in the final legislative budget bill and to consider--in consultation with the State Budget Office, agency heads and legislators--possible partial vetoes of the bill.

Wisconsin's Constitution provides the Governor with the power of partial veto for any appropriation bill, including the biennial budget bill. In contrast to a "nonappropriation bill," this means that rather than having to approve or reject a bill in its entirety, the Governor may selectively "delete" portions of the budget bill. Thus, both language and dollar amounts in a budget bill may be vetoed by the Governor. Typically, a Governor will partially veto a number of provisions in the legislatively-enacted budget bill, although the vast majority of the bill will become law in the form as passed by the Legislature. The budget bill (less any items deleted

by the Governor's partial veto) then becomes the state fiscal policy document for the next two years.

Just as with a Governor's veto of a bill in its entirety, the Legislature has a chance to review a Governor's partial vetoes and may, with a two-thirds vote by each house, enact any item-vetoed portion into law, notwithstanding the objections of the Governor.

On July 21, 2003, enrolled SB 44 was presented to the Governor. He approved the bill, in part, on July 24, and had it deposited in the Office of the Secretary of State as 2003 Wisconsin Act 33. The Governor indicated in his message to the Senate that he had exercised his authority to make 131 partial vetoes to the bill, as passed by the Legislature. Act 33 was published on July 25, 2003, and except as otherwise specifically provided, became effective the following day. None of the Governor's partial vetoes were overturned by the Legislature.

APPENDIX I

ADDITIONAL CONSIDERATIONS REGARDING THE STATE BUDGET

There are a number of more technical items regarding the state budget in Wisconsin that are important factors in the overall process budget but which are not discussed in the main body of this paper. The purpose of this appendix is to briefly present the more important of these points under various topical areas.

Budget Period

Budgets can vary by the period of time they cover. In government, budgets generally cover either one or two years, an annual or biennial budget respectively.

Biennial Budget. Wisconsin uses a biennial budget process wherein the budget act provides the authorized funding for the entire ensuing two-year period. Most of the individual appropriations contained in the budget bill are one-year appropriations (annual appropriations) with any unused funding lapsing to the fund or account from which the revenues were appropriated at the end of the fiscal year. However, some appropriations, although listed in annual increments are valid for the entire two-year period (biennial appropriations) with any unused funding not lapsing until the end of the fiscal biennium. Further, other appropriations (continuing appropriations) are made available for expenditure over any number of years until funds are exhausted or the appropriation is repealed by the Legislature. A typical use of such an appropriation would be for a multi-year study or demonstration project. In other, limited cases, appropriations are made on essentially an open-ended basis (these are termed "sum sufficient ap-

propriations") wherein the agency may expend whatever funds are necessary to accomplish a particular statutorily-specified program purpose. Traditional uses of sum sufficient appropriations include those for entitlement programs such as homestead property tax credits and for principal and interest payments on debt service obligations.

Annual Budget. Wisconsin has always adopted a biennial budget. This has continued to be the case even after the Legislature acted in 1971 (Chapter 15, Laws of 1971) to provide for regular annual sessions of the Legislature. The odd-numbered year legislative session has traditionally focused primarily on budget matters and the even-numbered year session more on consideration and disposition of other major legislation.

There have, however, from time to time been proposals to change to an annual budget. Under an annual budget, the entire budget is considered anew each year. Thus, the complete budget process (from agency budget requests to legislative budget enactment) takes place each year. Congress and most local governments use the annual budget process.

Upon taking office in 1987, Governor Thompson requested legislative consideration of a proposal to make a variety of statutory changes to the budget process, including providing permissive statutory authority for submission of separate annual budgets for fiscal years 1987-88 and 1988-89 as an alternative to submitting a biennial budget.

In response, the Legislature retained the statutory requirement for the submittal by the Governor of a biennial budget. However, the

Legislature also established a one-time requirement that the Governor submit to the Joint Committee on Finance, no later than the last Tuesday in January, 1988, a recommended annual budget bill draft or drafts incorporating any needed changes in appropriations or revenues for the then current biennium (1987-89). This created the necessity for submittal by the Governor of, and action by the Legislature on, a 1988-89 annual budget.

It is important to note, however, that the 1988-89 annual budget, submitted by the Governor, was not a completely new budget because appropriations for 1988-89 for most agencies had already been reviewed and approved as a result of the biennial budget (1987 Wisconsin Act 27). Therefore, the termed "1988-89 annual budget" actually contained only selected adjustments to previously established appropriation levels and selected new policy initiatives. No action has ever been taken in the subsequent sessions of the Legislature to continue the annual budget provisions.

Practices in the States. Twenty states use a biennial budget approach. Nine of those states actually appropriate money for a two-year period of operation and the remaining eleven, including Wisconsin, appropriate for a two-year (biennial) period but allot the funds in annual (fiscal year) increments (which some view as two annual budgets). The remaining 30 states have an annual budget process.

building blocks which are used to composite the budget document. Terming a budget a line-item budget is intended to characterized that the way the budget is developed (and typically presented) is in terms of objects of expenditure (for example, salaries, fringe benefits, rent, supplies, contractual services and permanent property). A traditional line-item budget will both develop and appropriate funds on the basis of such categories.

Program Budget. Wisconsin's budget is termed a program budget. This means that the structure of both the appropriations schedule and the individual appropriations is generally of a "program" nature. In Wisconsin, individual agencies are first assigned to one of several broad functional areas (such as commerce, education or human relations and resources). Then, within a given functional area, agencies are listed in alphabetical order and all the appropriations for an agency are listed under the agency heading. Depending upon its size, an agency may be shown as having one or several programs. For each program there will generally be a lump sum appropriation listed, plus such other additional special appropriations as are considered necessary. (For a sample of the program budget appropriation structure, see Chart 6 in Appendix VII. Chart 7 in Appendix VII shows the statutory appropriation language for each of the appropriations shown in Chart 6.)

Budget Type

Budgets can also vary by the type of budget method that is primarily used (typically distinguished by the terms either line-item budget or program budget).

Line-Item Budget. When the term line-item budget is used, it typically refers to either the budget document itself (budget bill) or the back-up

Budget Bill or Bills

Many states use a number of bills to cover the range of state agencies and programs for which appropriations are made. In these cases, each bill will relate only to certain state agencies or programs or to different functional areas or will use some such other breakdown that is traditional for that state. Other states use only a small number of bills. About a third of the states (18), including Wisconsin, have a single budget bill encompassing all of state government. These different types of

budget bills are discussed below.

Multiple Budget Bills. Thirty-two of the fifty states use multiple budgets, ranging from as few as two to four bills (approximately 11 states) to as many as 60 to over 100 bills. [One state (Arkansas) has 500 budget bills.] In states with the extremely high number of bills, there tends to be a bill for each agency or sometimes multiple bills for large agencies. For those with only a few budget bills, there may be an omnibus operating bill, a capital budget bill and a transportation bill.

Budget Bill or Bills in Wisconsin. The statutes [s. 16.45] call for the Governor to deliver his or her budget message to the Legislature by the last Tuesday in January and, along with that budget message, to transmit to the Legislature the biennial state budget report (Governor's budget book) and the executive budget bills. However, s. 16.47--which is entitled "budget bill"--requires that the executive budget bill or bills shall incorporate the Governor's recommendation for appropriations for the succeeding biennium. Following the development of program budgeting in Wisconsin in the late 1960's, governors have generally submitted, and legislatures have adopted, a comprehensive biennial budget contained in a single omnibus budget bill. There have been occasions in the past when a governor has chosen to submit multiple budget bills. For example, for the 1989-91 biennial budget, Governor Thompson initially submitted a total of three separate bills constituting his executive budget recommendations: a general executive budget bill; a transportation general executive budget bill; and a natural resources executive budget bill. Later, a fourth proposal constituting the 1989-91 executive capital budget recommendation was submitted in draft form. Further, in the 1995-97 budget, the Governor and the Legislature agreed to deal with the transportation budget as a separate budget bill due to concerns over transportation budget revenues.

Omnibus Budget Bill. In contrast to many other states and the federal government, Wisconsin

(and 17 other states) uses an omnibus budget bill which, upon enactment, provides the appropriation authorization and statutory language necessary for the operation of all state agencies in the next fiscal period (annual or biennial budget). There are arguments that can be advanced both for and against a single omnibus budget bill approach versus the use of several or many appropriation bills. However, the omnibus bill approach has been favored in Wisconsin on the basis that it encourages and enhances consideration of various competing program demands for a fixed level of resources (available revenues). While some would challenge the validity of this assertion, it is an essential fact that at each stage of the omnibus budget process a general fund balance statement is determined to ensure that the total level of spending proposed to be authorized does not exceed the estimated available revenues.

Development of the New Budget

Another way in which budgets differ is in how successor budgets are developed by the budget decision-makers (state agency heads, the Governor and the Legislature). Three of the more frequently mentioned methods are discussed below.

Incremental Budgeting. The general budget formulation process in Wisconsin can best be termed incremental budgeting. This means that agency budget requests for an upcoming biennium use, as a starting point, the existing budget level (the base budget). There are several technical adjustments to this base that may be required in any biennium, but the budget request instructions for the next biennial budget direct an agency to "build" its budget by identifying requested budget changes from its current base budget level, technically termed the agency's adjusted base budget level. All of the budget decision items identified in agency requests and the Governor's Budget Book represent increments of change over

the existing level of spending (the adjusted base budget).

Zero-based Budgeting. Although rarely discussed in recent times, zero-based budgeting (ZBB) enjoyed a brief popularity in the 1970s. According to the National Conference of State Legislatures, none of the 50 states are currently using a pure ZBB style of budgeting, although a very few states indicate that it still may be used on occasion for selected agencies. While the application in the individual states that experimented extensively with ZBB varied, the concept in its classic form was that the next budget (agency budget request) was to be rebuilt from zero. In other words, no existing base budget or cost to continue level was to be assumed. Rather, agencies were to restate their entire budget [both existing budget and budget changes (increments)] starting from zero. Budget request elements were to be prioritized based usually on some numerical percentage of the base budget. For instance, total agency budget requests might be limited to 95% of the existing base budget level. This then required agencies to first break down their existing budget into small components that could be priority ranked and then include and re-rank budget changes to end up at the prescribed target level.

Reports on the "success" of zero-based budgeting varied. In general, however, two of the more frequently cited conclusions were that: (1) it was a burdensome, paper heavy process (requiring the development of copious numbers of budget forms); and (2) any benefits from using this process seemed to flow more to agency management than to the ultimate budget decision-makers (the Governor and the Legislature) due to the level of detailed form review required.

While Wisconsin has never used a true zero-based budgeting procedure, elements of the practice have been included as a part of the biennial budget process in past years, usually by the Governor. In recent budgets, a typical part of DOA's budget instructions to state agencies have required state agencies to provide, as a part of their

biennial budget request submittal, an identification of where each agency would propose to reduce its base budget (existing budget level) if a fixed percentage of each agency's base budget was required to be reduced. In general, this "reduced base budgeting plan" has been required only for general purpose revenue agencies and the state transportation and conservation funds. Further, a number of exclusions have been made, such as excluding any reductions in debt service payments or payments to local units of government. In other words, the "cut" requirement has tended to be focused on expenditures for state operations (that is, state administrative costs), although cuts in programs providing aids to individuals could also be used. In general, the fiscal situation in recent years has been such that no uniform implementation of those "cuts" has been advanced by the Governor, but selected reductions have been used in the development of the Governor's budget, depending upon projected available revenues and competing program demands.

For the 1997-99 biennial budget, the requirement was for agencies to identify base budget reduction areas equal to 3.5% of their targeted base budget level for each of the two succeeding years. For the 1999-01 biennial budget, the requirement was for agencies to identify budget reduction areas equal to 5% of their targeted base budget level for each of the two succeeding years. For the 2001-03 biennial budget, the budget instructions did not require agencies to submit formal "reduced base budget plans." However, the instructions went on to state that "agencies with GPR-funded state operations should anticipate that the final 2001-03 biennial budget may require them to absorb up to a 5% unallocated base cut." The 2001-03 biennial budget as introduced by the Governor and as adopted by the Legislature did in fact include a 5% GPR base budget reduction of 5% for most state agencies, although some agencies were subject to lesser percentage reduction amounts. The 2003-05 biennial budget instructions required that each state agency submit by November 15, 2002, a plan for accomplishing a 5% reduction in its GPR state

operations budget.

In the 2003-05 biennial budget recommended by the Governor, the majority of state agencies' GPR state operations appropriations were reduced by a total of 10% per year. However, some agencies had different percentage reductions.

For the 2005-07 budget, the budget instructions required that all state agencies develop plans to absorb a 10% permanent base cut in their state operations administrative appropriations. This was to be done for all fund sources except for those administrative state operations appropriations funded from federal monies. These reduced base budget plans were to be submitted by November 15, 2004 (agency 2003-05 biennial budget request submittals were due by September 15, 2004).

In addition, the 2001-03 budget adjustment bill (Act 109) created a new requirement for a base budget review each biennium of one-third of all state agencies. Under this new provision, each state agency that is required to report must submit an expenditure report that contains the following: (1) a description of each programmatic activity of the agency; (2) for each such programmatic activity, an accounting of all expenditures -- arranged by revenue source and such categories as are specified by the Secretary of the Department of Administration -- for each of the prior three fiscal years and for the last two quarters of the prior three fiscal years. For those agencies required to provide such reports for the 2005-07 budget cycle, these expenditure reports were to be submitted to the Department of Administration by September 20, 2004.

Performance-based Budgeting. In recent years, most budget improvement discussions have focused on agency performance measures and the use of performance-based budgeting. As with zero-based budgeting, there is no single accepted definition of what constitutes performance-based budgeting. However, in general, a description that may be used is that performance-based budgeting

is a budget decision-making process that is aimed at allocating budget resources to an agency based on a review of the agency's goals and objectives and its corresponding planned and actual performance results. Further, the performance achievements are to be evaluated relative to the level of measured (quantifiable) achievement by the agency in reaching program outcome goals (results). The intent is that budget decisions in the next budget cycle (and subsequent budget cycles) can then be made based on the actual agency performance in the current budget period related to stated program outcome measures. As indicated above, Wisconsin to date has used primarily incremental budgeting. However, 1997 Wisconsin Act 27 created a requirement that two state agencies (the Department of Transportation and the TEACH Board) submit their agency budget requests for the 1999-2001 biennium on a performance-based budget basis. Further, the budget instructions for 2001-03 budget requests required that each state agency include with its budget request a minimum of two to four (based on agency size) performance measures.

For the 2003-05 budget, the budget instructions directed state agencies to update the performance measures included in their 2001-03 biennial budget submittal. This updating was to include, to the extent possible, five years of actual results under each performance measure and five years of planned future years results for those same program performance measures. At a minimum, however, the agency's budget submittal was to include past actual outcomes for the performance measures selected and planned outcomes for those measures for the forthcoming three years.

For the 2005-07 biennial budget, the budget instructions directed state agencies to update the performance measures submitted for the 2003-05 budget and to continue to report on the performance measures they identified for previous biennial budgets. Outcome measures are directed to include, if possible, at least five years of past performance. The budget instructions further

indicated that because many factors enter into budget decisions, the state's traditional program budget structure decision will continue to be presented in the budget documents. The instructions state, however, that performance outcome measures can provide a rationale to add, reduce or reallocate budget resources.

Budget Fiscal Periods

Budgets may also be distinguished with regard to beginning and ending dates of the individual budget year. In general, a budget covers a 12-month period (annual fiscal period) or a 24-month period (biennial fiscal period). However, even though Wisconsin's budget is for a biennial fiscal period, appropriation amounts are typically set in 12 month increments. Each increment represents the budget allotment for the fiscal year period used for financial reporting. However, the starting month for a fiscal year period can be any month of the calendar year. The concepts of a biennial budget period and fiscal years versus calendar years are discussed further below.

Biennial Budget Period. The official fiscal biennium for the state runs from July 1 of one odd-numbered calendar year to June 30 of the next odd-numbered calendar year, a 24-month period. The Legislature normally has from approximately February 1 of the odd-numbered calendar year until June 30th of that same year (some five months of time) before the then current fiscal biennium ends and a new fiscal biennium begins.

Fiscal Years vs. Calendar Years. The biennial budget period includes two annual periods or fiscal years. Most appropriations are annual appropriations and are effective for that fiscal year only. The state's fiscal year runs from July 1 of one calendar year to June 30 of the succeeding calendar year. Thus, the 2005-07 biennial budget will involve appropriations for both fiscal year 2005-06 (July 1, 2005, thru June 30, 2006) and fiscal year 2006-07 (July 1, 2006, thru June 30, 2007). These fiscal years will be referred to as "FY 06" and "FY 07" respectively, using the ending calendar year of the overlapping years as the identifier.

The correspondence or overlap between calendar years, fiscal years and biennial budget periods in Wisconsin is portrayed in Chart 2 below.

Most local governments within the state are on a fiscal year period that coincides with the calendar year except for school districts, which are on the same fiscal year as the state. The federal government is on a cycle that runs from October 1 of one calendar year to September 30 of the following calendar year. [For example, the federal fiscal year (FFY) 2006 budget will be for the period beginning on October 1, 2005, and ending on September 30, 2006.]

