

Informational Paper 70

State Budget Process

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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 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 2005-07 biennial budget (2005 Wisconsin Act 25). A narrative history of the 2005-07 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 15 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 2005-07 budget. Appendix VIII contains a series of tables providing summary information about the 2005-07 budget.

Revenues and expenditures--the essence of state fiscal policy--are among the key issues facing the Governor and the Legislature every biennium. In Wisconsin, 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. 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 definition of the budget is supported further by a subsequent 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."

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 somewhat different, the process outlined below is based generally on the procedures followed for the 2005-07 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 illustrated in Chart 1.

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 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 beginning of the budget process, most larger agencies begin their internal processes for development of their budget requests several months prior to the issuance of these instructions. While the development of a budget request will vary depending upon the size of the agency and the complexity of its programs, the process for a larger state agency may be portrayed as follows. The department's budget per-

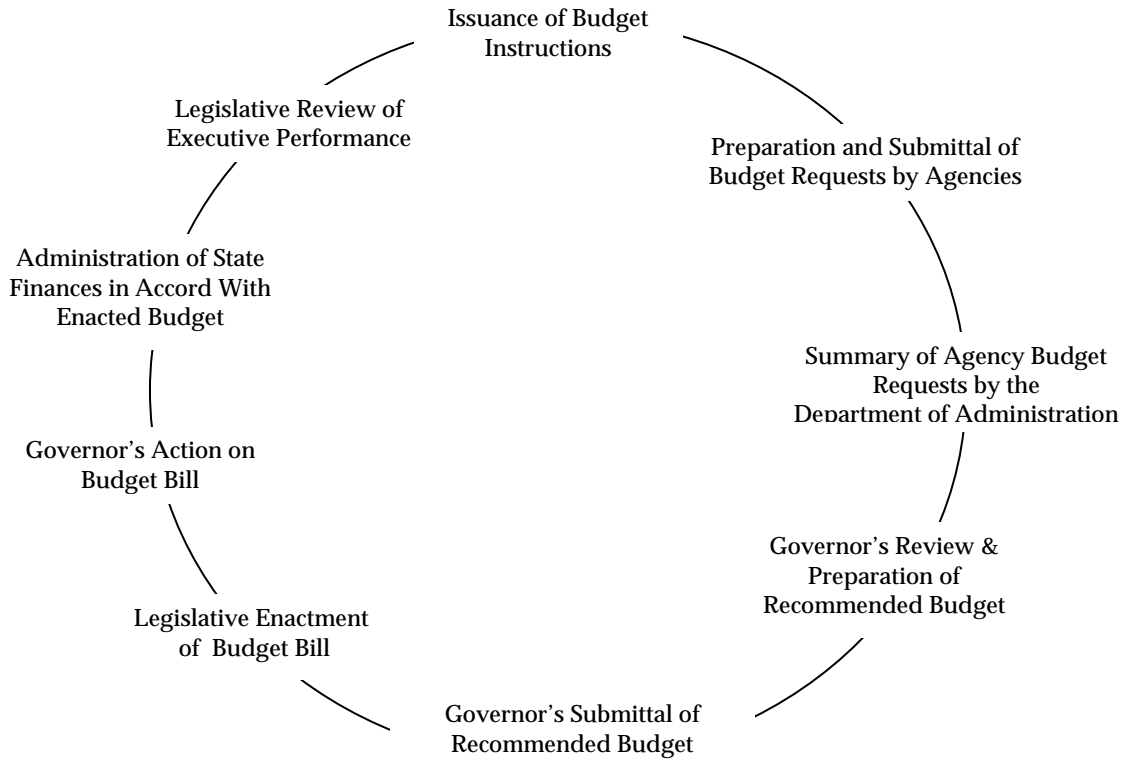
sonnel will develop internal budget instructions in January or February of a budget request submittal year. These instructions include internal policy and procedure directives which reflect the preferences of the agency head. Later, when the State Budget Office instructions have been promulgated, additional 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 input during the agency's budget request preparation process. 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.

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. 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

CHART 1
BIENNIAL BUDGET CYCLE



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 (s. 16.42), agency budget requests are to be submitted to the State Budget Office 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

(s. 16.43), 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 the report include information on the actual and estimated revenues for the current and forthcoming biennium. 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. Traditionally, the Bureau's revenue estimates issued in January of the odd-numbered year are incorporated into the Governor's budget submittal and are used throughout 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 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.

The Governor, in arriving at his or her budget recommendations, may elect to hold 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 (s. 16.45), 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 2005-07 budget, the Governor requested, and the Legislature approved, an extension of the required submittal date from January 25, 2005, to February 8, 2005. The Governor's budget was introduced as 2005 Assembly Bill 100.

For 12 of the last 15 biennial budgets, a delayed submittal date 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 (s. 16.46) 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, 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, Senate, Assembly, and partial vetoes of the Governor.