Procedures in Event of Lack of New Budget by Start of New Fiscal Biennium

For the federal government, and for many state governments as well, if the current fiscal period

Chart 2: Comparison of Budget Calendar and Fiscal Periods

Calendar Year(s)	Calendar Dates	Fiscal Year	Biennial Budget Period
2003 and 2004	July 1, 2003 to June 30, 2004	2003-04	2003-05 Biennial Budget
2004 and 2005	July 1, 2004 to June 30, 2005	2004-05	2003-05 Biennial Budget
2005 and 2006	July 1, 2005 to June 30, 2006	2005-06	2005-07 Biennial Budget
2006 and 2007	July 1, 2006 to June 30, 2007	2006-07	2005-07 Biennial Budget

ends without a new budget having yet been authorized for the succeeding fiscal period, the government is generally prohibited from making any further expenditures until a new budget is enacted. In general, the only exception permitted is if some type of temporary budget continuation resolution is approved by the legislative body to allow the government to temporarily continue to expend money. Wisconsin is somewhat unique in this regard by having a permanent statutory provision automatically allowing for continuation of the existing budget level when this circumstance occurs.

Continuation of Authorized Appropriations.

The Wisconsin Legislature considers the appropriation levels for the forthcoming fiscal biennium during the last six months of the then current fiscal biennium (which is the first six months of the two-year legislative session). In the event that a new biennial budget is not enacted by the end of the old fiscal biennium (June 30 of the odd-numbered year), however, the operations of state government do not come to a halt. This is because of the automatic continuation procedure contained in the appropriations section of the statutes. This provision specifies that, in the event that no new budget has been enacted by that time, the appropriation levels that were in effect for the fiscal year just ended are automatically continued for the new fiscal year (and all subsequent years) until amended or repealed by subsequent legislative enactment. Thus, in those past sessions when the Legislature has not enacted a new budget by June 30, state agencies have been able to continue operations at their existing appropriation levels until a new budget is finally enacted. However, such expenditures are ultimately financed from the new appropriations once they are finally authorized.

Procedures for Interim Changes in the Authorized Budget

Wisconsin's biennial budget, once adopted,

provides spending authority (by fiscal year) for a two-year period. This budget is not un-amendable however. Ways in which the biennial budget may be modified include the following: (1) by separate legislation authorizing an additional appropriation or eliminating or modifying an existing appropriation; (2) by the request of the Governor for introduction (generally in the second annual session of the Legislature) of a budget adjustment bill to make changes to the adopted biennial budget; (3) by the authorization of limited emergency changes to existing appropriations at the request of state agencies with the approval of the Joint Committee on Finance. These items are discussed in more detail below.

Interim Changes in Appropriation Levels.

Except for sum sufficient appropriations, the levels of funding appropriated to agency programs may not be changed during the biennium except by subsequent action of the Legislature or as these appropriations may be supplemented or reallocated by the Joint Committee on Finance for emergency purposes.

Increases. The biennial budget notwithstanding, the Legislature can pass subsequent legislation which increases previously approved appropriation levels. Aside from this type of change, appropriation levels can be increased in only two other ways.

First, as a part of each biennial budget there are certain supplemental appropriations or accounts which represent set-asides of pools of money to augment program appropriations. The most significant of these supplements are those for the costs of salary and fringe benefit increases, authorized in collective bargaining agreements for represented employees or in the state pay plans for non-represented state employees and for faculty and academic staff. These compensation reserve amounts are to pay for the costs in the forthcoming biennium of pay plan and collective bargaining agreements not yet adopted. A lump sum of money for such anticipated costs on a statewide basis is normally reserved in the biennial budget,

rather than including financing for such costs in the individual agency program appropriations as set by the biennial budget. This is because the pay plan or collective bargaining agreements are usually not finalized until after the end of the budget process (sometimes well after) and because the specific agency-by-agency costs of such compensation changes are not known. Another example of such a supplement is for increased space rental costs in state-owned office buildings or in leased, private office space.

The other way in which an agency's appropriations can be increased is by action of the Joint Committee on Finance pursuant to ss. 13.101 or 16.515 of the statutes. Under these statutes, the Finance Committee may supplement any agency's appropriation which is insufficient because of unforeseen emergencies or is inadequate to accomplish the purpose for which it was made if the Committee determines that: (1) an emergency exists; (2) no funds are available for such purposes; and (3) the purposes for which a supplemental appropriation is requested have been authorized or directed by the Legislature.

The Committee may also transfer funds between appropriations and programs. In this case, the Committee may make such transfers if it finds that: (1) unnecessary duplication of functions can be eliminated, more efficient and effective methods for performing the program will result or legislative intent will be more effectively carried out; (2) legislative intent will not be changed as the result of such transfer; and (3) the purposes for which the transfer is requested have been authorized or directed by the Legislature.

Reductions. The Legislature can also pass subsequent legislation which decreases previously approved appropriation levels. In addition, there is a specific statutory provision for actions to be taken in the event of a shortfall in the amount of revenues anticipated in the biennial budget. This provision is discussed in more detail below under topic of fiscal emergencies declaration.

Interim Changes in Authorized Positions. Although the dollars appropriated to an agency are specified by program and fund source in the budget bill, the number of authorized staff positions is not. There is, however, backup budget detail that is considered an integral part of the budget process which specifies that number. The statutes provide that generally positions may only be authorized for agencies in one of three ways: (1) by the Legislature as a part of budget enactments or by other separate legislation; (2) by the Joint Committee on Finance; and (3) by the Governor for federally-funded positions. The Department of Administration reports quarterly to the Joint Committee on Finance on the total number of authorized positions for each state agency.

There are, in addition, three other special exceptions provided. One exception allows the University of Wisconsin (UW) Board of Regents to unilaterally change the number of positions authorized for the UW System--but only for positions funded from certain program revenue or federal revenue accounts. A second exception allows the UW Hospitals and Clinics Board to unilaterally change the number of positions authorized for the Board funded from program revenues. Both the UW Board of Regents and the UW Hospitals and Clinics Board are required to report quarterly to the Department of Administration and Joint Committee on Finance on any position changes made under these two provisions. The third exception also relates to the University of Wisconsin System. This provision allows the UW Board of Regents to create or abolish academic staff or faculty positions funded from the University's general purpose revenue (GPR) appropriation for general program operations of the University. The Board is required to report, by September 30 of each year, to the Department of Administration and the Joint Committee on Finance on the number of such positions created or abolished under this authority in the prior fiscal year.

Budget Adjustment Bills. As noted earlier, the Wisconsin statutes provide for a biennial budget

rather than an annual budget. There is no current statutory provision for any regularly-scheduled annual budget adjustment or review bill to be considered by the Legislature. There was a statutory provision for the submittal by the Governor of annual budget review bill that was in existence from 1972 until the 1981-83 biennial budget, when it was repealed by the Legislature.

Other than the fiscal emergency provision described below, there is no statutory requirement for submittal by the Governor of a budget adjustment bill. However, it is frequently the case that changes in economic conditions or unexpected developments in state or federal governmental programs will result in the need for legislation to be submitted and considered in the second annual session of the biennial Legislature to make various adjustments to the previously adopted biennial budget. In 11 of the last 12 biennia, there has been at least one budget adjustment bill adopted (see Appendix VI).

Fiscal Emergencies Declaration. There is an existing statutory provision that deals with actions to be taken in the event of a shortfall in budgeted revenue collections. This statutory provision specifies that if, subsequent to the adoption of the biennial budget, the Secretary of DOA determines that previously authorized expenditures will exceed revenues in the current or forthcoming fiscal year by less than one-half of one percent of estimated general purpose revenue (GPR) appropriations, the Secretary may take administrative action to adjust agencies' budget allotments to withhold funds (spending authority) sufficient to offset the revenue shortfall

However, if in this shortfall determination process, the Secretary of DOA concludes that the level of GPR appropriations authorized in the biennial budget will exceed the level of revenues now expected to be available in the current or forthcoming fiscal year of the budget biennium by *more than* 0.5% of the amount of total GPR appropriations for the respective fiscal year, the Secretary

may not take any action to reduce agency spending authority. Rather, the Secretary must notify the Governor, the presiding officer of each house of the Legislature, and the Joint Committee on Finance of this fiscal emergency situation.

Following this notification, the Governor is required to then submit his or her recommendations for correcting the imbalance to the Legislature. If the Legislature is not in an actual floorperiod at the time of the Secretary's notification, the Governor is required to call a special session of the Legislature to address the situation and the Governor's recommendations for dealing with the imbalance.

The latter part of this statutory provision first came into play in the 2001-02 fiscal year when a decline in state revenues required the Governor to call a special session of the Legislature to address that fiscal emergency. A bill was submitted by the Governor to address the situation and following legislative deliberation on that bill, this budget adjustment legislation was ultimately enacted as 2001 Wisconsin Act 109.

Non-Budget Fiscal Bills

Special statutory provisions apply to the legislative handling of the biennial budget bill. However, there will also be bills in each legislative session that propose to authorize the expenditure of money for specific limited purposes. Most often such bills will contain appropriation authority to: (1) fund a new program; or (2) modify the operation of an existing program and perhaps provide additional staff or different grant levels for the program, thereby necessitating additional funding. Bills providing for the appropriation of money or affecting revenues are termed fiscal bills and have added requirements related to legislative consideration of such bills. These special requirements are described below.

Emergency Clause Requirement. Another facet used in Wisconsin to enhance the comprehensive budget approach to spending authorization is a statutory provision specifying that no bill affecting state appropriations or revenues or increasing the cost of state government by an amount in excess of \$10,000 annually may be passed by either house of the Legislature until the budget bill has been passed by both houses. However, two exceptions--referred to as emergency clause provisions--are provided.

First, the Governor and the Joint Committee on Finance are each individually empowered to recommend for passage bills that would otherwise be in violation of this prohibition (against passage in advance of the budget bill) for consideration as "emergency bills" by the attachment of an "emergency clause." The emergency clause is actually a statement designating the bill for such emergency consideration. The Governor may send a letter to the house of origin indicating this intent or the Finance Committee may vote to attach such a statement to a fiscal bill. Second, the organization committee of either house is also authorized to attach a similar emergency clause--but effective only for consideration of the bill in that respective house--to bills that would otherwise violate the prohibition so long as such bills would not affect state finances by more than \$100,000 biennially.

Required Reference of Fiscal Bills to the Joint Committee on Finance. A separate, statutory provision requires the budget bill to be referred to the Joint Committee on Finance immediately upon introduction. However, the statutes also provide that certain other bills must, in addition to being referred to a substantive standing committee such as Corrections or Judiciary, also be referred to the Joint Committee on Finance. The statute which governs this referral of bills, s. 13.093(1), provides as follows: "All bills introduced in either house of the legislature for the appropriation of money, providing for revenue or relating to taxation shall be referred to the joint committee on finance before being passed." In application of this provision, the following interpretations of the language of the

statute have been developed.

First, "all bills introduced" means that the referral requirement applies only to bills in their original form. The referral requirement does not extend to amendments (either simple amendments or substitute amendments). Second, the phrases "for the appropriation of money" and "providing for revenue" means that the language of the bill must directly affect appropriations or revenues. The fact that a bill has a fiscal estimate (see definition below) attached is not, by itself, determinative of the requirement for referral unless the language of the bill actually affects appropriations or revenues. Third, all appropriation and revenue sources fall within the referral requirement. Fourth, the phrase "relating to taxation" is broadly construed to mean any type of tax and to include local taxes (such as property taxes) as well state taxes. Fifth, the requirement is only for referral of the bill to the Joint Committee on Finance. Thus, while a vote on the bill can be taken by the Committee, the only requirement is that the bill be referred to the Committee. Once a bill has been referred, the statutory requirement is fulfilled and the bill can be acted upon by the Committee or it can be returned to the house which referred it to the Joint Committee on Finance. And sixth, the phrase "before being passed" means before having been adopted by both houses of the Legislature. Consequently, one house may pass a fiscal bill which meets the requirements for referral to the Committee without making the actual referral. However, it is then incumbent upon the second house to make the required statutory referral before acting upon the bill.

Fiscal Estimates. Many of the bills introduced in the Legislature each session, if enacted, will impact on state and /or local government finances. Bills may affect expenditure requirements, the raising of revenues or imposition of taxes or fees. While in some cases the fiscal implications of a bill will be fairly evident, such as when a bill appropriates a specific amount of money to an agency, for other bills that will not be the case. For example, a bill may require an agency to perform new functions but not provide any staff or funding

to perform the new functions. Or, a bill may impose a new tax or fee, but the bill will not typically identify the amount of revenues that will result from the proposed tax or fee. The Wisconsin Legislature was the first in the nation in recognizing the need of legislators for this type of fiscal information in considering whether to pass the legislation. Thus, the requirement for a fiscal note to the bill (now termed a "fiscal estimate" in Wisconsin) was created.

The requirement for fiscal estimates on bills is established both in the statutes and in the joint rules of the Legislature. The statutory requirement [s. 13.093(2)(a)] provides as follows:

"Any bill making an appropriation and any bill increasing or decreasing existing appropriations or state or general local government fiscal liability or revenues shall, before any vote is taken thereon by either house of the legislature if the bill is not referred to a standing committee, or before any public hearing is held before any standing committee or, if no public hearing is held, before any vote is taken by the committee, incorporate a reliable estimate of the anticipated change in appropriation authority or state or general local government fiscal liability or revenues under the bill, including to the extent possible a projection of such changes in future biennia."

The scope of bills which may require a fiscal estimate is considerably broader than just those bills which would meet the requirements for referral to the Joint Committee on Finance (see above). This is because not only is a fiscal estimate required if the bill would make changes in appropriations or revenues, but also if the bill would affect state or local government general fiscal liability (such as affecting the cost of state agency or local government operations).

In general, fiscal estimates on bills are prepared by the state agency or agencies that would be most affected by or involved in the subject matter of the

legislative proposal. That agency (or another agency) may also be the one designated to provide an estimate of local governmental fiscal liability if it is anticipated that the bill would have a potential fiscal impact in that area. The requirement for a fiscal estimate is determined by the drafting attorney in the Legislative Reference Bureau (LRB) who prepared the bill draft. However, under the joint rules, any legislator may raise a point of order that a bill lacking a fiscal estimate should have one. If the presiding officer concurs, a request for the preparation of a fiscal estimate to the bill is made.

The request for a fiscal estimate to be prepared for a bill is sent by the LRB to the State Budget Office in the Department of Administration which then determines which agency (or agencies) is to prepare the estimate. Fiscal estimates are to be prepared within five working days of receipt of the request and, returned to the LRB. After a five day period for review of the fiscal estimate by the bill's author, the fiscal estimate is printed as an appendix to the bill and distributed in the same manner as amendments to original bills.

Appropriations

The state constitution provides that no money may be paid out of the treasury except pursuant to an appropriation by the Legislature. A legislative appropriation could be created simply as a result of a bill stating that a specified amount of money is provided to a given agency or entity for a general or limited purpose. However, in Wisconsin, since the 1960s, almost all appropriations are codified into a single schedule of appropriations. This schedule is usually referred to as the "Chapter 20 schedule" because the listing of total appropriations is biennially published as a part of Chapter 20 of the statutes.

Appropriations Schedule. A copy of a section of the 2003-05 Chapter 20 schedule is in Chart 6 of

Appendix VII. In addition to listing the discrete appropriations and the amounts appropriated in a schedule, Chapter 20 of the statutes also contains specific substantive language further defining each appropriation and identifying the general purpose for which the appropriated funds may be used. An example of this language is shown in Chart 7 of Appendix VII.

The schedule of appropriations is organized in the following manner. First, state agencies are organized into one of several broad functional areas: Commerce, Education, Environmental Resources, Human Relations and Resources, General Executive Functions, Judicial or Legislative. Then, within a functional area, the agencies are generally listed alphabetically. Further, for the larger agencies, appropriations will be organized into the various large program areas encompassing the agency's programmatic responsibilities. Next, appropriations are organized by fund source, starting with general purpose revenue funding, then program revenue funding and then segregated revenue funding (see the revenues section below for definitions of revenue types).

Appropriation Scope. Wisconsin is considered to have, in general, a program budget appropriations structure. In its purest application, this would mean that every appropriation would be very broad in nature and could be used in a variety of ways to accomplish the legislatively-mandated program purpose. In reality, the current state appropriations schedule reflects a mixture of appropriation styles. The broadest type would be represented by those denominated as being appropriations for the general program operations of a department or division such as the general program operations appropriation for the Department of Regulation and Licensing. The middle type might be represented by appropriations for such general programmatic efforts as state foster care and adoption services or domestic abuse grants. The narrowest type might be represented by appropriations for such specific activities as searches for birth parents and adoption

record information or the conduct of compulsive gambling awareness campaigns.

Appropriations in Wisconsin, even if narrow in scope, generally do not become so narrow as to be line-item in nature, such as, for example, providing separate appropriation "lines" for: (1) salaries; (2) fringe benefits; (3) supplies and services; and (4) the acquisition of permanent property items. The broadest appropriations are typically referred to as lump sum appropriations. Lump sum appropriations are described further below.

Lump Sum Appropriations. The budget act provides many appropriations on a lump sum basis. A lump sum appropriation is usually denoted in the appropriations schedule as being for "general program operations." For example, the general program operations appropriation for the Department of Regulation and Licensing is a lump sum, program revenue funded appropriation for the Department's single identified budget program of "professional regulation." This single figure (approximately \$9.3 million per year) represents the total dollar amount (excepts for funds provided in separate appropriations for the cost of examinations and background checks given to license applicants) for all of the activities undertaken by the Department in connection with the licensing of 110 different occupational entities. Departmental costs that are funded from this single appropriation include: (1) salaries and fringe benefits for 125.5 staff located in the four divisions (Divisions of Enforcement, Professional Credentialing, Board Services, and Management Services) plus three offices (the Office of Legal Counsel, the Office of the Secretary, and the Office of Education and Examinations); (2) support costs for such staff including travel, space rental and telephones; (3) the costs of forms, publications and licenses that must be provided to license applicants and holders; (4) the per diem and travel costs for members of 25 separate examining boards and affiliated credentialing boards; and (5) investigation and other legal costs associated with the enforcement activities of the agency.

While considerable supporting documentation and appropriation detail information is prepared and available regarding the approved spending level for any program, the amount printed in the statutes is a lump sum amount. Further, an agency head is allowed considerable flexibility, within the requirements of other general expenditure control policies, in the expenditure of that lump sum amount.

The schedule of appropriations identifies each appropriation in terms of two different characterizations: by purpose category and by type of appropriation. These characterizations are described in the following two sections.

Appropriation Purpose

A broad characterization of the purpose of any appropriation has been developed to indicate whether the appropriation is for state operations, local assistance or aids to individuals and organizations. These "purpose" categories are defined as follows:

Aids to Individuals and Organizations. These are appropriations to allow payments to be made directly to or on behalf of, an individual or private organization. For example, an appropriation for education grants given directly to students would be classified in this category.

Local Assistance. These are appropriations to allow payments to be made to directly to, or on behalf of, units of local governments in Wisconsin to help pay costs which would otherwise be borne entirely by the local governments. For example, the appropriation for general equalization aids (to school districts) is classified in this category.

State Operations. These are appropriations to allow expenditures by state agencies for the costs of the general operations of the agency, including

program administration and operation of any associated institutions or facilities. Expenditures in these cases would typically be for such items as state employee salaries and fringe benefits, supplies and contractual services, space rental and permanent property acquisitions. For example, the appropriation for general program operations of the University of Wisconsin system provides funds for not only the central administration of the University but also for the individual campus administrative activities as well as the instructional faculty and facilities operations.

Appropriation Type

Appropriations as listed in the Chapter 20 schedule are generally denominated as being as one of four types: annual, biennial, continuing or sum sufficient. Under the category of "type" in the schedule, these are indicated respectively as A, B, C or S. Definitions of these four types of appropriations are provided below.

Annual Appropriation (A). Under an annual appropriation, an agency may expend only up to amount indicated in the Chapter 20 schedule for the purposes indicated. Further, such expenditures may be made only within the fiscal year indicated in the appropriations schedule. Any unused funds remaining in the appropriation at the end of the fiscal year lapse (revert) back to the fund or account balance from which they were appropriated.

Biennial Appropriation (B). Under a biennial appropriation, an agency may expend up to the total amount indicated in the Chapter 20 at any point during the two-year fiscal period. Although the Chapter 20 schedule contains an identification of an estimated expenditure level for each year of the biennial fiscal period, these figures are not controlling by year and expenditures are limited only by the total amount appropriated for the fiscal

biennium. Any unused funds remaining in the appropriation at the end of the fiscal biennium lapse back to the fund or account balance from which they were appropriated.

Continuing Appropriation (C). Under a continuing appropriation, in general an agency may expend the amounts that have been made available by the Legislature at any time until the available funds are exhausted or the appropriation is repealed. The actual operation of a continuing appropriation varies, however, depending upon the revenue source for the appropriation.

For a continuing appropriation funded from general purpose or segregated fund revenues, the Legislature dictates by initial appropriation the amount that is available for expenditure by the agency. However, that amount is continuously available to the agency for expenditure and does not lapse unless the appropriation is repealed. In contrast, for a continuing appropriation funded from program revenues, the Legislature will include in the appropriations schedule an estimate of the amount of funds to be expended in a given fiscal year from the continuing appropriation. However, those amounts are not controlling and an agency may, subject to any other specific limitations (such as personnel authorizations) expend such amounts as are necessary for the particular program or activity so long as there are sufficient revenues in the account to cover the expenditures.

Sum Sufficient Appropriation (S). Under a sum sufficient appropriation, an agency may expend any amount necessary for the program purpose indicated, again subject only to any other specific program restrictions. For example, a program may be established to make payments to all individuals who meet certain eligibility requirements, but the Legislature may provide that only a specified sum of money may be paid to each eligible person. In this case, the agency would be obligated to make a payment to as many eligible persons as applied, but would be limited in the amount that could be paid to each individual.

While an estimate of the amount that will be expended by the agency in each fiscal year is included in the appropriations schedule of the budget for this sum sufficient appropriation, these amounts are not controlling. An agency may spend more or less than the amount indicated. In general, it is expected that the fund from which the sum sufficient appropriation is financed will have sufficient revenues to cover the amounts actually expended.

Revenues (The Source of Funding for Appropriations)

Appropriations, by definition, are established to allow for the expenditure of monies (revenues) that have been collected by the state. In the Chapter 20 appropriations schedule, under a column indicator denominated "source," the source of the type of revenues which support that appropriation is identified. These basic revenue source types are described below.

General Purpose Revenue (GPR). This revenue source represents general revenues collected by the state and available for appropriation by the Legislature for any purpose. General purpose revenues represent monies collected from state taxpayers, primarily through state sales taxes, individual income taxes and corporate income taxes. Other sources include miscellaneous taxes such as excise taxes (liquor and cigarettes), utility taxes and estate taxes. In addition, revenues which are required by statute to be collected by certain agencies but which are paid into the general fund (these are termed "departmental revenues" or "general purpose revenue-earned") are also a source of general purpose revenue. Once collected, all these various sources of revenue are deposited into the state's general bank account (the general fund) and lose their identity as to original source.

Program Revenue (PR). This revenue source represents monies which are credited by law to a

specific appropriation account to finance a particular agency or a particular program or activity within an individual agency. Generally these are revenues that are collected by an agency for such things as user charges imposed as license or inspection fees, as receipts from product sales (prison industries sales, for example) or for reimbursement for the costs of services provided by the collecting agency to another state agency, to a non-state organization or to individuals.

Program Revenue - Service (PR-S). This revenue source is similar to regular program revenue in that it is also credited by law to a specific appropriation account to finance a particular agency or a particular program or activity within an individual agency. However, in this case, the revenues come not from such sources as fees charged to entities or individuals outside of state government but rather represents revenues that are transferred from one state agency (from any of its revenue sources) to a program revenue-service appropriation in the receiving agency as a result, typically as fees against one or more state agencies for specific services provided by the receiving agency to the agencies transferring the revenues (paying the assessment). These moneys are shown as expenditures in the appropriation of the state agency or program from which the moneys are transferred and are also shown as program revenue-service funds in the appropriation of the agency or program to which the moneys are transferred. Transfers of monies from or between miscellaneous appropriations are also treated as program revenue-service in the receiving agency or appropriation. An example of this type of PR-S revenues would be the service costs assessed state agencies by DOA for receipt of the IT services provided by the Division of Enterprise Technology (DET) in the Department of Administration. In this example, the services billings from DET, when paid by the billed agencies from one or more of their own appropriations, would be classified as PR-S revenues by DOA and deposited in the appropriation that finances the operations of DET.

Program revenue-service appropriations may also exist in an agency where a central service division or unit within the agency charges the other divisions or units of that agency for the services it provides to those entities. An example of this would be where a central printing or mailing unit in an agency assesses other units in the agency for their respective share of the printing or mailing unit's overall operating costs. The revenues to the printing or mailing unit from these assessments would be paid from other appropriation sources within the agency and deposited as revenues in the PR-S appropriation used to finance the operations of the printing or mailing unit.

Segregated Revenue (SEG). This revenue source represents monies which by law are credited to a specific fund other than the general fund (which holds all the general receipts of the state from such sources as income and sales tax collections). Revenues from the distinct (segregated) fund may be used only for the statutorily-defined purposes of the fund. In some cases, monies from a fund may be allocated to a number of appropriations, agencies and/or programs. In other cases, revenues from a fund may be appropriated only to a single agency, program or set of activities.

Segregated Revenue - Service (SEG-S). This revenue source is similar to regular segregated revenue in that it is also credited by law to a specific fund other than the general fund to finance a particular agency or particular programs or activities within an individual agency. Although the revenues are still deposited in the designated segregated fund, there is a separate designated account within that fund to which those service revenues are credited and from which the segregated revenue-service appropriation in the appropriations schedule makes the authorized expenditures. Within the overall segregated fund then, the revenues received and expenditures made with respect to this segregated revenue-service appropriation are tracked as a distinct account within the over-all fund balance. There are relatively few SEG-S appropriations currently and

the majority of those that do exist are in the Department of Transportation.

Federal Revenue (FED). This revenue source represents monies received by a state agency from the federal government for a specified purpose or purposes. Federal revenues do not have a distinct separate type but rather are listed as a subset of either a program revenue account or a segregated fund, depending on where the federal revenues are deposited. For Chapter 20 purposes, these appropriations are, therefore, actually shown either as program revenue-federal or segregated revenue-federal appropriations.

Program Revenue-Federal (PR-F). This revenue source represents monies which are received by a state agency from a federal agency for specific program activities and which are deposited in a separate program revenue account of that agency created for the receipt and expenditure of such federal funds. In some cases, funds from several different federal grants may be credited to a single, general program revenue-federal account. In other cases, there may be a distinct appropriation set up exclusively for the receipt and expenditure of federal funds from a single grant source (such as funds received under a federal block grant).

Segregated Revenue-Federal (SEG-F). This revenue source represents monies which are received by a state agency from a federal agency for specific program activities and which are deposited in a segregated fund operated by that agency. However, the monies are credited to the balance account of a specific appropriation, financed from that fund, created for the receipt and expenditure of such federal funds. In some cases, funds from several different federal grants may be credited to a single, general segregated revenue-federal account while in other cases there may be a distinct appropriation set up exclusively for the receipt and expenditure of federal funds from a single grant source.

Bond Revenue (BR). This revenue source represents monies which are received by the state

from the issuance of bonds (contracting of public debt) which is then deposited in the capital improvement fund for expenditure by various state agencies for specified purposes. The majority of state bond revenues are used for separately authorized state building and land acquisition projects. However, bond revenues are also used to finance some other state activities such as certain Department of Natural Resources environmental protection programs, the Department of Veterans Affairs home mortgage loan program and the technology infrastructure loans program operated by the Department of Administration.

Balanced Budget Requirement

The Wisconsin Constitution requires that "The legislature shall provide for an annual tax sufficient to defray the estimated expenses of the state for each year; and whenever the expenses of any year shall exceed the income, the legislature shall provide for levying a tax for the ensuing year, sufficient, with other sources of income, to pay the deficiency as well as the estimated expenses of such ensuing year." The first part of this constitutional provision represents the mandate that the state have a balanced budget, where estimated revenues equal or exceed estimated expenditures. This means that the Legislature must pass a biennial budget document that meets the balanced budget requirement. Although the constitutional provision actually only applies to the Legislature, in practice, Governors always introduce a balanced budget also.

While all funds must be in balance between revenues and expenditures, the main focus of concern in each biennium is on the general fund, the fund which is financed from general tax dollars (primarily sales and income taxes). Two components of each biennial budget act which relate to this are the estimated general fund condition statement and the requirement that each budget contain a statutory reserve balance, not

otherwise available for expenditure, as a contingency fund within each fiscal year. These two concepts are discussed further below.

General Fund Condition Statement

The listing of specific appropriations (the appropriations schedule or the "Chapter 20 [of the statutes] schedule") in the budget identifies the approved spending levels for each agency and program. However, this list does not provide an overall state spending picture nor does it indicate the amount of revenues which have been estimated to be available to finance such planned total spending. Consequently, a separate but integral part of the appropriations schedule is a composite balance statement for the general fund. This balance statement is termed the "general fund condition statement."

This statement, which is included as a part of the bill and is also incorporated in each biennial edition of the statutes, indicates by fiscal year the amount of general fund revenues anticipated to be available from general tax collections and other sources. It also shows the gross level of general fund spending approved in the budget as well as the level of expected reversions (lapses of funds due to such things as salary savings as a result of employee turnover or new projects not being undertaken as quickly as originally anticipated). The difference between the projected level of revenues for the year and net spending level represents the projected general fund balance at year-end (June 30) for each year of the biennium. Usually, in discussions during the budget process about the projected budget balance, the reference is to the projected balance level at the end of the biennium, since that represents the uncommitted amount that is available for contingencies and to meet the costs of other legislation. This projected balance will, if realized at year-end, carry forward into the next fiscal biennium as the opening

balance for the next biennium.

Statutory Balance Requirement

In Chapter 1, Laws of 1981, a statutory provision was created establishing a requirement for a general fund reserve (or set-aside) to be included in each biennial budget. As first created, that provision specified that no bill affecting general purpose revenues (GPR) could be enacted by the Legislature if, by adoption of the bill, the estimated general fund balance would be less than 1% of the total GPR appropriations for that fiscal biennium. As enacted, the provision was to be first effective for the 1983-85 fiscal biennium. However, due to extreme fiscal pressures existing during the 1981-83 biennium, the 1981-83 biennial budget amended the provision as established under Chapter 1, Laws of 1981, to lower the percentage requirement to 0.5% for the 1983-85 biennium. That lower level was adhered to in the 1983-85 biennial budget. However, the budget adjustment bill for 1983-85 (1983 Wisconsin Act 212) increased the percentage amount back to the original 1% and set aside the additional reserve amount for that biennium.

The 1% reserve requirement then remained unchanged until the 1987-89 biennium, when the biennial budget act (1987 Wisconsin Act 27) provided that the reserve requirement was to be an annual reserve for each year of the biennium rather than a total reserve for the entire biennium. The result of this was, on a biennial basis, to in effect cut the reserve requirement in half because at year-end the first year reserve carries forward to be part of the second year reserve amount. The 1987 provision then remained unchanged until 1995, when 1995 Wisconsin Act 27 added the requirement that the 1% be calculated based on the total of both gross GPR appropriations plus the GPR amount of funds set aside as compensation reserves.

The next change to this reserve requirement took place in the 1999-01 biennial budget when the budget as introduced by the Governor included a provision for this 1% reserve amount to increase by 0.1% in the second year of that biennium (2000-01) and then by an additional 0.2% each succeeding year until it reached 2.0% for fiscal year 2005-06 and thereafter. As passed by the Legislature, the 1999-01 biennial budget provided for a continuation of the 1.0% balance requirement for fiscal year 2000-01, but left the increases proposed for the succeeding years in place. However, the Governor partially vetoed this provision to have the 1.2% requirement apply for fiscal year 2000-01, but with the result that no statutory reserve requirement was specified for fiscal year 2001-02, but a 1.4% reserve requirement was retained for fiscal year 2002-03.

The 2001-03 biennial budget as recommended by the Governor contained a statutory balance for 2001-02 of 1.2% even though there was no statutory reserve percentage specified for that year as a result of the earlier veto. However, the Governor's budget also contained a provision to reduce the statutory reserve amount for 2002-03 from 1.4% to 1.2%, while leaving statutory increases for future years unchanged. As passed by the Legislature, the budget provided a 1.2% reserve amount for 2001-02 but deleted the statutory reserve percentage specified for fiscal year 2002-03 and instead provided for a specific dollar amount of \$90,000,000. The Governor, in signing the budget bill (2001 Wisconsin Act 16), vetoed the reference to a \$90,000,000 reserve amount but used session law language elsewhere in the bill through another partial veto to reference a 1.2% statutory balance requirement for fiscal year 2002-03.

At that point, the statutory reserve provision was for a statutory balance percentage of 1.6% for fiscal year 2003-04, 1.8% for fiscal year 2004-05 and 2.0% for fiscal year 2005-06 and thereafter. The 2003-05 biennial budget as recommended by the Governor included a provision to delete the statutory balance percentage requirements for fiscal years 2003-04 and 2004-05 and instead

provide that the balance requirements for those fiscal years would be specific dollars amounts of \$35,000,000 for fiscal year 2003-04 and \$40,000,000 for fiscal year 2004-05. The Governor also proposed session law language for a possible increase in these reserve balance amounts if certain additional medical assistance trust fund revenues materialized. In addition, the Governor's recommended budget proposed that the 2.0% balance requirement for fiscal year 2005-06 and thereafter be suspended until fiscal year 2006-07. Instead, a specific dollar reserve amount of \$75,000,000 for fiscal year 2005-06 was proposed. The 2003-05 biennial budget act (2003 Wisconsin Act 33) included these changes except for the session law language regarding a possible increase in the specified dollar amount of statutory balance reserve required.

The statutory balance requirements for 2003-05 and 2005-07 are as shown in the following table.

Fiscal Year	Statutory Balance Requirement(s)
2003-04	\$35,000,000
2004-05	40,000,000
2005-06	75,000,000
2006-07 (and thereafter)	2.0%*

*2% of the sum of gross appropriations and compensation reserves.

Budget Overviews

At the start of each biennial legislative session, work on establishment of the biennial budget for the next fiscal biennium is a primary topic of concern. Both reducing and/or not increasing taxes is a frequent topic, as is the need for: (1) improvements in existing state programs; (2) elimination or modification of ineffective or no longer needed programs; and (3) authorization of new programs for new or previously un-addressed problems. As these discussions ensue, it is often

helpful to start with some "big picture" views of the budget and where the money goes.