Joint Finance Review of the Governor's Recommended Budget

Budget Bill

As required by statute (s. 16.47), 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 incorporating the Governor's fiscal and statutory recommendations is prepared by the Legislative Reference Bureau. 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.

The Joint Committee on Finance is a statutory Committee that consists of 16 members -- eight senators and eight representatives. Under s. 13.093(1) of the statutes, "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." [A description of the Finance Committee and its responsibilities is detailed in a separate Legislative Fiscal Bureau informational paper entitled, "Joint Committee on Finance."]

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 2005-07 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 to present testimony on the Governor's budget and the effect that the budget would have on the agency and its programs. For those agencies governed by a part-time policy board or a commission, the president of the board or the chair of the commission was also asked to appear before the Committee.

The agency head was asked to provide comments on the budget for the agency as proposed by the Governor. This testimony was then followed by questions from Committee members. These agency hearings were held in Madison on March 17, 29, 30, and April 6, 2005.

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. Five public hearings (between the period of March 9 and March 21) were held in municipalities around the state (Watertown, Cleveland, Menomonie, Merrill, and Madison).

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, they have instead been 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. 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.

Following is an identification of the number of items deemed to be of a non-fiscal policy nature, beginning with the 1993-95 budget recommenda-

tions of the Governor.

Budget	Number of Non-Fiscal Policy Items
1993-95	110
1995-97	89
1997-99	114
1999-01	112
2001-03	150
2003-05	21
2005-07	21

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.

Executive sessions on the budget generally cover a period of eight weeks. During the Committee's 2005-07 budget deliberations, 17 executive sessions were held between April 19, 2005, and June 9, 2005.

In advance of the executive sessions, the Fiscal Bureau prepares issue papers on various budget items and distributes them to the members of the Finance Committee, other legislators, and the public. The issue papers present background information and analyses, and identify policy and fiscal options for the Committee's consideration. For the Committee's 2005-07 budget deliberations, the Fiscal Bureau prepared 358 issue papers. These

papers are available in hard copy and are displayed on the Bureau's website shown below. <http://www.legis.state.wi.us/lfb/index.html>

In addition to the issue papers, any Committee member may request that the Bureau prepare a motion to amend an agency's budget. It is these two written items -- issue papers and motions -- that the Committee works from in its executive session budget deliberations.

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 (s. 13.48) 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 that submit capital budget requests: Administration (primarily for state office buildings); Correc-

tions; Educational Communications Board; Health and Family Services; Historical Society; Military Affairs; 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.

Agency Capital Budget Requests

Each state agency wanting to have a project included in the capital budget (state building program) portion of the 2005-07 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, 2004. 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.

Building Commission

The Building Commission consists of the Governor, who serves as Chair, one citizen member, appointed by and serving at the pleasure of the Governor, and three legislators from each house of the Legislature, appointed in the same manner as members of legislative standing committees. The majority and minority parties from each house must be represented.

The Commission is divided into two subcommittees: a Higher Education Subcommittee and an Administrative Affairs Subcommittee. The Higher Education Subcommittee is responsible for reviewing the capital budget requests of the University of Wisconsin System. The Administrative Affairs Subcommittee is responsible for reviewing the capital budget requests of all other state agencies. The Governor appoints the Chair and members of the two subcommittees; each subcommittee consists of three legislative members and the citizen

member.

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 2005. In March, 2005, these recommendations were reviewed by the sub-committees of the Building Commission. The sub-committees developed recommendations which were then acted upon by the full Commission. Decisions of the full Commission became the formal recommendations for the proposed 2005-07 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 (s. 13.48) 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.

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 presented to Joint Committee on Finance. Typically, the Committee reviews 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 are then incorporated into the Committee's recommended biennial budget bill.

Legislative and Gubernatorial Review of the Capital Budget

Subsequent Assembly and Senate review of the budget, as recommended by the Joint Committee on Finance, covers the entire budget, including the capital budget. Similarly, once the budget is passed by the Legislature, the Governor's action (including any partial vetoes) involves the entire budget, including the capital budget provisions.

[For further information on the capital budget process, see the Legislative Fiscal Bureau Informational Paper entitled "State Building Program."]

Senate/Assembly Consideration of the Budget

The Governor's budget bill(s) is initially introduced in either the Assembly or Senate and then referred to the Joint Committee on Finance. For the 2005-07 budget, the Governor's budget bill was introduced in the Assembly and became 2005 Assembly Bill 100. 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 2005-07 budget, all of the Committee's actions were incorporated as a substitute amendment to Assembly Bill 100, and the bill was reported to the Assembly 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 usually 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.

Another legislator--wanting to include a new program activity or delete an existing activity from the budget--might have a lengthy amendment 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. Occasionally, an entire substitute amendment (a new budget bill) will be 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 some budgets prior to that of 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.