One way of providing a budget overview is to look at the budget in terms of the purpose of the expenditures [comparing dollars allocated for state administrative activities (state operations) versus dollars allocated for either reducing total local governmental costs (local assistance) or providing direct assistance to private citizens or groups (aids to individuals and organizations)]. This is examining the budget in terms of purpose categories. Another way of obtaining a budget overview is to examine the budget in terms of major functional activities. A third way of gaining a budget overview is to examine the budget in terms of major budget programs. A fourth way of looking at the budget in broad overview is to look at the budget in terms of which agencies receive the largest amount of total funding. An introduction to the general fund portion of the 2003-05 state budget is provided below in terms of a budget overview by purpose, by function, by major budget programs and by state agencies receiving the largest proportion of state budget funding.

Budget Overview by Purpose Categories. Frequently, a proposal will be advanced that the way to significantly reduce the budget is reduce unnecessary staff. While the level of staffing in any agency or program may always merit review, a look at what portion of the total budget represents agency administrative costs can be enlightening. Table 14 in Appendix VIII shows the 2003-05 total GPR budget by purpose categories. That table reveals that less than a quarter (23.4%) of the total GPR budget went to state operations purposes (generally, state agency central administrative costs plus the costs of running state institutions and facilities). Moreover, more than half (61.8%) of the total GPR funding for state operations went for just two agencies, the Department of Corrections and the University of Wisconsin System (see Table 15 in Appendix VIII for more details). Further, not surprisingly, more than three-fourths of all GPR

funded positions were located in those two agencies (see Tables 19 and 20 in Appendix VIII for more details).

In contrast, more than half (58.8%) of the total GPR budget was for assistance to local units of governments. Further, more than two-thirds (70.9%) of those local assistance funds were just for elementary and secondary school aids and almost 90% (89.1%) of local assistance funding went to just three programs: school aids, shared revenue payments and school levy tax credits (see Table 15 in Appendix VIII). The remaining portion (17.8%) of the total GPR budget was for aids to individuals and organizations. However, more than half (59.4%) of this total category went to just one program, medical assistance.

Budget Overview by Functional Categories. Another gross measure of where the budgeted funds go is to look at the broad functional categories into which the state appropriations schedule is divided. These functional categories are: (1) education; (2) human relations and resources; (3) shared revenue and tax relief; (4) environmental resources; (5) general executive functions; (6) judicial; (7) legislative; (8) commerce; and (9) general appropriations and compensation reserves. On a broad functional basis, more than half (53.3%) of the total GPR budget was allocated to the education function. Just two functional areas (education and human relations and resources) accounted for more than three-fourths (80.7%) of the total GPR budget. Table 13 in Appendix VIII provides more details on this type of categorization of the budget.

Budget Overview by Major Programs. A frequently-used budget overview is to cite the top five or top ten programs funded in the budget, based on percentage of the total GPR budget that is allocated to each program. Table 16 in Appendix VIII lists the top ten GPR-funded programs in the 2003-05 state budget. Just three major programs (elementary and secondary school aids, medical assistance and the University of Wisconsin System

operations) accounted for more than 60% of the total 2003-05 GPR budget. The top ten identified programs were allocated 85% of the total GPR budget.

Budget Overview by Agencies With the Largest Funding. While perhaps the least useful overview approach in terms of explaining what the state funding is going for, looking at which state agencies receive the biggest share of the state GPR budget can be instructive from an organizational perspective. Table 17 in Appendix VIII lists the top ten GPR-funded agencies in the 2003-05 state budget. Five state agencies/areas (the Departments of Public Instruction, and Health and Family Services, Corrections, the University of Wisconsin System and the shared revenue and tax relief programs) account for almost 90% (88.4%) of the total GPR budget. The top ten largest agencies/areas were allocated 94.4% of the total GPR budget.

Budget Trends

Another way of obtaining an overview of a proposed budget is to view the budget in contrast to past budgets. For example, what is the amount of change (usually increase) in the proposed budget compared to past budgets. The change can be measured in absolute dollar terms or as a percentage change. Similarly, another trends overview would be to compare a proposed budget to past budgets in terms of dollar and/or percentage changes in the budget by purpose, by function or by major program (e.g., top ten programs). The tables in Appendix IX show, for the general fund budget, by dollar amounts and by percentage shares how the allocation for the 2003-05 budget compared to the previous seven biennial budgets using these comparative categories.

APPENDIX II

BRIEF CHRONOLOGY OF THE 2003-05 BUDGET

GOVERNOR/ADMINISTRATION

- August 2, 2002 Department of Administration issued general budget instructions
- August 8 Department of Administration issued detailed budget instructions
- September 3 Department of Administration released list of agencies subject to base budget review
- September 16 Agency deadline for submission of budget requests
- November 20 State Budget Office released a compilation of agency budget requests and a Department of Revenue estimate of tax revenues
- December 11 –16 Governor-Elect Doyle held public listening sessions
- February 18, 2003 Governor Doyle delivered budget message and recommendations to the Legislature
- March 31 Governor Doyle submitted recommendations of the State Building Commission for the capital budget and authorized state building program

JOINT COMMITTEE ON FINANCE

- January 23, 2003 Legislative Fiscal Bureau released general fund expenditure and revenue projections
- February 20 Introduced 2003 Senate Bill 44 as the executive budget bill
- March 17-26 Budget bill briefings by agency officials
- March 24-April 9 Public hearings
- March 31 Received recommendations of the State Building Commission for the capital budget and authorized state building program
- April 17 Non-fiscal items removed from budget bill
- April 23-June 4 Executive sessions
- June 4 Adopted Senate Substitute Amendment 1 (SSA 1) to SB 44 and recommended passage of the bill on a 12-4 vote
- June 16 SSA 1 to SB 44 reported to the Senate

LEGISLATURE

- June 3, 2003 Report of the Joint Survey Committee on Retirement Systems received
- June 12 Briefing for a combined session of the Legislature on SSA 1 to SB 44
- June 13 Briefing for the Senate Democratic Caucus
- June 18 Senate adopted Senate Amendment 1 to Senate Amendment 119 to SSA 1 and Senate Amendment 121 to Senate Substitute Amendment 1 and the bill as amended on a vote of 17-16.
- June 18 Briefing for the Assembly Democratic Caucus

- June 19 SB 44, as amended, received by Assembly; Assembly adopted Assembly Amendment 55 to amended SB 44 and concurred in SB 44, as amended, on a vote of 58-37 (with two votes paired).
- June 20 Senate received concurred-in bill from Assembly
- June 24 Senate voted concurrence

ENACTMENT

- July 21, 2003 Enrolled SB 44 presented to Governor
- July 31 Governor approved bill, with partial vetoes, as 2003 Wisconsin Act 33
- July 25 Act 33 published
- July 26 Act 33 became generally effective

APPENDIX III

HISTORY OF THE 2003-05 BIENNIAL BUDGET

This section provides a narrative history of the 2003-05 biennial budget. Although the formal legislative history of the biennial state budget commenced with the introduction of a bill comprising the Governor's budget recommendations, the actual process of assembling the budget began several months prior to its introduction. This history starts at that point.

On August 2, 2002, the Department of Administration released condensed budget instructions to each state agency. On August 8, 2002, the Department of Administration issued more detailed budget instructions as well as the Governor's major policy priorities and procedures that agencies should follow in preparing their 2003-05 biennial budget requests. Included in these policy directives were instructions that state agencies prepare their 2003-05 biennial budget assuming zero growth in overall state general purpose revenue (GPR) appropriations, except for K-12 equalization aids, required cost-to-continue needs for the state's institutions (in the Department of Corrections and the Department of Health and Family Services), medical assistance, and standard budget adjustments. This directive also applied to segregated (SEG) funded administrative operations appropriations of the Department of Transportation, Department of Natural Resources, and the lottery.

Beginning in the 2003-05 biennium, one-third of all state agencies are required by statute to complete a base budget review. On September 3, 2002, the Department of Administration released the list of agencies that were selected to complete a base budget review as part of the 2003-05 biennial budget process. These agencies are shown in the following table.

Agencies were instructed to submit their formal budget to the State Budget Office and the Legislative

- Department of Agriculture, Trade, and Consumer Protection
- Department of Commerce
- Department of Electronic Government
- Department of Employee Trust Funds
- Department of Financial Institutions
- Department of Justice
- Legislature
- Department of Military Affairs
- Department of Natural Resources
- Office of the Governor
- Office of the Lieutenant Governor
- Department of Public Instruction
- Department of Regulation and Licensing
- Department of Revenue
- State Fair Park Board
- Technical College System
- Department of Tourism
- Department of Veterans Affairs
- Department of Workforce Development

Fiscal Bureau by September 16, 2002. The State Budget Office began reviewing agency funding requests as they were submitted. On November 20, 2002, as required by statute, the State Budget Office distributed to Governor Scott McCallum, Governor-Elect James E. Doyle, Jr., and the Legislature, a compilation of state agencies' 2003-05 biennial budget requests. This summary indicated that agencies were seeking total 2003-05 funding of \$51.66 billion (all funds), of which \$25.04 billion was requested from general purpose revenue. Also included in the summary was the statutorily-required estimate of tax revenues for fiscal year 2002-03 and the 2003-05 biennium, as developed by the Department of Revenue. Total general fund tax collections for the 2003-05 biennium were projected at \$22.55 billion.

Governor-Elect Doyle held six listening sessions in December, 2002, on ways to reduce state spending. These public sessions were in Wausau and Appleton on December 11, in Racine on December 12, in Superior on December 13, and in Eau Claire and

La Crosse on December 16. On January 7, 2003, newly-inaugurated Governor Doyle directed state agencies to re-submit their budget requests such that each agency's request used fewer GPR dollars than the agency's current budgeted GPR amount.

Every January, the Legislative Fiscal Bureau prepares general fund expenditure and revenue projections for the Legislature as it begins its annual session and considers the state's budget and other fiscal legislation. Based on updated tax collection data and other information, on January 23, 2003, the Bureau estimated that the state's general fund would receive a total of \$646.1 million less in the period from 2002-03 through 2004-05 than was reflected in the November 20, 2002, report from the Departments of Administration and Revenue.

The Governor, with the assistance of the Department of Administration, continued to review agency funding and policy change requests during this time to develop specific gubernatorial budget recommendations for each agency for submittal to the 2003 Legislature. Also during this period, the Governor made decisions on individual funding and policy initiatives to be included in the biennial budget bill.

By statute, the Governor is required to submit the budget message and the executive budget bill (or bills) to the new Legislature on or before the last Tuesday in January of each odd-numbered year. However, under 2003 Senate Joint Resolution 6, adopted by the Senate on January 28, 2003, and concurred in by the Assembly on the same day, this deadline for the submission of the Governor's budget message and the executive budget bill (or bills) was extended to February 18, 2003. Governor Doyle officially delivered his 2003-05 biennial budget message and recommendations to a joint convention of the Legislature on February 18, 2003.

On February 20, 2003, the Joint Committee on Finance, at the request of the Governor, introduced the biennial budget bill in the Senate. The bill, formally introduced as Senate Bill 44 (SB 44) was read for the first time and referred to the Joint Committee

on Finance for further consideration. The Governor subsequently submitted the recommendations of the State Building Commission constituting the capital budget and the state building program to the Joint Committee on Finance on March 31. These recommendations were taken up by the Joint Committee on Finance as proposed modifications to the budget bill.

On February 20, a report was requested from the Joint Survey Committee on Retirement Systems on the provisions of SB 44 that would make changes to the state retirement system. There were two provisions in SB 44 that met this criterion. The Joint Survey Committee met on May 21 and determined that one item (use of certain tax-sheltered annuity funds to purchase forfeited service credits) represented good public policy and should be included in the budget. The Joint Survey Committee recommended that the second item (minimum separation period for purposes of receiving a retirement annuity) be deleted from SB 44. The Joint Survey Committee's report was received by the Legislature on June 3. The Joint Committee on Finance and the Legislature subsequently agreed with the Joint Survey Committee's recommendations.

On March 17, 19, 20, and 26, the Joint Committee on Finance held agency informational briefings on the biennial budget bill. During these briefings, agency representatives testified before the Committee on the Governor's budget recommendations as they affected their respective agencies. The Joint Committee on Finance also held seven public hearings on the biennial budget bill to solicit public testimony on the proposals. Public hearings were held in Rhinelander on March 24, Menasha on March 25, Milwaukee on March 31, River Falls on April 3, Platteville on April 8, Madison on April 9, and in Medford via teleconference, on April 9. While the Joint Committee on Finance was conducting its informational briefings and public hearings, many of the committees in each house of the Legislature also held hearings on those aspects of the executive budget bill that fell under their subject matter jurisdiction.

On April 17, 2003, Senator Alberta Darling (R-River Hills), the Senate Chair of the Joint Committee on Finance, and Representative Dean Kaufert (R-Neenah), the Assembly Chair of the Joint Committee on Finance, issued a memorandum outlining the process that the Committee would follow during its deliberations on the 2003-05 state budget. The following procedures were announced:

- The Joint Committee on Finance would work from SB 44, and upon the completion of the Committee's work, all modifications would be incorporated into a substitute amendment to SB 44, which would be reported to the Senate for first house consideration.

- For all agencies and programs, the Joint Committee on Finance would work from the Governor's recommendations contained in SB 44. The Committee would entertain motions to amend the bill and a majority vote would be required for the bill to be amended.

- A total of 21 non-fiscal policy items in SB 44 were identified that would not be addressed as part of the Joint Committee on Finance's budget deliberations. These provisions were deleted from the biennial budget bill.

The Joint Committee on Finance held a total of 15 executive sessions on the biennial budget bill. The first executive session was held on April 23, and the last was held on June 4. At the Committee's final June 4 executive session, the Committee adopted a substitute amendment (SSA 1 to SB 44) incorporating all of its previous actions modifying the biennial budget and recommended passage of the substitute amendment on a vote of 12 to 4. The revised budget bill, SSA 1 to SB 44, was formally reported to the Senate on June 16.

On June 12, the Legislative Fiscal Bureau conducted briefings before both houses of the Legislature on the major provisions of the substitute amendment and conducted subsequent briefings before the Senate Democratic Caucus on June 13 and the Assembly Democratic Caucus on June 18.

The Senate began consideration of the 2003-05 state budget on June 18, 2003. During the Senate's deliberations, 122 amendments to SSA 1 were offered and 11 Senate amendments were offered to two of the SSA 1 amendments. Two Senate amendments to SSA 1 were adopted: SA 119, as amended by SA 1, and SA 121. The Senate substitute amendment (SSA 1), as amended, was adopted, and the bill, as amended, was passed on a vote of 17-16. The bill was ordered immediately messaged to the Assembly.

The Assembly began consideration of the 2003-05 state budget on June 19, 2003. A total of 55 amendments to SSA 1 to SB 44, as amended by the Senate, were offered. Assembly Amendment 55 to SB 44 was adopted. The Assembly then voted concurrence 58-37 (with two votes paired). The bill was then sent to the Senate for concurrence. The Senate received the bill, as amended by the Assembly, on June 20. On June 24, the Senate concurred in the Assembly amendment.

Enrolled SB 44 was presented to the Governor on July 21, 2003. He approved the bill, in part, on July 24 and had it deposited in the Office of the Secretary of State as 2003 Wisconsin Act 33. The Governor indicated in his message to the Senate that he had exercised his authority to make 131 partial vetoes to the bill, as passed by the Legislature. Act 33 was published on July 25, and except as otherwise specifically provided, became effective the following day.

On August 12, 2003, the Senate voted on the question of overriding two of the Governor's partial vetoes that related to limiting local property tax levels. The override failed, on a vote of 21 to 12; a two-thirds majority of 22 votes was needed to override a veto. On November 13, 2003, the Senate voted on the question of overriding a Governor's partial veto relating to allocation of increased PR funding for additional assistant district attorneys in the Office of State Prosecutors. The override failed on a vote of 19-13. The Legislature did not act on any other of the Governor's partial vetoes. Therefore, none of the Governor's partial vetoes were overturned by the

Legislature.

In addition to SB 44, the Legislature passed a budget trailer bill, SB 206, which modified the municipal levy limits proposed in SB 44. SB 206 was introduced in the Senate on June 23, 2003, and was referred to the Committee on Senate Organization. On the same day, the Committee on Senate Organi-

zation held an executive session and recommended passage of the bill on a vote of 5-0. On June 24, the Senate considered SB 206 and passed it on a 22-11 vote. The bill was immediately messaged to the Assembly where it was concurred in on June 25 on an 81-11 vote. SB 206 was enrolled on June 30 and presented to the Governor on July 21. The Governor vetoed the bill in its entirety on July 24.