With a stated goal of completing legislative action on the 2005-07 budget by the end of the then current fiscal year (June 30, 2005), the Assembly commenced action on the state budget on June 21, 2005. A total of 54 amendments to the Finance Committee's budget were offered but only two of the amendments were adopted. The Assembly adopted the amended budget on that same day by a vote of 56 to 40.

On June 30, 2005, the Senate commenced action on the budget as passed by the Assembly. A total of 51 amendments to the Assembly-passed bill were offered. Three amendments were adopted. The Senate adopted the amended budget on that same day by a vote of 17 to 16. The Assembly concurred in the bill, as passed by the Senate, on July 5, 2005.

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 last used for the 2001-03 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.

Governor's Veto Authority

Regardless of the approach used to resolve any differences, once the differences between the houses are resolved, a final budget bill, as passed by the Legislature, is 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, legislators, and others--possible partial vetoes of the bill.

Article V, Section 10, of the Wisconsin 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 accept 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 vetoed portion into law, notwithstanding the objections of the Governor.

On July 20, 2005, enrolled AB 100 was presented to the Governor. He approved the bill, in part, on July 25, and had it deposited in the Office of the Secretary of State as 2005 Wisconsin Act 25. The Governor indicated in his message that he had exercised his authority to make 139 partial vetoes to the bill, as passed by the Legislature. Act 25 was published on July 26, 2005, 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 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 funding for the ensuing two-year period. Most of the appropriations contained in the budget bill are one-year appropriations (annual appropriations) with any unused funding lapsing (reverting) 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 an open-ended basis (these are termed "sum sufficient appropriations") 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, for principal and interest payments on debt service obligations, and for the operation of the courts, Governor's office, Senate, and Assembly.

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 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 established a one-time requirement that the Gover-

nor 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 1988-89 annual budget actually contained only selected adjustments to previously established appropriation levels and selected new policy initiatives. No action has 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.

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 bill or the back-up building blocks which are used to compile the budget document. Terming a budget a "line-item budget" is intended to

characterize the way the budget is developed regarding 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 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 agencies or programs or to different functional areas, or will use some 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 bill(s). 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 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 bill; a transportation bill; and a natural resources 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 bill.

Omnibus Budget Bill. In contrast to many 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. There are arguments that can be advanced both for and against a single omnibus budget bill 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 com-

peting program demands for a fixed level of resources. At each stage of the omnibus budget process, fund balance statements are 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. 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. 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 few states indicate that they 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 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.

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; and (2) any benefits from using this process seemed to flow more to agency management than to the ultimate budget decision-makers due to the level of detailed 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 required state agencies to provide an identification of where each agency would propose to reduce its base budget if a fixed percentage of each agency's budget was required to be reduced. 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). 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 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 reduction requirement was equal to 5% for each fiscal year. 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 include a 5% GPR base budget reduction 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 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.

The 2007-09 budget instructions required agencies with state operations administrative appropriations to submit a plan to absorb a 10% permanent base cut. According to the instruction, "this reduction should equal 10% of all non-federal, sum certain state operations administrative appropriations in an agency, excluding debt service and fuel and utilities appropriations."

In addition, the 2001-03 budget adjustment bill (2001 Act 109) created a requirement for a base budget review each biennium of one-third of all state agencies. Under this provision, each state agency that is required to report must submit an expenditure report that contains: (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 2007-09 budget cycle, these expenditure reports were to be submitted to the Department of Administration by September 18, 2006.

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, performance-based budgeting is a budget decision-making process that is aimed at allocating 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 Technology for Educational Achievement Board) submit their agency budget requests for the 1999-2001 biennium on a performance-based budget basis. Further, the budget instructions for 2001-03 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.

Budget instructions for the 2007-09 biennium directed agencies to report actual outcome measures for the 2004-05 and 2005-06 fiscal years and planned outcome measures for 2006-07, 2007-08, and 2008-09.

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). Even though Wisconsin's budget is for a biennial period, appropriation amounts are typically set in annual increments. Each increment represents the budget allotment for the fiscal year 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 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 30 of that same year before the then current fiscal biennium ends and a new fiscal

Chart 2: Comparison of Budget Calendar and Fiscal Periods

Calendar Year(s)	Calendar Dates	Fiscal Year	Biennial Budget Period
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
2007 and 2008	July 1, 2007 to June 30, 2008	2007-08	2007-09 Biennial Budget
2008 and 2009	July 1, 2008 to June 30, 2009	2008-09	2007-09 Biennial Budget

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 2007-09 biennial budget will involve appropriations for both fiscal year 2007-08 (July 1, 2007, thru June 30, 2008) and fiscal year 2008-09 (July 1, 2008, thru June 30, 2009). These fiscal years will be referred to as "FY 08" and "FY 09" 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.

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) 2008 budget will be for the period beginning on October 1, 2007, and ending on September 30, 2008.]

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

For the federal government, and many state

governments, if the current fiscal period ends without a new budget having 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 that automatically allows 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 current fiscal biennium. In the event that a new biennial budget is not enacted by June 30 of the odd-numbered year, however, the operations of state government do not come to a halt. This is because of the continuation procedure contained in the Wisconsin Statutes (s. 20.002(1)). 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 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 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. The budget may be modified by: (1) separate legislation authorizing an additional appropriation or eliminating or modifying an existing appropriation; (2) a budget adjustment bill (generally in the second annual session of the Legislature) to make changes to the adopted biennial budget; and (3) 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 supplemented by the Joint Committee on Finance.

The Legislature can pass legislation which modifies previously approved appropriation levels. Aside from this type of change, appropriation levels can be modified in only two other ways.

First, as a part of each biennial budget there are certain supplemental appropriations or accounts which represent amounts set aside 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. This is because the pay plan agreements are usually not finalized until after the end of the budget process 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 modified 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.

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. 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 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 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 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 its repeal in the 1981-83 biennial budget.

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. In 13 of the last 15 biennia, there has been at least one budget adjustment bill adopted (see Appendix VI). No general budget adjustment bills were considered in either the 2003-05 or 2005-07 biennia.

Fiscal Emergencies Declaration. There is a statutory provision (s. 16.50) that addresses actions to be taken in the event of a shortfall in budgeted revenue collections. This 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 GPR appropriations, the Secretary may take administrative action to adjust agencies' budget allotments to withhold funds sufficient to offset the revenue shortfall.

However, if the Secretary of DOA concludes that the level of GPR appropriations will exceed the level of revenues expected to be available in the current or forthcoming fiscal year 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 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 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 are also bills in each legislative session that propose to authorize the expenditure of money for specific limited purposes. 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 requirements are described below.

Emergency Clause Requirement. A facet used in Wisconsin to enhance the comprehensive budget approach to spending authorization is a statutory provision (s. 16.47(2)) 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 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 (s. 16.47(1m)) requires the budget bill to be referred to the Joint Committee on Finance immediately upon introduction. 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 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. While in some cases the fiscal implications of a bill will be fairly evident, 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 those activities. 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 fiscal information in considering 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, any bill increasing or decreasing existing appropriations or state or general local government fiscal liability or revenues, and any bill that modifies an existing surcharge or creates a new surcharge..., 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. 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.

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 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 (Article VIII, Section 2). In Wisconsin, since the 1960s, all appropriations are codified into a 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 2005-07 Chapter 20 schedule is in Chart 6 of Appendix VII. In addition to listing the appropriations and the amounts appropriated in a schedule, Chapter 20 of the statutes contains specific language defining each appropriation and identifying the 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 and programs are organized into one of the following broad functional areas: Commerce, Education, Environmental Resources, Human Relations and Resources, General Executive Functions, Judicial, Legislative, or General Appropriations. Then, within a functional area, the agencies are generally listed alphabetically. Further, for the larger agencies, appropriations will be organized into the various 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 has, 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-directed program purpose. The current state appropriations schedule reflects a mixture of appropriation types. The broadest type would be those for the general program operations of a department or division. The next 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 in 2006-07) represents the total dollar amount (except 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 120 different occupational entities. Departmental costs that are funded from this single appropriation include: (1) salaries and fringe benefits for 112.32 staff located in the four divisions (Divisions of Enforcement, Professional Credentialing, Board Ser-

VICES, and Management Services) plus the Office of the Secretary; (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 26 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 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 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 local assistance, aids to individuals and organizations, or state operations. These "purpose" categories are defined as follows:

Local Assistance. These are appropriations for payments to be made to directly to, or on behalf of, local governmental units 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.

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 educational grants given directly to students would be 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 campus administrative activities as well as the instructional faculty and facilities operations.

Appropriation Type

There are four types of appropriations listed in the Chapter 20 schedule: annual, biennial, continuing, and sum sufficient. Under the category of "type" in the schedule, these are indicated respectively as A, B, C, and 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 the amount indicated in the Chapter 20 schedule for the purposes indicated. Further, such expenditures may be made only within the indicated fiscal year. 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 schedule

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

Continuing Appropriation (C). Under a continuing appropriation, an agency may expend the amounts that have been made available by the Legislature at any time until the 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 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 as 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 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 expended.

Revenues (The Source of Funding for Appropriations)

Appropriations, by definition, are established to allow for the expenditure of monies 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 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 and individual and corporate income taxes. Other sources include excise taxes (liquor and tobacco), utility taxes, insurance 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 (termed "departmental revenues" or "general purpose revenue-earned") are also a source of general purpose revenue. Once collected, all of these various sources of revenue are deposited into the state's general account (the general fund) and lose their identity as to original

source.