APPENDIX IV

HISTORY OF PASSAGE OF BIENNIAL BUDGET BILLS 1977-79 THRU 2003-05

	Biennial Budget	Date of Introduction	JFC Passage	First House Passage	Second House Passage	Final Legislative Action ^a	Publication Date	Act #
2003-05	SB 44	February 20, 2003	June 4	June 18	June 19	June 20	July 25	Act 133
2001-03	AB 144 ^c	February 20, 2001	---					
	SB 55 ^c	February 20, 2001	June 7	June 19	June 29	July 26	Aug 31	Act 16
1999-01	SS AB 1	October 29, 1999	Nov 4 ^b	Nov 2	Nov 11	Nov 11	Nov 18	Act 10
	AB 133 ^c	February 16, 1999	June 10	June 30	July 1	Oct 6	Oct 28	Act 9
	SB 45 ^c	February 16, 1999	---	---	---	---	---	---
1997-99	SB 77 ^c	February 12, 1997	June 19	---	---	---	---	---
	AB 100 ^c	February 12, 1997	Sept 4	Sept 16	Sept 25	Sept 29	Oct 13	Act 27
1995-97	AB 150	February 16, 1995	June 15	June 22	June 28	June 29	July 28	Act 27
	AB 402 ^d	May 24, 1995	May 30					
	AB 557 ^e	September 12, 1995	Oct 3	Oct 12	Nov 7	Nov 16	Dec 20	Act 113
1993-95	SB 44	February 4, 1993	June 29 ^f	June 30	^g	July 16	Aug 11	Act 16
1991-93	AB 91	February 7, 1991	June 25	June 26	July 2	July 3	Aug 14	Act 39
1989-91	SB 31 ^h	February 2, 1989	June 14	June 19	June 28	June 30	Aug 8	Act 31
1987-89	SB 100	February 17, 1987	June 11	June 18	July 2	July 2	July 31	Act 27
1985-87	AB 85	January 29, 1985	June 6	June 14	June 23	June 28	July 19	Act 29
1983-85	SB 83	February 8, 1983	May 26	June 3	June 21	June 24	July 1	Act 27
1981-83	AB 66	January 27, 1981	June 2	June 30	July 8	July 22	July 30	Chap. 20
1979-81	SB 79	February 13, 1979	May 22	June 6	June 27	June 29	July 28	Chap. 34
1977-79	SB 77	January 25, 1977	May 10	May 24	June 13	June 15	June 29	Chap. 29

^aReflects date on which final approval by the Legislature (Senate and/or Assembly) took place.

^bSS AB 1 was referred by the Assembly to the Joint Committee on Finance (JFC) on October 29 and withdrawn from the Committee on November 2. The bill, as passed by the Assembly, was referred to the JFC by the Senate on November 4. The Committee recommended passage of SSA 1 to SS AB 1 on that same day.

^cIn 1997-99, 1999-01, and 2001-03, the Governor's biennial budget recommendations were introduced in identical form in both the Assembly and the Senate.

^dAB 150, as introduced at the request of the Governor, did not include the transportation budget. The Governor later submitted separate recommendations for the transportation budget which were introduced in bill form as AB 402 on May 24, 1995. The provisions of AB 402 were subsequently incorporated into the budget bill, but were then later removed when the Legislature was unable to reconcile differences between the Assembly and Senate recommendations on the transportation budget.

^eA second transportation budget was introduced September 12, 1995 by Senator Weeden and Representative Brancel at the request of the Governor and the transportation budget bill was adopted on December 20, 1995.

^fBudget bill was reported out without recommendation.

^gCommittee of Conference was requested by the Assembly on July 7.

^hThe Governor's initial biennial budget recommendations were presented in three separate bills: SB 31 (general executive budget); SB 32 (natural resources executive budget); and SB 33 (transportation executive budget). These three executive budget bills were combined into a single substitute amendment to SB 31 when the 1989-91 biennial budget bill was reported out by the Joint Committee on Finance.

APPENDIX V

**BIENNIAL BUDGET BILL INTRODUCTION DATES
1975-77 THRU 2003-05**

Budget Biennium	Introduced Bill	Statutory Submittal Date	Actual Submittal Date	Days After Statutory Date
2003-05	SB 44	January 28, 2003	February 20, 2003	23
2001-03	SB 55	January 30, 2001	February 20, 2001	21
1999-01	SB 45	January 26, 1999	February 16, 1999	21
1997-99	AB 100	January 28, 1997	February 12, 1997	15
1995-97	AB 150	January 31, 1995	February 16, 1995	16
1993-95	SB 144	January 26, 1993	February 4, 1993	9
1991-93	AB 91	January 29, 1991	February 7, 1991	9
1989-91	SB 31	January 31, 1989	February 2, 1989	2
1987-89	SB 100	January 27, 1987	February 17, 1987	21
1985-87	AB 85	January 29, 1985	January 29, 1985	0
1983-85	SB 83	January 25, 1983	February 8, 1983	14
1981-83	AB 66	January 27, 1981	January 27, 1981	0
1979-81	SB 79	January 30, 1979	February 13, 1979	14
1977-79	SB 77	January 25, 1977	January 25, 1977	0
1975-77	AB 222	January 28, 1977	January 29, 1975	1

APPENDIX VI

**HISTORY OF PASSAGE OF BUDGET ADJUSTMENT BILLS
1977-79 TO 2003-05**

Budget Biennium	Adjustment Bill	Date of Introduction	Bill #	Act #	Publication Date
2003-05	None ^a				
2001-03	2002 Budget Adjustment	February 5, 2002	Jan 2002 SS AB 1	2001 Act 109	July 29, 2002
1999-01	2000 Budget Adjustment	February 1, 2000	SB 357	Not Adopted	N.A.
1997-99	1998 Budget Adjustment	February 3, 1998	AB 768	1997 Act 237	June 16, 1998
1995-97	1996 Budget Adjustment	February 21, 1996 February 21, 1996 February 21, 1996	SB 565 SB 562 SB 563	1995 Act 216 1995 Act 248 1995 Act 416	April 29, 1996 May 2, 1996 June 20, 1996
1993-95	1994 Budget Adjustment	February 9, 1994	AB 1126	1993 Act 437	May 9, 1994
1991-93	1992 Budget Adjustment	January 30, 1992	SB 483	1991 Act 269	April 30, 1992
1989-91	1990 Budget Review	March 20, 1990	SB 542	1989 Act 336	May 10, 1990
1987-89	1988 Annual Budget	January 27, 1988	AB 850	1987 Act 399	May 16, 1988
1985-87	1986 Budget Adjustment	January 27, 1986	Jan 1986 SS SB 1	1985 Act 120	February 7, 1986
1983-85	1984 Budget and Revenue Adjustment	March 1, 1984	SB 663	1983 Act 212	April 25, 1984
1981-83	1981-83 Budget Adjustment	November 4, 1981	Nov 1981 SS SB 1	Chapter 93, Laws of 1981	December 4, 1981
	1981 Appropriation Reduction	February 18, 1982	SB 783	Chapter 317, Laws of 1981	April 30, 1982
1979-81	1979-81 Budget Review ^b	February 5, 1980	AB 1180	Chapter 221, Laws of 1979	April 29, 1980
1977-79	1977-79 Budget Review	February 9, 1978	AB 1220	Chapter 418, Laws of 1977	May 18, 1978

^a Two bills providing budget adjustments in specific areas were adopted: (a) 2003 Wisconsin Act 129 relating to the re-funding of debt obligations, reduction of authorized bonding authority, transfer to the Medical Assistance Trust Fund, and increased funding for the Public Defender's Office and the Office of District Attorneys; and (b) 2003 Wisconsin Act 318 relating to funding for the medical assistance and community aids programs. These were targeted to specific issues.

^b Statutory provision for a budget review bill was repealed by the 1981-83 biennial budget (Chapter 20, Laws of 1981).

APPENDIX VII

STATUTORY GENERAL FUND CONDITION STATEMENT, SUMMARY OF TOTAL APPROPRIATIONS BY FUND SOURCE AND SAMPLE APPROPRIATIONS SCHEDULE AND LANGUAGE

The following four charts portray statutory sections of the final 2003-05 approved biennial budget. Chart 4 portrays the final general fund condition statement for 2003-05 which appears in the 2003-04 Wisconsin Statutes. This is the part of figure 20.005(1) that is headed "GENERAL FUND SUMMARY."

That same figure also contains three other summaries which, taken together, represent the final level of all funds appropriations and reserves approved by the 2003 Legislature. Chart 5 displays

these other three summaries. One summary is for all appropriations by revenue source, another summary is for compensation reserve amounts by revenue source and the final one is a summary of the lottery fund revenues and expenditures. Chart 6 provides an example of the individual appropriations and departmental totals for three state agencies within one functional area (Judicial) of the total budget. Chart 7 shows the actual statutory language which governs the appropriations shown in Chart 6.

CHART 4

20.005 State budget. (1) SUMMARY OF ALL FUNDS. The budget governing fiscal operations for the state of Wisconsin for all funds beginning on July 1, 2003, and ending on June 30, 2005, is summarized as follows: [See Figure 20.005 (1) following]

Figure 20.005(1):

GENERAL FUND SUMMARY		
	2003-04	2004-05
Opening Balance, July 1	\$ -282,221,000	\$ 133,428,000
Revenues and Transfers		
Taxes	10,670,025,000	11,189,190,000
Departmental Revenues		
Tribal Gaming Revenues	80,276,600	80,595,400
Other	328,970,400	329,151,800
Total Available	\$ 10,797,051,000	\$11,732,365,200
Appropriations, Transfers and Reserves		
Gross Appropriations	\$ 10,673,036,500	\$11,767,851,700
Compensation Reserves	109,152,900	163,019,600
Transfer to Medical Assistance Trust Fund	123,500,000	0
Less Lapses	-242,066,400	-215,125,400
Total Expenditures	\$ 10,663,623,000	\$11,715,745,900
Balances		
Gross Balance	\$ 133,428,000	\$ 16,619,300
Less Required Statutory Balance	-35,000,000	-40,000,000
Net Balance, June 30	\$ 98,428,000	\$ -23,380,700

CHART 5

Figure 20.005(1): continued

SUMMARY OF APPROPRIATIONS -- ALL FUNDS

	<u>2003-04</u>	<u>2004-05</u>
General Purpose Revenue	\$ 10,673,036,500	\$ 11,767,851,700
Federal Revenue	\$ 6,343,733,000	\$ 6,172,387,600
Program	(5,710,050,800)	(5,509,198,900)
Segregated	(633,682,200)	(663,188,700)
Program Revenue	\$ 3,388,287,300	\$ 3,533,134,400
State	(2,554,787,400)	(2,673,064,200)
Service	(833,499,900)	(860,070,200)
Segregated Revenue	\$ 3,190,796,700	\$ 2,808,703,900
State	(2,942,718,700)	(2,562,633,400)
Local	(73,184,000)	(70,750,700)
Service	<u>(174,894,000)</u>	<u>(175,319,800)</u>
GRAND TOTAL	\$ 23,595,853,500	\$ 24,282,077,600

SUMMARY OF COMPENSATION RESERVES -- ALL FUNDS

	<u>2003-04</u>	<u>2004-05</u>
General Purpose Revenue	\$ 109,152,900	\$ 163,019,600
Federal Revenue	27,859,400	41,607,800
Program Revenue	83,811,200	125,170,900
Segregated Revenue	<u>16,825,300</u>	<u>25,128,500</u>
TOTAL	\$ 237,648,800	\$ 354,926,800

CHART 5 (continued)

Figure 20.005(1): continued

LOTTERY FUND SUMMARY

	<u>2003-04</u>	<u>2004-05</u>
Gross Revenue	\$ 444,588,300	\$ 450,463,000
Expenses		
Prizes	255,186,500	258,931,600
Administrative Expenses	<u>66,674,100</u>	<u>65,888,900</u>
	\$ 321,860,600	\$ 324,820,500
 Net Proceeds	 \$ 122,727,700	 \$ 125,642,500
 Total Available for Property Tax Relief		
Opening Balance	\$ 12,366,000	\$ 8,891,800
Net Proceeds	122,727,700	125,642,500
Interest Earnings	889,400	907,400
Gaming-Related Revenue	<u>845,300</u>	<u>844,300</u>
	\$ 136,828,400	\$ 136,286,000
 Property Tax Relief	 \$ 127,936,600	 \$ 127,276,700
 Gross Balance	 \$ 8,891,800	 \$ 9,009,300
Reserve	<u>8,891,800</u>	<u>9,009,300</u>
Net Balance	\$ 0	\$ 0

Note: The lottery fund summary reflects: (1) reestimated revenue and expenditures in 2003-04 relating to the certification of the amount available for the lottery and gaming credit in 2003-04, approved by the Joint Committee on Finance in October, 2003; and (2) an October, 2003 reestimate of revenue and expenditures in 2004-05, developed by the Departments of Administration and Revenue, and the Legislative Fiscal Bureau.

CHART 6
SAMPLE OF STATUTORY APPROPRIATIONS SCHEDULE

Judicial Functional Area

Statute, Agency and Purpose	Source	Type	2003-04	2004-05
20.625 Circuit courts				
(1) COURT OPERATIONS				
(a) Circuit courts	GPR	S	54,335,600	54,335,600
(as) Violent crime court costs	GPR	A	-0-	-0-
(b) Permanent reserve judges	GPR	A	-0-	-0-
(c) Court interpreter fees	GPR	A	639,900	688,200
(d) Circuit court support payments	GPR	B	18,739,600	18,739,600
(e) Guardian ad litem costs	GPR	A	4,738,500	4,738,500
(m) Federal aid	PR-F	C	-0-	-0-
(1) PROGRAM TOTALS				
GENERAL PURPOSE REVENUES			78,453,600	78,501,900
PROGRAM REVENUE			-0-	-0-
FEDERAL			(-0-)	(-0-)
TOTAL-ALL SOURCES			78,453,600	78,501,900
 (3) CHILD CUSTODY HEARINGS AND STUDIES IN OTHER STATES				
(a) General program operations	GPR	S	-0-	-0-
(3) PROGRAM TOTALS				
GENERAL PURPOSE REVENUES			-0-	-0-
TOTAL-ALL SOURCES			-0-	-0-
20.625 DEPARTMENT TOTALS				
GENERAL PURPOSE REVENUES			78,453,600	78,501,900
PROGRAM REVENUE			-0-	-0-
FEDERAL			(-0-)	(-0-)
TOTAL--ALL SOURCES			78,453,600	78,501,900
 20.660 Court of appeals				
(1) APPELLATE PROCEEDINGS				
(a) General program operations	GPR	S	8,217,100	8,217,100
(m) Federal aid	PR-F	C	-0-	-0-
20.660 DEPARTMENT TOTALS				
GENERAL PURPOSE REVENUES			8,217,100	8,217,100
PROGRAM REVENUE			-0-	-0-
FEDERAL			(-0-)	(-0-)
TOTAL-ALL SOURCES			8,217,100	8,217,100
 20.665 Judicial commission				
(1) JUDICIAL CONDUCT				
(a) General program operations	GPR	A	187,300	187,300
(cm) Contractual agreements	GPR	B	18,200	18,200
(d) General program operations; judicial council	GPR	A	11,800	11,800
(mm) Federal aid	PR-F	C	-0-	-0-
20.665 DEPARTMENT TOTALS				
GENERAL PURPOSE REVENUES			217,300	217,300
PROGRAM REVENUE			-0-	-0-
FEDERAL			(-0-)	(-0-)
TOTAL-ALL SOURCES			217,300	217,300

CHART 7

SAMPLE OF STATUTORY APPROPRIATIONS LANGUAGE

20.625 Circuit courts. There is appropriated to the director of state courts for the following programs:

(1) Court OPERATIONS. (a) *Circuit courts.* A sum sufficient for salaries and expenses of the judges, reporters and assistant reporters of the circuit courts.

(as) *Violent crime court costs.* The amounts in the schedule for reimbursement under s. 753.061 (5) for the costs of operating 2 circuit court branches in the 1st judicial administrative district that primarily handle violent crime cases, to pay one-time court construction costs.

(b) *Permanent reserve judges.* The amounts in the schedule for reimbursement of permanent reserve judges under s. 753.075 (3) (b).

(c) *Court interpreter fees.* The amounts in the schedule to pay interpreter fees reimbursed under s. 758.19 (8).

(d) *Circuit court support payments.* Biennially, the amounts in the schedule to make a payment to each county under s. 758.19 (5).

(e) *Guardian ad litem costs.* The amounts in the schedule to pay the counties for guardian ad litem costs under s. 758.19 (6).

(m) *Federal aid.* All federal moneys received as authorized under s. 16.54 to carry out the purposes for which made and received.

(3) CHILD CUSTODY HEARINGS AND STUDIES IN OTHER STATES. (a) *General program operations.* A sum sufficient for payments ordered under s. 822.19 (1).

History: 1971 c. 125; 1975 c. 39, 283; 1977 c. 187 s. 135; 1977 c. 449; Sup. Ct. Order, 88 Wis. 2d xiii (1979); 1979 c. 34; 1983 a. 27; 1987 a. 399; 1989 a. 122; 1991 a. 39; 1993 a. 16, 206; 1995 a. 27; 1997 a. 27; 1999 a. 9; 2001 a. 16.

20.660 Court of appeals. There is appropriated to the court of appeals for the following programs:

(1) APPELLATE PROCEEDINGS. (a) *General program operations.* A sum sufficient to carry its functions into effect.

(m) *Federal aid.* All moneys received from the federal government as authorized by the governor under s. 16.54 to carry out the purposes for which made and received.

History: 1977 c. 187, 418; 1997 a. 27; 1999 a. 9.

20.665 Judicial commission. There is appropriated to the judicial commission:

(1) JUDICIAL CONDUCT. (a) *General program operations.* The amounts in the schedule for the general program operations of the judicial commission.