Program Revenue (PR). This revenue source represents monies which are credited to a specific appropriation account to finance an agency or a particular program or activity within an individual agency. Generally, these are revenues are collected for such things as user charges imposed as license or inspection fees, tuition, 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 program revenue in that it is credited to a specific appropriation to finance an agency or program within an agency. However, in this case, the revenues come not from fees charged to entities or individuals outside of state government, but rather are transferred amounts from one state agency (from any of its revenue sources) to a program revenue-service appropriation in another agency. These moneys are shown as expenditures in the appropriation of the state agency from which the moneys are transferred and as program revenue-service funds in the appropriation of the agency to which the moneys are transferred.

Program revenue-service appropriations may also exist in an agency where a central service division or unit within the agency charges the other divisions of that agency for the services it provides to those entities. An example would be where a central mailing unit in an agency assesses other units in the agency for their respective share of the mailing unit's overall operating costs. The revenues to the 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 mailing unit.

Segregated Revenue (SEG). This revenue source represents monies which, by law, are credited to a specific fund other than the general

fund. Revenues from the distinct (segregated) fund may be used only for the statutorily-defined purposes of the fund. For example, motor fuel taxes are revenues which are placed in the segregated, transportation fund and are designated for transportation-related purposes.

Segregated Revenue - Service (SEG-S). This revenue source is similar to segregated revenue in that it is credited to a specific fund to finance an agency or programs within an agency. Although the revenues are deposited in the designated segregated fund, there is a separate account within that fund to which those service revenues are credited and from which the segregated revenue-service appropriation 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.

Segregated Revenue - Local (SEG-L). This is a revenue source which is received from a local unit of government or other source for transportation purposes and is deposited in the transportation fund. Appropriations under this designation are financed from these revenues.

Federal Revenue (FED). This revenue source represents monies received by a state agency from the federal government for a specified purpose. 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 into a segregated fund operated by that agency. In some cases, funds from several different federal grants may be credited to a single, 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) and deposited in the capital improvement fund for expenditure by various state agencies for specified purposes. The majority of state bond revenues are used for state building, highway, 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 and the Department of Veterans Affairs home mortgage loan program.

Balanced Budget Requirement

The Wisconsin Constitution (Article VIII, Section 5) 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 requirement that the state have a balanced budget, where estimated revenues equal or exceed estimated expenditures. This means that the Legislature must pass a budget document that meets the balanced budget requirement. Although the constitutional provision actually only applies to the Legislature, in practice, Governors have always submitted a balanced budget.

While all funds must be in balance between revenues and expenditures, one focus of decision makers 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 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 spending. Consequently, a separate 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 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 fiscal 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 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 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 was, on a biennial basis, to reduce the reserve requirement by half because at year-end the first year reserve carries forward to be part of the second year reserve amount. The 1987 provision 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 took place in the 1999-01 biennial budget when the budget, as introduced by the Governor, included a provision for the 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. 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, with the result that no statutory reserve requirement was specified for fiscal year 2001-02. 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. 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 2001-03 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 2005-07 biennial budget act (2005 Act 25) amended the 2005-06 amount from \$75.0 million to \$65.0 million and the 2.0% requirement for 2006-07 to \$65.0 million. These amounts and balance requirements for other years under Act 25 are shown below.

Fiscal Year	Statutory Balance Requirement
2005-06	\$65.0 million
2006-07	65.0 million
2007-08	65.0 million
2008-09	65.0 million
2009-10 (and thereafter)	2.0%*

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

Budget Overviews

At the beginning of each legislative session, work on establishment of the biennial budget for the next fiscal biennium is a primary focus of the Governor and Legislature. As these deliberations ensue, it is often helpful to start with some overview of the budget.

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 local governmental costs (local assistance) or providing direct assistance to private citizens or groups (aids to individuals and organizations)]. Another way 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 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 2005-07 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 Functional Categories. Another 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 (49.8%) 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 (78.8%) of the total GPR budget. Table 9 in Appendix VIII provides more details on this type of categorization of the budget.

Budget Overview by Purpose Categories.

Table 10 in Appendix VIII shows the 2005-07 total GPR budget by purpose categories. That table reveals that less than a quarter (23.5%) 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 (56.4%) 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 11 in Appendix VIII). Further, more than three-fourths of all GPR funded positions were located in those two agencies (see Table 13 in Appendix VIII for

more details).

In contrast, more than half (55.9%) of the total GPR budget was for assistance to local units of governments. Further, more than two-thirds (70.0%) of those local assistance funds were for elementary and secondary school aids and almost 90% (89.1%) of local assistance funding went to just three programs: elementary and secondary school aids, shared revenue payments and school levy tax credits (see Table 11 in Appendix VIII).

The remaining portion (20.6%) of the total GPR budget was for aids to individuals and organizations. However, 62.3% of this total category went to just one program, medical assistance.