(cm) *Contractual agreements.* Biennially, the amounts in the schedule for payments relating to contractual agreements for investigations or prosecutions or both.

(d) *General program operations; judicial council.* The amounts in the schedule for the general program operations of the judicial council.

(mm) *Federal aid.* All federal moneys received as authorized under s. 16.54 and approved by the joint committee on finance to carry out the purposes for which made and received.

History: 1977 c. 449; 1979 c. 221; 1981 c. 20; 1983 a. 27, 378; 1987 a. 27; 1989 a. 31; 1995 a. 27; 1999 a. 9.

APPENDIX VIII

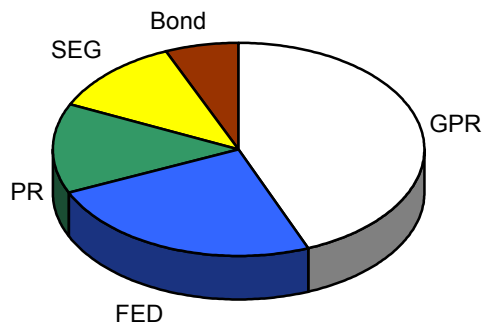
TABLES SUMMARIZING THE 2003-05 STATE BUDGET

The following tables present summary, overview information on the 2003-05 state budget in terms of the amounts appropriated by the 2003 Legislature. Tables 1 through 10 provide summarizations of total, all funds levels by revenue source, by purpose, by major functional area and by agency/functional area plus a list of the authorized number of positions by agency. Tables 11 and 12 provide breakdowns of the major sources of general fund taxes and the overall composition of total general purpose revenues. Finally, Tables 13 thru 20 provide summarizations similar to the all funds summaries but just for GPR

(general purpose revenue or "general fund") appropriations and also provide summaries on selected major general purpose revenue spending areas.

It should be noted that the amounts portrayed represent the final appropriated levels as enacted by the Legislature as a result of the biennial budget act (2003 Wisconsin Act 33) and all other fiscal legislation enacted by the 2003 Legislature. Although actual revenue and expenditure data for 2003-04 are now known, budgeted amounts have been used throughout the tables which follow.

Table 1: 2003-05 Total Appropriations Plus Compensation Reserves, Transfers and Bonding Authorizations



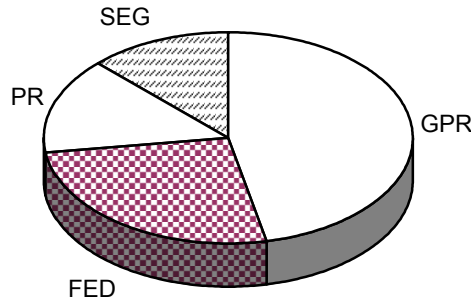
<u>Revenue Source</u>	<u>Amount</u>	<u>% of Total</u>
General Purpose Revenue	\$22,836,560,700*	44.0%
Federal Revenue	12,585,587,800**	24.2
Program Revenue	7,130,403,800	13.7
Segregated Revenue	6,041,454,400***	11.6
Bond Revenue (New Authorizations)	<u>3,344,700,900</u>	<u>6.5</u>
TOTAL	\$51,938,707,600	100.0%

*Excludes: (a) \$100,000,000 SEG from the transportation fund used to offset GPR appropriations for general school aids; (b) \$745,307,400 SEG from the medical assistance trust fund used to offset GPR appropriations for the medical assistance program; and (c) \$400,000,000 SEG from the transportation fund, \$37,600,000 SEG from the utility public benefits fund, and \$182,400,000 FED of grant monies from the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 used to offset GPR appropriations for the shared revenue program.

**Includes \$182,400,000 FED of grant monies from the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 used to offset GPR appropriations for the shared revenue program.

***Includes: (a) \$100,000,000 SEG from the transportation fund used to offset GPR appropriations for general school aids; (b) \$745,307,400 SEG from the medical assistance trust fund used to offset GPR appropriations for the medical assistance program; and (c) \$400,000,000 SEG from the transportation fund and \$37,600,000 SEG from the utility public benefits funds used to offset GPR appropriations for the shared revenue program.

Table 2: 2003-05 Total Appropriations Plus Compensation Reserves



<u>Revenue Source</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-05 Biennium</u>	
			<u>Amount</u>	<u>% of Total</u>
General Purpose Revenue	\$10,782,189,400*	\$11,930,871,300**	\$22,713,060,700	46.8%
Federal Revenue	6,371,592,400***	6,213,995,400	12,585,587,800	26.0
Program Revenue	3,472,098,500	3,658,305,300	7,130,403,800	14.7
Segregated Revenue	<u>3,207,622,000****</u>	<u>2,833,832,400*****</u>	<u>6,041,454,400</u>	<u>12.5</u>
TOTAL	\$23,833,502,300	\$24,637,004,400	\$48,470,506,700	100.0%

Table 3: 2003-05 Total Appropriations

<u>Revenue Source</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-05 Biennium</u>	
			<u>Amount</u>	<u>% of Total</u>
General Purpose Revenue	\$10,673,036,500*	\$11,767,851,700**	\$22,440,888,200	46.9%
Federal Revenue	6,343,733,000***	6,172,387,600	12,516,120,600	26.1
Program Revenue	3,388,287,300	3,533,134,400	6,921,421,700	14.5
Segregated Revenue	<u>3,190,796,700****</u>	<u>2,808,703,900*****</u>	<u>5,999,500,600</u>	<u>12.5</u>
TOTAL	\$23,595,853,500	\$24,282,077,600	\$47,877,931,100	100.0%

Footnotes for Tables 2 and 3:

*Excludes: (a) \$40,000,000 SEG from the transportation fund used to offset GPR appropriations for general school aids; (b) \$641,843,800 from the medical assistance trust fund used to offset GPR appropriations for the medical assistance program; and (c) \$230,000,000 SEG from the transportation fund, \$17,600,000 SEG from the utility public benefits fund and \$182,400,000 FED of grant monies from the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 used to offset GPR appropriations for the shared revenue program.

**Excludes: (a) \$60,000,000 SEG from the transportation fund used to offset GPR appropriations for general school aids; (b) \$103,463,600 SEG from the medical assistance trust fund used to offset GPR appropriations for the medical assistance program; and (c) \$170,000,000 SEG from the transportation fund and \$20,000,000 SEG from the utility public benefits fund used to offset GPR appropriations for the shared revenue program.

***Includes \$182,400,000 FED of grant monies from the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 used to offset GPR appropriations for the shared revenue program.

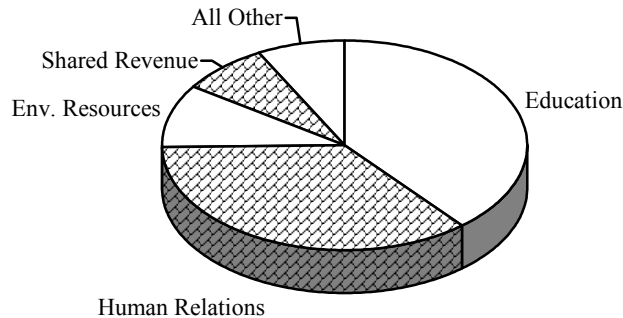
****Includes: (a) \$40,000,000 SEG from the transportation fund used to offset GPR appropriations for general school aids; (b) \$641,843,800 SEG from the medical assistance trust fund used to offset GPR appropriations for the medical assistance program; and (c) \$230,000,000 SEG from the transportation fund and \$17,600,000 SEG from the utility public benefits funds used to offset GPR appropriations for the shared revenue program.

*****Includes: (a) \$60,000,000 SEG from the transportation fund used to offset GPR appropriations for general school aids; (b) \$103,463,600 SEG from the medical assistance trust fund used to offset GPR appropriations for the medical assistance program; and (c) \$170,000,000 SEG from the transportation fund and \$20,000,000 SEG from the utility public benefits fund used to offset GPR appropriations for the shared revenue program.

Table 4: 2003-05 Total Compensation Reserves

<u>Revenue Source</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-05 Biennium</u>	
			<u>Amount</u>	<u>% of Total</u>
General Purpose Revenue	\$109,152,900	\$163,019,600	\$272,172,500	45.9%
Federal Revenue	27,859,400	41,607,800	69,467,200	11.7
Program Revenue	83,811,200	125,170,900	208,982,100	35.3
Segregated Revenue	<u>16,825,300</u>	<u>25,128,500</u>	<u>41,953,800</u>	<u>7.1</u>
TOTAL	\$237,648,800	\$354,926,800	\$592,575,600	100.0%

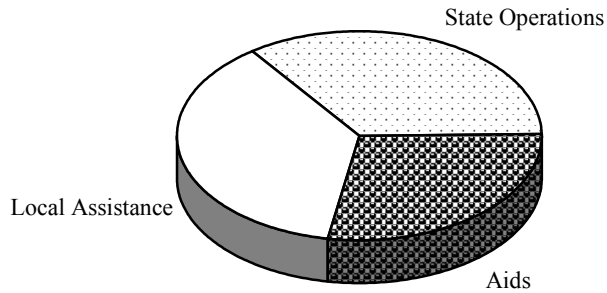
Table 5: 2003-05 Total Appropriations Plus Compensation Reserves (By Functional Area)



<u>Functional Area</u>	<u>Amount</u>	<u>% of Total</u>
Education	\$18,791,757,200	38.8%
Human Relations and Resources	17,431,174,300	35.9
Environmental Resources	4,749,545,100	9.8
Shared Revenue and Tax Relief	3,767,113,300	7.8
All Other*	<u>3,730,916,800</u>	<u>7.7</u>
TOTAL	\$48,470,506,700	100.0%

*All Other		
General Executive	1,574,121,700	3.2%
Commerce	931,918,700	1.9
Compensation Reserves	592,575,600	1.2
General Appropriations	283,992,200	0.6
Judicial	223,360,500	0.5
Legislative	124,948,100	0.3

Table 6: 2003-05 Total Appropriations Plus Compensation Reserves (By Purpose)



<u>Purpose</u>	<u>Amount</u>	<u>% of Total</u>
Local Assistance	\$18,024,471,800	37.2%
State Operations	16,862,451,800	34.8
Aids to Individuals and Organizations	<u>13,583,583,100</u>	<u>28.0</u>
TOTAL	\$48,470,506,700	100.0%

Table 7: Ten Largest Agencies or Areas (2003-05 Total Appropriations Plus Compensation Reserves)

<u>Agency/Program</u>	<u>2003-05 Total</u>	<u>% of Total</u>
Health and Family Services	\$12,435,417,400	25.7%
Public Instruction	11,118,309,600	22.9
University of Wisconsin System	7,060,192,700	14.6
Shared Revenue and Tax Relief	3,767,113,300	7.8
Transportation	3,738,281,800	7.7
Workforce Development	2,155,708,200	4.4
Corrections	1,950,361,500	4.0
Administration	1,000,584,000	2.1
Natural Resources	912,056,700	1.9
Compensation Reserves	592,575,600	1.2
All Other Agencies	<u>3,739,905,900</u>	<u>7.7</u>
TOTAL	\$48,470,506,700	100.0%

Table 8: 2003-05 Total Appropriations Plus Compensation Reserves

<u>Agency/Area</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-05 Biennium</u>	
			<u>Amount</u>	<u>% of Total</u>
Administration	\$497,598,100	\$502,985,900	\$1,000,584,000	2.1%
Agriculture, Trade and Consumer Protection	71,300,400	74,656,000	145,956,400	0.3
Arts Board	3,462,300	3,462,300	6,924,600	< 0.1
Board of Commissioners of Public Lands	1,457,900	1,457,900	2,915,800	< 0.1
Board on Aging and Long-Term Care	1,655,000	1,655,000	3,310,000	< 0.1
Building Commission	6,905,800	13,573,300	20,479,100	< 0.1
Child Abuse and Neglect Prevention Board	2,726,000	2,726,000	5,452,000	< 0.1
Circuit Courts	78,453,600	78,501,900	156,955,500	0.3
Commerce	222,645,900	225,185,400	447,831,300	0.9
Compensation Reserves	237,648,800	354,926,800	592,575,600	1.2
Corrections	955,827,100	994,534,400	1,950,361,500	4.0
Court of Appeals	8,217,100	8,217,100	16,434,200	< 0.1
District Attorneys	39,041,600	38,067,600	77,109,200	0.2
Educational Communications Board	15,427,100	17,005,600	32,432,700	0.1
Elections Board	1,104,700	1,654,900	2,759,600	< 0.1
Employee Trust Funds	22,321,300	21,720,500	44,041,800	0.1
Employment Relations Commission	2,622,700	2,622,700	5,245,400	< 0.1
Environmental Improvement Program	27,534,200	44,036,200	71,570,400	0.1
Ethics Board	609,800	609,800	1,219,600	< 0.1
Financial Institutions	15,372,900	15,233,600	30,606,500	0.1
Fox River Navigational System Authority	30,700	30,700	61,400	< 0.1
Governor	3,804,000	3,804,000	7,608,000	< 0.1
Health and Family Services	6,096,435,400	6,338,982,000	12,435,417,400	25.7
Higher Educational Aids Board	81,527,700	89,498,800	171,026,500	0.4
Historical Society	17,506,100	18,328,000	35,834,100	0.1
Insurance	100,165,300	103,296,100	203,461,400	0.4
Investment Board	17,720,500	17,720,500	35,441,000	0.1
Judicial Commission	217,300	217,300	434,600	< 0.1
Justice	71,267,700	72,011,100	143,278,800	0.3
Legislature	62,468,300	62,479,800	124,948,100	0.3

Table 8: 2003-05 Total Appropriations Plus Compensation Reserves (continued)

<u>Agency/Area</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-05 Biennium</u>	
			<u>Amount</u>	<u>% of Total</u>
Lieutenant Governor	\$347,200	\$347,200	\$694,400	< 0.1%
Lower Wisconsin State Riverway Board	151,800	151,800	303,600	< 0.1
Medical College of Wisconsin	6,002,200	6,335,400	12,337,600	< 0.1
Military Affairs	55,120,600	57,557,000	112,677,600	0.2
Miscellaneous Appropriations	112,833,800	132,588,900	245,422,700	0.5
Natural Resources	431,710,400	480,346,300	912,056,700	1.9
Office of State Employment Relations	5,760,300	5,795,300	11,555,600	< 0.1
Program Supplements	9,263,400	8,827,000	18,090,400	< 0.1
Public Defender Board	68,401,700	72,528,900	140,930,600	0.3
Public Instruction	5,528,989,200	5,589,320,400	11,118,309,600	22.9
Public Service Commission	21,319,700	24,876,600	46,196,300	0.1
Regulation and Licensing	11,153,300	11,108,300	22,261,600	< 0.1
Revenue	160,053,400	160,279,700	320,333,100	0.7
Secretary of State	658,800	659,500	1,318,300	< 0.1
Shared Revenue and Tax Relief	1,931,525,900	1,835,587,400	3,767,113,300	7.8
State Fair Park Board	16,908,600	18,696,600	35,605,200	0.1
State Treasurer	2,639,700	2,080,200	4,719,900	< 0.1
Supreme Court	24,771,000	24,765,200	49,536,200	0.1
Technical College System	176,794,700	177,904,700	354,699,400	0.7
Tourism	13,605,800	13,665,400	27,271,200	0.1
Transportation	1,798,652,500	1,939,629,300	3,738,281,800	7.7
University of Wisconsin System	3,454,344,500	3,605,848,200	7,060,192,700	14.6
UW Hospitals and Clinics Board	99,818,300	102,802,700	202,621,000	0.4
Veterans Affairs	168,581,200	171,412,000	339,993,200	0.7
Workforce Development	<u>1,071,019,000</u>	<u>1,084,689,200</u>	<u>2,155,708,200</u>	<u>4.4</u>
TOTAL	\$23,833,502,300	\$24,637,004,400	\$48,470,506,700	100.0%

Table 9: Ten Largest Agencies by 2004-05 Full-Time Equivalent (FTE) Positions -- All Funds

<u>Agency/Area</u>	<u>Number</u>	<u>% of Total</u>
University of Wisconsin System	30,685.30	44.99%
Corrections	10,419.33	15.28
Health and Family Services	6,210.85	9.11
Transportation	3,645.83	5.35
Natural Resources	2,823.75	4.14
UW Hospitals and Clinics Board	2,371.46	3.48
Workforce Development	2,215.68	3.25
Revenue	1,195.85	1.75
Administration	1,007.38	1.48
Veterans Affairs	<u>980.60</u>	<u>1.44</u>
Subtotal	61,556.03	90.27%
All Other Agencies	<u>6,644.98</u>	<u>9.73</u>
TOTAL	68,201.01	100.00%