Budget Overview by Major Programs. A frequently-used budget overview is to cite the top five or top 10 programs funded in the budget, based on percentage of the total GPR budget that is allocated to each program. Table 12 in Appendix VIII lists the top 10 GPR-funded programs in the 2005-07 state budget. Just three major programs (elementary and secondary school aids, medical assistance and the University of Wisconsin System operations) account for 59.1% of the total 2005-07 GPR budget. The top 10 identified programs were allocated 82.4% of the total GPR budget.

APPENDIX II

BRIEF CHRONOLOGY OF THE 2005-07 BUDGET

GOVERNOR/ADMINISTRATION

- May 27, 2004 Department of Administration issued major budget policies and technical budget instructions
- August 18 Department of Administration released list of agencies subject to base budget review
- September 15 Agency deadline for submission of budget requests
- November 20 Executive Budget Office submitted a compilation of agency budget requests and the Department of Revenue's estimate of tax revenues
- February 8, 2005 Governor Doyle delivered budget message and recommendations to the Legislature
- April 4 Recommendations of the State Building Commission for the capital budget and state building program submitted to the Joint Committee on Finance

JOINT COMMITTEE ON FINANCE

- January 25 Legislative Fiscal Bureau released general fund revenue and expenditure projections
- February 9 Introduced the executive budget bill as 2005 Assembly Bill 100
- March 9-April 11 Public hearings and listening session
- March 29-April 6 Budget bill briefings by agency officials
- April 4 Received recommendations of the State Building Commission for the capital budget and state building program
- April 12 Nonfiscal items removed from budget bill
- April 19-June 9 Executive sessions
- June 9 Adopted Assembly Substitute Amendment 1 (ASA 1) to AB 100 and recommended the bill for passage on a 11-5 vote
- June 21 ASA 1 to AB 100, as recommended by the Joint Committee on Finance, reported to the Assembly

LEGISLATURE

- June 15 Briefings for the Assembly Republican Caucus and the Assembly Democratic Caucus on ASA 1 to AB 100
- June 16 Briefing for the Senate Republican Caucus
- June 21 Assembly adopted Assembly Substitute Amendment 1 and the bill, as amended, on a vote of 56-40
- June 22 Briefing for the Senate Democratic Caucus
- June 30 AB 100, as amended, received by Senate; Senate adopted Senate Amendments 19, 29, and 50 and concurred in AB 100, as amended, on a vote of 17-16
- July 5 Assembly received concurred bill from Senate and voted concurrence

ENACTMENT

- July 20 Enrolled AB 100 presented to Governor
- July 25 Governor approved the bill, with partial vetoes, as 2005 Wisconsin Act 25
- July 26 Act 25 published
- July 27 Act 25 became generally effective

APPENDIX III

HISTORY OF THE 2005-07 BIENNIAL BUDGET

This section provides a narrative history of the 2005-07 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 May 27, 2004, the Department of Administration released the Governor's major budget policies and technical budget instructions for each state agency to follow in preparing their 2005-07 biennial budget requests. Included in these policy directives were instructions that state agencies prepare their 2005-07 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), entitlement and related assistance programs in the Department of Health and Family Services and in the Department of Workforce Development's Division of Vocational Rehabilitation, standard budget adjustments, fuel and utilities, and debt service. This directive also applied to segregated (SEG) funded administrative operations appropriations of the Department of Transportation, Department of Natural Resources, and the state lottery. For other types of appropriations and funding sources, the directive instructed that funding requests should be limited to revenue availability and prioritized programmatic needs.

Beginning in the 2003-05 biennium, one-third of all state agencies are required by statute to complete a base budget review. On August 18, 2004, the Department of Administration released the list of agencies that were selected to complete a base budget review as part of the 2005-07 biennial budget process. These agencies were:

Arts Board
Building Commission
Child Abuse and Neglect Prevention Board
Circuit Courts
Court of Appeals
Ethics Board
Health and Family Services
Higher Educational Aids Board
Insurance
Judicial Commission
Medical College of Wisconsin
Secretary of State
Supreme Court
Transportation
University of Wisconsin Hospitals and Clinics Board
University of Wisconsin System

Pursuant to s. 16.42(1) of the statutes, agencies were required to submit their formal budget requests to the Division of Executive Budget and Finance and the Legislative Fiscal Bureau by September 15, 2004. The Division of Executive Budget and Finance began reviewing agency funding requests as they were submitted. On November 20, 2004, as required by s. 16.43 of the statutes, the Division distributed to Governor James E. Doyle, Jr., and the Legislature, a compilation of state agencies' 2005-07 biennial budget requests. This summary indicated that agencies were seeking total 2005-07 funding of \$52.77 billion (all funds), of which \$25.91 billion was requested from general purpose revenue. Also included in the summary was an estimate of tax revenues for fiscal year 2004-05 and the 2005-07 biennium, as developed by the Department of Revenue. Total general fund tax collections for the 2005-07 biennium were projected at \$24.2 billion.