Table 10: 2004-05 Full-Time Equivalent (FTE) Positions -- All Funds

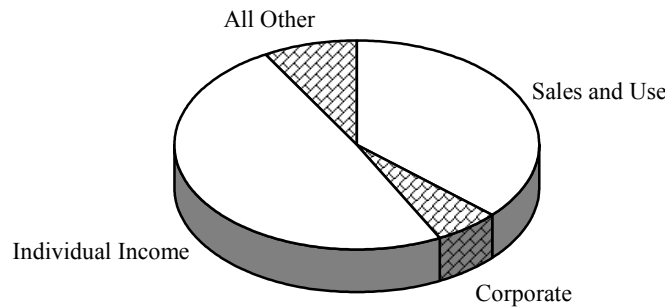
<u>Agency/Area</u>	<u>Number</u>	<u>% of Total</u>	<u>Agency/Area</u>	<u>Number</u>	<u>% of Total</u>
Administration	1,007.38	1.48%	Legislature	788.97	1.16%
Agriculture, Trade & Consumer Prot.	603.94	0.89	Lieutenant Governor	4.00	0.01
Arts Board	11.00	0.02	Lower WI State Riverway Board	2.00	< 0.01
Bd. of Commissioners of Public Lands	7.50	0.01	Military Affairs	385.16	0.56
Board on Aging and Long-Term Care	25.00	0.04	Natural Resources	2,823.75	4.14
Child Abuse & Neglect Prevention Bd.	4.00	0.01	Office of State Employment Rel.	58.50	0.09
Circuit Courts	511.00	0.75	Public Defender Board	527.55	0.77
Commerce	445.50	0.65	Public Instruction	637.14	0.93
Corrections	10,419.33	15.28	Public Service Commission	180.50	0.26
Court of Appeals	75.50	0.11	Regulation and Licensing	126.00	0.18
District Attorneys	415.50	0.61	Revenue	1,195.85	1.75
Educational Communications Board	71.00	0.10	Secretary of State	8.50	0.01
Elections Board	11.00	0.02	State Fair Park Board	30.20	0.04
Employee Trust Funds	198.35	0.29	State Treasurer	11.00	0.01
Employment Relations Commission	23.50	0.03	Supreme Court	213.75	0.31
Ethics Board	5.75	0.01	Technical College System	74.50	0.11
Financial Institutions	154.00	0.23	Tourism	53.45	0.08
Governor	39.75	0.06	Transportation	3,645.83	5.35
Health and Family Services	6,210.85	9.11	UW System	30,685.30	44.99
Higher Educational Aids Board	11.00	0.02	UW Hospitals and Clinics Bd.	2,371.46	3.48
Historical Society	142.79	0.21	Veterans Affairs	980.60	1.44
Insurance	131.00	0.19	Workforce Development	<u>2,215.68</u>	<u>3.25</u>
Investment Board	104.50	0.15	TOTAL	68,201.01	100.00%
Judicial Commission	2.00	< 0.01			
Justice	550.18	0.81			

Table 11: Budgeted 2003-05 General Fund Revenues

<u>Revenue Source</u>	<u>Amount</u>	<u>% of Total</u>
Tax Collections	\$21,859,215,000	96.4%
Departmental Revenues	658,122,200	2.9
Tribal Gaming Revenues	<u>160,872,000</u>	<u>0.7</u>
Total	\$22,678,209,200	100.0%
2002-03 Carryover Balance	<u>-282,221,000</u>	
TOTAL	\$22,395,988,200	

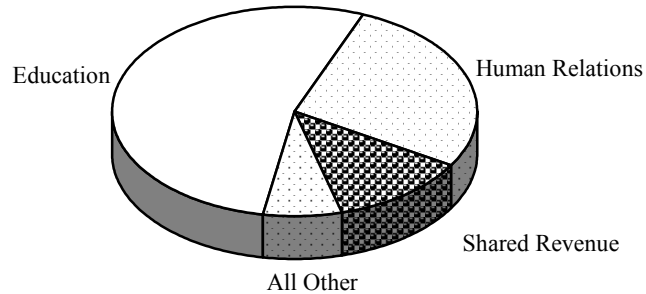
NOTE: In addition to net revenues of \$22,395,988,200 listed above, it was estimated that a total of \$457,191,800 would be available from unexpended appropriations which would ultimately lapse (revert) to the general fund. Thus, the total amount of revenues available in the general fund for the 2003-05 biennium was estimated to be \$22,853,180,000. Of these total revenues available, the Legislature appropriated (including reserves and transfers to other funds) a total of \$22,836,560,700. The remaining \$16,619,300 was retained as an ending gross balance for fiscal year 2004-05.

Table 12: Budgeted 2003-05 General Fund Tax Collections



<u>Tax Source</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-05 Biennium</u>	
			<u>Amount</u>	<u>% of Total</u>
Individual Income	\$5,220,000,000	\$5,556,590,000	\$10,776,590,000	49.3%
Sales and Use	3,899,625,000	4,094,750,000	7,994,375,000	36.6
Corporate	650,000,000	627,050,000	1,277,050,000	5.8
Utility	261,000,000	271,000,000	532,000,000	2.4
Excise				
Cigarette	290,000,000	286,000,000	576,000,000	2.6
Liquor	39,000,000	40,000,000	79,000,000	0.4
Tobacco Products	15,600,000	16,000,000	31,600,000	0.2
Beer	9,700,000	9,800,000	19,500,000	0.1
Insurance Company	125,000,000	120,000,000	245,000,000	1.1
Estate	85,000,000	90,000,000	175,000,000	0.8
Miscellaneous	<u>75,100,000</u>	<u>78,000,000</u>	<u>153,100,000</u>	<u>0.7</u>
TOTAL	\$10,670,025,000	\$11,189,190,000	\$21,859,215,000	100.0%

Table 13: 2003-05 Total GPR Appropriations and Compensation Reserves (By Functional Area)



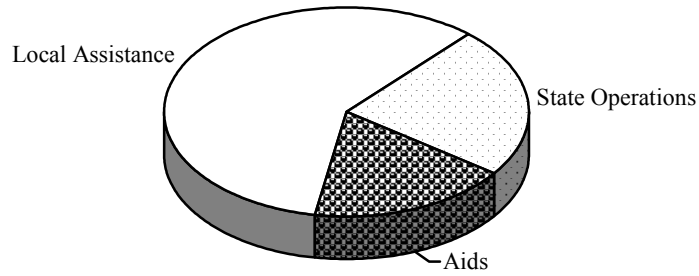
<u>Functional Area</u>	<u>Amount</u>	<u>% of Total</u>
Education	\$12,101,383,300**	53.3%
Human Relations and Resources	6,222,035,900***	27.4
Shared Revenue and Tax Relief	2,788,180,500****	12.3
All Other*	<u>1,601,461,000</u>	<u>7.0</u>
TOTAL	\$22,713,060,700	100.0%
*All Other		
Environmental Resources	\$319,028,500	1.4%
General Executive	355,549,200	1.6
Compensation Reserves	272,172,500	1.2
General Appropriations	235,397,400	1.0
Judicial	197,382,700	0.9
Legislative	121,616,600	0.5
Commerce	100,314,100	0.4

**Excludes \$100,000,000 SEG from the transportation fund used to offset GPR appropriations for general school aids.

***Excludes \$745,307,400 SEG from the medical assistance trust fund used to offset GPR appropriations for the medical assistance program.

****Excludes \$400,000,000 SEG from the transportation fund, \$37,600,000 SEG from the utility public benefits fund, and \$182,400,000 FED of grant monies from the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 used to offset GPR appropriations for the shared revenue program.

Table 14: 2003-05 Total GPR Appropriations and Compensation Reserves (By Purpose)



<u>Purpose</u>	<u>Amount</u>	<u>% of Total</u>
Local Assistance	\$13,358,450,900*	58.8%
State Operations	5,304,824,800	23.4
Aids to Individuals and Organizations	<u>4,049,785,000**</u>	<u>17.8</u>
TOTAL	\$22,713,060,700	100.0%

*Excludes: (a) \$100,000,000 SEG from the transportation fund used to offset GPR appropriations for general school aids; and (b) \$400,000,000 SEG from the transportation fund, \$37,600,000 SEG from the utility public benefits fund, and \$182,400,000 FED of grants monies from the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 used to offset GPR appropriations for the shared revenue program.

**Excludes \$745,307,400 SEG from the medical assistance trust fund used to offset GPR appropriations for the medical assistance program.

Table 15: 2003-05 GPR Appropriations and Compensation Reserves (By Purpose and Major Budget Program)

	<u>Amount</u>	<u>% of Category</u>	<u>% of Budget</u>
I. LOCAL ASSISTANCE			
Elementary and Secondary School Aids*	\$9,471,009,200	70.9%	41.7%
Shared Revenue Payments**	1,496,333,700	11.2	6.6
School Levy Tax Credits	938,610,000	7.0	4.1
Community Social Services Aids	578,885,400	4.3	2.5
Technical College System	273,078,200	2.0	1.2
Environmental Aids	193,097,000	1.5	0.9
Youth Aids	179,182,000	1.4	0.8
Aids for Income Maintenance Programs	<u>77,097,900</u>	<u>0.6</u>	<u>0.3</u>
Subtotal	\$13,207,293,400	98.9%	58.1%
All Other Local Assistance	<u>151,157,500</u>	<u>1.1</u>	<u>0.7</u>
TOTAL -- Local Assistance	\$13,358,450,900	100.0%	58.8%
II. AIDS TO INDIVIDUALS AND ORGANIZATIONS			
Medical Assistance***	\$2,406,731,400	59.4%	10.6%
Student Grants and Aids	406,446,400	10.0	1.8
Wisconsin Works and Other Public Assistance	311,486,400	7.7	1.4
Tax Credit Programs	286,139,200	7.1	1.2
Supplemental Security Income	256,563,200	6.3	1.1
Community Services Grants and Aids	240,704,300	6.0	1.1
Health Care Grants and Aids	<u>70,903,100</u>	<u>1.8</u>	<u>0.3</u>
Subtotal	\$3,978,974,000	98.3%	17.5%
All Other Aids to Individuals and Organizations	<u>70,811,000</u>	<u>1.7</u>	<u>0.3</u>
TOTAL -- Aids to Individuals and Organizations	\$4,049,785,000	100.0%	17.8%
III. STATE OPERATIONS			
UW System	\$1,846,276,300	34.8%	8.1%
Correctional Services	1,432,651,700	27.0	6.3
Judicial and Legal Services	419,054,800	7.9	1.9
Compensation Reserves	272,172,500	5.1	1.2
State Residential Institutions	255,225,400	4.8	1.1
Health and Family Services	193,522,200	3.7	0.9
Tax Administration	162,843,500	3.1	0.7
Income Tax Reciprocity Programs	154,456,000	2.9	0.7
Legislature	122,616,600	2.3	0.5
Natural Resources	<u>115,063,400</u>	<u>2.2</u>	<u>0.5</u>
Subtotal	\$4,973,882,400	93.8%	21.9%
All Other State Operations	<u>330,942,400</u>	<u>6.2</u>	<u>1.5</u>
TOTAL -- State Operations	\$5,304,824,800	100.0%	23.4%
TOTAL STATE GPR BUDGET	\$22,713,060,700		100.0%

*Excludes \$100,000,000 SEG from the transportation fund used to offset GPR appropriations for general school aids.

**Excludes \$400,000,000 SEG from the transportation fund, \$37,600,000 SEG from the utility public benefits fund, and \$182,400,000 FED of grant monies from the federal Jobs and Growth Relief Reconciliation Act of 2003 used to offset GPR appropriations for the shared revenue program.

***Excludes \$745,307,400 SEG from the medical assistance trust fund used to offset GPR appropriations for the medical assistance program.

Table 16: Top Ten GPR Programs (2003-05 General Purpose Revenue Appropriations and Compensation Reserves)

<u>Program</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cumulative % Total</u>
Elementary and Secondary School Aids*	\$9,471,009,200	41.7%	41.7%
Medical Assistance**	2,406,731,400	10.6	52.3
UW System	1,846,276,300	8.1	60.4
Shared Revenue Payments***	1,496,333,700	6.6	67.0
Correctional Services	1,432,651,700	6.3	73.3
School Levy Tax Credits	938,610,000	4.1	77.4
Community Social Services Aids	578,885,400	2.6	80.0
Judicial and Legal Services	419,054,800	1.8	81.8
Student Grants and Aids	406,446,400	1.8	83.6
Wisconsin Works and Other Public Assistance	<u>311,486,400</u>	<u>1.4</u>	85.0
Subtotal	\$19,307,485,300	85.0%	
All Other Programs	<u>3,405,575,400</u>	<u>15.0</u>	100.0
TOTAL	\$22,713,060,700	100.0%	

Table 17: Ten Largest GPR Agencies or Areas (2003-05 General Purpose Revenue Appropriations and Compensation Reserves)

<u>Agency/Area</u>	<u>2003-05 Total</u>	<u>% of Total</u>	<u>Cumulative % Total</u>
Public Instruction*	\$9,759,244,700	43.0%	43.0%
Health and Family Services**	4,006,433,600	17.6	60.6
Shared Revenue and Tax Relief***	2,788,180,500	12.3	72.9
University of Wisconsin System	1,869,355,300	8.2	81.1
Corrections	1,666,000,000	7.3	88.4
Workforce Development	366,663,200	1.6	90.0
Technical College System	279,409,400	1.2	91.2
Compensation Reserves	272,172,500	1.2	92.4
Natural Resources	241,806,600	1.1	93.5
Miscellaneous Appropriations	<u>199,212,800</u>	<u>0.9</u>	94.4
Subtotal	\$21,448,478,600	94.4%	
All Other Agencies/Areas	<u>1,264,582,100</u>	<u>5.6</u>	100.0
TOTAL	\$22,713,060,700	100.0%	

Footnotes for Tables 16 and 17:

*Excludes \$100,000,000 SEG from the transportation fund used to offset GPR appropriations for general school aids.

**Excludes \$745,307,400 SEG from the medical assistance trust fund used to offset GPR appropriations for the medical assistance program.

***Excludes \$400,000,000 SEG from the transportation fund, \$37,600,000 SEG from the utility public benefits fund, and \$182,400,000 FED of grant monies from the federal Jobs and Growth Relief Reconciliation Act of 2003 used to offset GPR appropriations for the shared revenue program.

Table 18: 2003-05 GPR Appropriations and Reserves

<u>Agency/Area</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-05 Biennium</u>	
			<u>Amount</u>	<u>% of Total</u>
Administration	\$13,848,600	\$16,455,900	\$30,304,500	0.1%
Agriculture, Trade and Consumer Protection	24,226,700	27,910,100	52,136,800	0.2
Arts Board	2,369,800	2,369,800	4,739,600	< 0.1
Board on Aging and Long-Term Care	785,900	785,900	1,571,800	< 0.1
Building Commission	5,736,300	12,357,900	18,094,200	0.1
Circuit Courts	78,453,600	78,501,900	156,955,500	0.7
Commerce	20,957,900	24,053,000	45,010,900	0.2
Compensation Reserves	109,152,900	163,019,600	272,172,500	1.2
Corrections	814,220,800	851,779,200	1,666,000,000	7.3
Court of Appeals	8,217,100	8,217,100	16,434,200	0.1
District Attorneys	37,284,500	36,284,500	73,569,000	0.3
Educational Communications Board	5,356,700	6,935,200	12,291,900	0.1
Elections Board	948,700	898,900	1,847,600	< 0.1
Employee Trust Funds	2,894,500	2,360,400	5,254,900	< 0.1
Employment Relations Commission	2,133,000	2,133,000	4,266,000	< 0.1
Environmental Improvement Program	21,534,200	38,036,200	59,570,400	0.3
Ethics Board	235,000	235,000	470,000	< 0.1
Governor	3,804,000	3,804,000	7,608,000	< 0.1
Health and Family Services*	1,631,366,300	2,375,067,300	4,006,433,600	17.6
Higher Educational Aids Board	72,408,200	71,800,200	144,208,400	0.6
Historical Society	10,157,800	10,888,600	21,046,400	0.1
Judicial Commission	217,300	217,300	434,600	< 0.1
Justice	31,322,000	31,645,200	62,967,200	0.3
Legislature	60,806,500	60,810,100	121,616,600	0.5
Lieutenant Governor	347,200	347,200	694,400	< 0.1
Medical College of Wisconsin	5,502,200	5,585,400	11,087,600	< 0.1
Military Affairs	17,497,200	19,983,300	37,480,500	0.2
Miscellaneous Appropriations	93,296,000	105,916,800	199,212,800	0.9
Natural Resources	99,688,700	142,117,900	241,806,600	1.1
Office of State Employment Relations	4,518,100	4,518,100	9,036,200	< 0.1
Program Supplements	9,263,400	8,827,000	18,090,400	0.1
Public Defender Board	67,116,100	71,235,900	138,352,000	0.6
Public Instruction**	4,861,042,700	4,898,202,000	9,759,244,700	43.0
Revenue	80,990,800	80,990,800	161,981,600	0.7
Shared Revenue and Tax Relief***	1,318,821,700	1,469,358,800	2,788,180,500	12.3
State Fair Park Board	907,000	2,259,400	3,166,400	< 0.1
Supreme Court	11,779,200	11,779,200	23,558,400	0.1
Technical College System	139,149,700	140,259,700	279,409,400	1.2
Tourism	8,748,600	8,748,600	17,497,200	0.1
Transportation	100	154,200	154,300	< 0.1
University of Wisconsin System	918,027,600	951,327,700	1,869,355,300	8.2
Veterans Affairs	1,524,900	1,559,700	3,084,600	< 0.1
Workforce Development	<u>185,529,900</u>	<u>181,133,300</u>	<u>366,663,200</u>	<u>1.6</u>
TOTAL	\$10,782,189,400	\$11,930,871,300	\$22,713,060,700	100.0%

*Excludes \$745,307,400 SEG from the medical assistance trust fund used to offset GPR appropriations for the medical assistance program.