Every January, the Legislative Fiscal Bureau prepares general fund expenditure and revenue projections for the Legislature as it begins to consider the state's budget and other legislation. Based on updated tax collection data and other informa-

tion, on January 25, 2005, the Bureau estimated that the state's general fund would realize a total of \$3.9 million less in the period from 2004-05 through 2006-07 than was reflected in the report from the Departments of Administration and Revenue. [On May 16, 2005, the Fiscal Bureau revised its general fund tax estimates and identified other items that would potentially affect the general fund.]

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 2005 Legislature. Also during this period, the Governor made decisions on individual funding and policy initiatives to be included in the biennial budget bill.

Under s. 16.45 of the statutes, the Governor is required to submit the budget message and the executive budget bill (or bills) to the Legislature on or before the last Tuesday in January of each odd-numbered year. However, under 2005 Senate Joint Resolution 1, adopted by the Senate on January 03, 2005, 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 was extended, at the request of the Governor, to February 8, 2005. Governor Doyle officially delivered his 2005-07 biennial budget message and recommendations to a joint convention of the Legislature on February 8, 2005.

On February 9, 2005, the Joint Committee on Finance introduced the biennial budget bill in the Assembly. The bill, formally introduced as Assembly Bill 100 (AB 100) was read for the first time and referred to the Joint Committee on Finance for further consideration. The recommendations of the State Building Commission constituting the capital budget and the state building programs were submitted to the Joint Committee on Finance on April 4. These recommendations were taken up by the Joint Committee on Finance as modifications to the budget bill.

On February 9, 2005, AB 100 was read for the first time and referred to the Joint Survey Committee on Tax Exemptions. On June 17, the Joint Survey Committee submitted a report to the Legislature addressing five provisions in AB 100 that affect existing statutes or create new statutes relating to the exemption of property or persons from state or local taxes. The five provisions included: (a) updates to the internal revenue code; (b) an increase of the individual income tax deduction for college tuition; (c) a sale tax on retailers regardless of whether the sale is mercantile in nature, and an increase of the occasional sale thresholds; (d) a sales and use tax on electronic versions of certain personal property; and (e) changes to various state sales and use tax statutes to conform with the terms of the multi-state streamlined sales and use tax agreement. The Joint Survey Committee found that, while there were no questions of legality involved in the five provisions, public policy was questionable concerning tax exemptions under both the Governor's recommendations and the substitute amendment recommended by the Joint Committee on Finance.

The Joint Committee on Finance held five public hearings on the biennial budget bill to solicit public testimony on the proposals. Public hearings were held in Watertown on March 9, Cleveland on March 11, Menomonie on March 14, Merrill on March 15, and Madison on March 17. Senator Lena Taylor (D-Milwaukee) and Representative Pedro Colón (D-Milwaukee), members of the Joint Committee on Finance, held a public hearing on the budget bill in Milwaukee on March 21. Additionally, Representative Dean Kaufert (R-Neenah), the Assembly Chair of the Committee, held a listening session on the budget bill in Menasha on April 11.

The Joint Committee on Finance also held agency informational briefings on the biennial budget bill on March 17, 29, 30, and April 6. During these briefings, agency representatives testified before the Committee on the executive budget recommendations affecting their respective agencies. The following agencies appeared before the Committee:

Administration
Agriculture, Trade and Consumer Protection
Commerce
Commissioner of Railroads
Corrections
Health and Family Services
Higher Educational Aids Board
Insurance
Justice
Natural Resources
Public Instruction
Revenue
State Treasurer
Supreme Court
Transportation
University of Wisconsin System
Wisconsin Housing and Economic Development
Authority
Workforce Development

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 12, 2005, Senator Scott Fitzgerald (R-Juneau), 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 identifying a total of 21 non-fiscal policy items in AB 100 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 17 executive sessions on the biennial budget bill. The first executive session was held on April 19, and the last was held on June 9. At the Committee's final executive session (June 9), the Committee adopted a substitute amendment (ASA 1 to AB 100) incorporating all of its previous actions modifying the biennial budget and recommended passage of the substitute amendment on a vote of 11 to 5. The

Committee's version of the budget bill, ASA 1 to AB 100, was formally reported to the Assembly on June 17.

On June 15, the Legislative Fiscal Bureau conducted briefings before the Assembly Republican Caucus and the Assembly Democratic Caucus on the major provisions of the substitute amendment. The Fiscal Bureau subsequently conducted briefings before the Senate Republican Caucus on June 16 and the Senate Democratic Caucus on June 22.