**Excludes \$100,000,000 SEG from the transportation fund used to offset GPR appropriations for general school aids.

***Excludes \$400,000,000 SEG from the transportation fund, \$37,600,000 SEG from the utility public benefits fund, and \$182,400,000 FED of grant monies from the federal Jobs and Growth Relief Reconciliation Act of 2003 used to offset GPR appropriations for the shared revenue program.

Table 19: Ten Largest Agencies by 2004-05 GPR Full-Time Equivalent (FTE) Positions

<u>Agency</u>	<u>Number</u>	<u>% of Total</u>
University of Wisconsin System	18,327.63	52.07%
Corrections	9,311.67	26.46
Health and Family Services	2,142.10	6.09
Revenue	970.00	2.76
Legislature	769.17	2.19
Public Defender	523.55	1.49
Circuit Courts	511.00	1.45
District Attorneys	375.40	1.07
Natural Resources	373.12	1.06
Justice	<u>341.53</u>	<u>0.97</u>
Subtotal	33,645.17	95.61%
All Other Agencies	<u>1,552.37</u>	<u>4.39</u>
TOTAL	35,197.54	100.00%

Table 20: 2004-05 GPR Full-Time Equivalent (FTE) Positions

<u>Agency</u>	<u>Number</u>	<u>% of Total</u>	<u>Agency</u>	<u>Number</u>	<u>% of Total</u>
Administration	96.21	0.27%	Legislature	769.17	2.19%
Agriculture, Trade & Consumer Prot.	236.73	0.67	Lieutenant Governor	4.00	0.01
Arts Board	4.00	0.01	Military Affairs	100.35	0.28
Board on Aging and Long-Term Care	12.53	0.03	Natural Resources	373.12	1.06
Circuit Courts	511.00	1.45	Office of State Employment Rel.	52.00	0.15
Commerce	68.00	0.19	Public Defender Board	523.55	1.49
Corrections	9,311.67	26.46	Public Instruction	271.72	0.77
Court of Appeals	75.50	0.21	Revenue	970.00	2.76
District Attorneys	375.40	1.07	Supreme Court	111.50	0.32
Educational Communications Board	45.60	0.13	Technical College System	32.25	0.09
Elections Board	11.00	0.03	Tourism	48.45	0.14
Employee Trust Funds	3.50	0.01	UW System	18,327.63	52.07
Employment Relations Commission	18.50	0.05	Workforce Development	<u>196.22</u>	<u>0.56</u>
Ethics Board	2.30	0.01	TOTAL	35,197.54	100.00%
Governor	39.75	0.11			
Health and Family Services	2,142.10	6.09			
Higher Educational Aids Board	10.36	0.03			
Historical Society	109.90	0.31			
Judicial Commission	2.00	0.01			
Justice	341.53	0.97			

APPENDIX IX

GENERAL FUND BUDGET TRENDS 1991-93 THROUGH 2003-05

The tables in this appendix compare the adopted general fund (GPR) biennial budgets for 1991-93 through 2003-05 in terms of several comparative categories: functional areas of the budget; general statutory purposes; major programs; and amount and percent of budget increase from biennium to biennium.

Tables 21 and 22 show, for instance, that during this comparative time period, the area of education has always been the largest functional area of the budget, representing more than 42% (\$5.8 billion) of the 1991-93 GPR budget and totaling more than \$12.1 billion (53.3%) of the 2003-05 budget.

Tables 23 and 24 similarly show that the statutory budget purpose of local assistance constituted more than \$7.7 billion (56.2%) of the 1991-93 GPR budget but has increased to almost 59% (almost \$13.4 billion) of the 2003-05 budget.

Tables 25 and 26 portray that of the major GPR programs, the largest program in every biennial budget from 1991-93 through 2003-05 has been elementary and secondary school aids, accounting

for almost \$4.0 billion of the total 1991-93 GPR budget and for almost \$9.5 billion of the 2003-05 biennial GPR budget. On a percentage of the total budget basis, elementary and secondary school aids have increased from representing almost 29% of the total GPR budget in 1991-93 to more than two-fifths (41.7%) of the 2003-05 budget. Shared revenue payments represented 13.2% of the 1991-93 GPR budget, but only 6.6% of the 2003-05 budget. The medical assistance program constituted 11.8% of the 1993-95 budget but only 10.6% of the 2003-05 budget.

The last table in this appendix, Table 27, compares the 1989-91 through 2003-05 biennial GPR budgets in terms of the increase for the succeeding budget over the preceding biennial budget, shown both on a dollar amount of increase and on a percentage basis.

[Note: See footnotes on the following tables for information on use of non-general fund revenue sources used to offset GPR funding of certain programs in the 2001-03 and 2003-05 biennial budgets.]

Table 21: Comparative Total GPR Appropriations and Compensation Reserves by Functional Area (Dollar Share of Total GPR Budget in Millions)

<u>Functional Area</u>	<u>1991-93</u>	<u>1993-95</u>	<u>1995-97</u>	<u>1997-99</u>	<u>1999-01</u>	<u>2001-03</u>	<u>2003-05</u>
Education	\$5,835.6	\$6,715.2	\$8,422.7	\$9,827.1	\$11,180.0	\$12,087.9	\$12,101.4***
Human Relations and Resources	3,866.1	4,436.3	4,651.0	4,887.5	5,524.6	6,127.3	6,222.0****
Shared Revenue and Tax Relief	2,872.2	2,949.3	3,069.6	3,367.5	4,112.3	2,861.0**	2,788.2*****
General Executive	252.4	285.1	303.9	519.6	425.2	363.1	355.6
Environmental Resources	368.8	375.3	392.3	394.4	419.6	394.5	319.0
General Appropriations	156.1	150.2	207.3	282.5	347.7	369.5	235.4
Judicial	97.5	127.8	155.0	161.9	185.3	185.6	197.4
Compensation Reserves	93.0	178.3*	64.6	101.3	173.9	105.2	272.2
Legislative	83.5	94.3	97.6	108.6	117.0	121.8	121.6
Commerce	<u>95.3</u>	<u>110.3</u>	<u>95.9</u>	<u>103.4</u>	<u>96.9</u>	<u>94.8</u>	<u>100.3</u>
TOTAL	\$13,720.5	\$15,422.1	\$17,459.9	\$19,753.8	\$22,582.5	\$22,710.7	\$22,713.1

Table 22: Comparative Total GPR Appropriations and Compensation Reserves by Functional Area (Percentage Share of Total GPR Budget)

<u>Functional Area</u>	<u>1991-93</u>	<u>1993-95</u>	<u>1995-97</u>	<u>1997-99</u>	<u>1999-01</u>	<u>2001-03</u>	<u>2003-05</u>
Education	42.5%	43.5%	48.2%	49.8%	49.5%	53.2%	53.3%***
Human Relations and Resources	28.2	28.8	26.6	24.7	24.5	27.0	27.4 ****
Shared Revenue and Tax Relief	20.9	19.1	17.6	17.0	18.2	12.6**	12.3 *****
General Executive	1.8	1.9	1.7	2.6	1.9	1.6	1.6
Environmental Resources	2.7	2.4	2.3	2.0	1.9	1.7	1.4
General Appropriations	1.1	1.0	1.2	1.5	1.5	1.6	1.0
Judicial	0.7	0.8	0.9	0.8	0.8	0.8	0.9
Compensation Reserves	0.7	1.2*	0.4	0.5	0.8	0.5	1.2
Legislative	0.7	0.6	0.6	0.6	0.5	0.6	0.5
Commerce	<u>0.7</u>	<u>0.7</u>	<u>0.5</u>	<u>0.5</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Footnotes for Tables 21 and 22:

*Represents combined compensation and litigation reserves.

**Excludes \$598,300,000 SEG of tobacco settlement proceeds used to offset GPR appropriations for the shared revenue program.

***Excludes \$100,000,000 SEG from the transportation fund used to offset GPR appropriations for general school aids.

****Excludes \$745,307,400 SEG from the medical assistance trust fund used to offset GPR appropriations for the medical assistance program.

*****Excludes \$400,000,000 SEG from the transportation fund, \$37,600,000 SEG from the utility public benefits fund, and \$182,400,000 FED of grant monies from the federal Jobs and Growth Relief Reconciliation Act of 2003 used to offset GPR appropriations for the shared revenue program.

Table 23: Comparative Total GPR Appropriations and Compensation Reserves by Budget Purpose (Dollar Share of Total GPR Budget in Millions)

<u>Budget Purpose</u>	<u>1991-93</u>	<u>1993-95</u>	<u>1995-97</u>	<u>1997-99</u>	<u>1999-01</u>	<u>2001-03</u>	<u>2003-05</u>
Local Assistance	\$7,708.6	\$8,598.1	\$10,400.4	\$11,926.2	\$13,212.8	\$13,385.9*	\$13,358.5**
State Operations	3,245.7	3,680.7	3,913.1	4,567.5	5,155.7	5,487.0	5,304.8
Aids to Individuals and Organizations	<u>2,766.2</u>	<u>3,143.4</u>	<u>3,146.3</u>	<u>3,260.0</u>	<u>4,213.9</u>	<u>3,837.8</u>	<u>4,049.8***</u>
TOTAL	\$13,720.5	\$15,422.2	\$17,459.8	\$19,753.7	\$22,582.4	\$22,710.7	\$22,713.1

*Excludes \$598,300,000 SEG of tobacco settlement proceeds used to offset GPR appropriations for the shared revenue program.

**Excludes: (a) \$100,000,000 SEG from the transportation fund used to offset GPR appropriations for general school aids; and (b) \$400,000,000 SEG from the transportation fund, \$37,600,000 SEG from the utility public benefits fund, and \$182,400,000 FED of grants monies from the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 used to offset GPR appropriations for the shared revenue program.

***Excludes \$745,307,400 SEG from the medical assistance trust fund used to offset GPR appropriations for the medical assistance program.

Table 24: Comparative Total GPR Appropriations and Compensation Reserves by Budget Purpose (Percentage Share of Total GPR Budget)

<u>Budget Purpose</u>	<u>1991-93</u>	<u>1993-95</u>	<u>1995-97</u>	<u>1997-99</u>	<u>1999-01*</u>	<u>2001-03</u>	<u>2003-05</u>
Local Assistance	56.2%	55.7%	59.6%	60.4%	60.4%	58.9%**	58.8%***
State Operations	23.7	23.9	22.4	23.1	23.6	24.2	23.4
Aids to Individuals and Organizations	<u>20.1</u>	<u>20.4</u>	<u>18.0</u>	<u>16.5</u>	<u>16.0</u>	<u>16.9</u>	<u>17.8****</u>
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Reflects the percentages for the respective functional areas excluding the one-time sales tax rebate of \$700 million.

**Excludes \$598,300,000 SEG of tobacco settlement proceeds used to offset GPR appropriations for the shared revenue program.

***Excludes: (a) \$100,000,000 SEG from the transportation fund used to offset GPR appropriations for general school aids; and (b) \$400,000,000 SEG from the transportation fund, \$37,600,000 SEG from the utility public benefits fund, and \$182,400,000 FED of grants monies from the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 used to offset GPR appropriations for the shared revenue program.

****Excludes \$745,307,400 SEG from the medical assistance trust fund used to offset GPR appropriations for the medical assistance program.

Table 25: Comparative Total GPR Appropriations and Compensation Reserves by Major Programs and All Other (Dollar Share of Total GPR Budget in Millions)

<u>Program</u>	<u>1991-93</u>	<u>1993-95</u>	<u>1995-97</u>	<u>1997-99</u>	<u>1999-01</u>	<u>2001-03</u>	<u>2003-05</u>
Elementary and Secondary							
School Aids	\$3,955.8	\$4,610.4	\$6,223.1	\$7,541.8	\$8,604.4	\$9,288.5	\$9,471.0 (d)
Shared Revenue Payments	1,805.0	1,890.9	2,021.2	2,017.2	2,162.6	1,605.3 (a)	1,496.3 (e)
Medical Assistance	1,572.0	1,823.7	1,852.8	1,834.7	2,025.8	2,265.9	2,406.7 (f)
UW System	1,494.5	1,601.0	1,650.4	1,723.7	1,896.4	2,043.2	1,846.3
Correctional Services	465.5	587.2	746.6	921.4	1,177.7	1,409.9	1,432.7
Community Social Service Aids	761.2	844.4	889.7	927.6	985.5	644.2	578.9
School Levy Tax Credits (b)	638.6	638.6	638.6	938.6	938.6	938.6	938.6
Wisconsin Works and Other							
Public Assistance (c)	420.5	420.5	320.3	370.2	389.4	342.4	311.5
Judicial and Legal Services	235.6	346.7	389.2	403.1	442.5	411.2	419.1
Student Grants and Aids	<u>123.3</u>	<u>140.8</u>	<u>179.9</u>	<u>171.7</u>	<u>276.3</u>	<u>344.3</u>	<u>406.4</u>
Subtotal	\$11,472.0	\$12,904.2	\$14,911.8	\$16,850.0	\$18,899.2	\$19,293.5	\$19,307.5
All Other	<u>2,248.6</u>	<u>2,518.0</u>	<u>2,548.0</u>	<u>2,903.7</u>	<u>3,683.2</u>	<u>3,417.2</u>	<u>3,405.6</u>
TOTAL	\$13,720.6	\$15,422.2	\$17,459.8	\$19,753.7	\$22,582.4	\$22,710.7	\$22,713.1

Table 26: Comparative Total GPR Appropriations and Compensation Reserves by Major Programs and All Other (Percentage Share of Total GPR Budget)

<u>Program</u>	<u>1991-93</u>	<u>1993-95</u>	<u>1995-97</u>	<u>1997-99</u>	<u>1999-01</u>	<u>2001-03</u>	<u>2003-05</u>
Elementary and Secondary							
School Aids	28.8%	29.9%	35.6%	38.2%	38.1%	40.9%	41.7% (d)
Shared Revenue Payments	13.2	12.3	11.6	10.2	9.6	7.1 (a)	6.6 (e)
Medical Assistance	11.5	11.8	10.6	9.3	9.0	10.0	10.6 (f)
UW System	10.9	10.4	9.5	8.7	8.4	9.0	8.1
Correctional Services	3.4	3.8	4.3	4.7	5.2	6.2	6.3
Community Social Service Aids	5.5	5.5	5.1	4.7	4.4	2.8	2.6
School Levy Tax Credits (b)	4.7	4.1	3.7	4.8	4.2	4.1	4.1
Wisconsin Works and Other							
Public Assistance (c)	3.1	2.7	1.8	1.9	1.7	1.5	1.4
Judicial and Legal Services	1.7	2.2	2.2	2.0	2.0	1.8	1.8
Student Grants and Aids	<u>0.9</u>	<u>0.9</u>	<u>1.0</u>	<u>0.9</u>	<u>1.2</u>	<u>1.5</u>	<u>1.8</u>
Subtotal	83.7%	83.6%	85.4%	85.4%	83.8%	84.9%	85.0%
All Other	<u>16.3</u>	<u>16.4</u>	<u>14.6</u>	<u>14.6</u>	<u>16.2</u>	<u>15.1</u>	<u>15.0</u>
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Footnotes for Tables 25 and 26:

- (a) Excludes \$598,300,000 SEG of tobacco settlement proceeds used to offset GPR appropriations for the shared revenue program.
- (b) For biennia prior to 1993-95, represents funding for the "State Property Tax Credits" program category.
- (c) For biennia prior to 1997-99, represents funding for the "AFDC and Other Public Assistance" program category.
- (d) Excludes \$100,000,000 SEG from the transportation fund used to offset GPR appropriations for general school aids.
- (e) Excludes \$400,000,000 SEG from the transportation fund, \$37,600,000 SEG from the utility public benefits fund, and \$182,400,000 FED of grants monies from the federal Jobs and Growth Relief Reconciliation Act of 2003 used to offset GPR appropriations for the shared revenue program.
- (f) Excludes \$745,307,000 SEG from the medical assistance trust fund used to offset GPR appropriations for the medical assistance program.

**Table 27: Comparative GPR Biennial Budgets and Compensation Reserves
(Amount and Percent of Increase)**

<u>Fiscal Biennium</u>	<u>Total Budget*</u>	<u>Increase</u>	
		<u>Amount</u>	<u>Percent</u>
2003-05	\$22,713,060,700**	\$2,360,500	< 0.1%
2001-03	22,710,700,200***	128,337,000	0.6%
1999-01	22,582,363,200	2,828,633,300	14.3%
1997-99	19,753,729,900	2,293,892,800	13.1%
1995-97	17,459,837,100	2,037,672,700	13.2%
1993-95	15,422,164,400	1,701,585,800	12.4%
1991-93	13,720,578,600	1,454,611,600	11.9%
1989-91	12,265,967,000	N.A.	N.A.

*Represents total GPR appropriations and compensation reserves.

**Excludes: (a) \$100,000,000 SEG from the transportation fund used to offset GPR appropriations for general school aids; (b) \$745,307,400 SEG from the medical assistance trust fund used to offset GPR appropriations for the medical assistance program; and (c) \$400,000,000 SEG from the transportation fund, \$37,600,000 SEG from the utility public benefits fund, and \$182,400,000 FED of grant monies from the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 used to offset GPR appropriations for the shared revenue program.

***Excludes \$598,300,000 SEG of tobacco settlement proceeds used to offset GPR appropriations for the shared revenue program.