The Assembly began consideration of the 2005-07 state budget on June 21, 2005. During the Assembly's deliberations, 54 amendments to ASA 1 were offered. Two Assembly amendments to ASA 1 were adopted – AA 32 and AA 40. The Assembly substitute amendment (ASA 1), as amended, was adopted, and the bill, as amended, was passed on a vote of 56-40. The bill was ordered immediately messaged to the Senate.

The Senate began consideration of the 2005-07 state budget on June 30, 2005. A total of 51 amendments to AB 100, as amended by the Assembly, were offered. Senate amendments 19, 29, and 50 to AB 100 were adopted. The Senate then voted concurrence 17-16. The bill was then sent to the Assembly for concurrence. The Assembly received the bill, as amended by the Senate, on July 5. On July 5, the Assembly concurred in the Senate amendment.

Enrolled AB 100 was presented to the Governor on July 20, 2005. He approved the bill, in part, on July 25 and had it deposited to the Office of the Secretary of State as 2005 Wisconsin Act 25. The Governor indicated in his message to the Senate that he had exercised his authority to make 139 partial vetoes to the bill, as passed by the Legislature. Act 25 was published on July 26, and except as otherwise specifically provided, became effective the following day.

On September 20, the Assembly convened to vote on overriding the Governor's partial veto related to the nursing home rate increase. The override passed notwithstanding objections of the Governor on a vote of 64 to 32, and was messaged to the Senate for concurrence. On September 27, the override failed in the Senate on a vote of 20 to 13. On September 27, the Assembly convened to vote on overriding six of the Governor's partial vetoes that related to the adoption expenses credit, health saving accounts, pharmacy reimbursement rates for

brand name prescription drugs, pharmacy reimbursement rates for dispensing fees, outpatient hospital reimbursement rates, and bariatric surgery prohibition. Further, the Assembly convened on June 5, 2006, to vote on overriding the Governor's partial veto related to the health insurance risk-sharing plan. These override attempts failed, and 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.

APPENDIX IV
HISTORY OF PASSAGE OF BIENNIAL BUDGET BILLS
1977-79 THRU 2005-07

	<u>Biennial Budget</u>	<u>Date of Introduction</u>	<u>JFC Passage</u>	<u>First House Passage</u>	<u>Second House Passage</u>	<u>Final Legislative Action</u>	<u>Publication Date</u>	<u>Act #</u>
2005-07	AB 100	February 9, 2005	June 9	June 21	June 30	July 5	July 26	2005 Act 25
2003-05	SB 44	February 20, 2003	June 4	June 18	June 19	June 20	July 25	2003 Act 33
2001-03	AB 144 ^a	February 20, 2001	---					
	SB 55 ^a	February 20, 2001	June 7	June 19	June 29	July 26	Aug 31	2001 Act 16
1999-01	SS AB 1	October 29, 1999	Nov 4 ^b	Nov 2	Nov 11	Nov 11	Nov 18	1999 Act 10
	AB 133 ^a	February 16, 1999	June 10	June 30	July 1	Oct 6	Oct 28	1999 Act 9
	SB 45 ^a	February 16, 1999	---	---	---	---	---	---
1997-99	SB 77 ^a	February 12, 1997	June 19	---	---	---	---	---
	AB 100 ^a	February 12, 1997	Sept 4	Sept 16	Sept 25	Sept 29	Oct 13	1997 Act 27
1995-97	AB 150	February 16, 1995	June 15	June 22	June 28	June 29	July 28	1995 Act 27
	AB 402 ^c	May 24, 1995	May 30					
	AB 557 ^d	September 12, 1995	Oct 3	Oct 12	Nov 7	Nov 16	Dec 20	1995 Act 113
1993-95	SB 44	February 4, 1993	June 29 ^e	June 30	^f	July 16	Aug 11	1993 Act 16
1991-93	AB 91	February 7, 1991	June 25	June 26	July 2	July 3	Aug 14	1991 Act 39
1989-91	SB 31 ^g	February 2, 1989	June 14	June 19	June 28	June 30	Aug 8	1989 Act 31
1987-89	SB 100	February 17, 1987	June 11	June 18	July 2	July 2	July 31	1987 Act 27
1985-87	AB 85	January 29, 1985	June 6	June 14	June 23	June 28	July 19	1985 Act 29
1983-85	SB 83	February 8, 1983	May 26	June 3	June 21	June 24	July 1	1983 Act 27
1981-83	AB 66	January 27, 1981	June 2	June 30	July 8	July 22	July 30	Chapter 20, Laws of 1981
1979-81	SB 79	February 13, 1979	May 22	June 6	June 27	June 29	July 28	Chapter 34, Laws of 1979
1977-79	SB 77	January 25, 1977	May 10	May 24	June 13	June 15	June 29	Chapter 29, Laws of 1977

^aIn 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.

^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.

^cAB 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.

^dA 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.

^eBudget bill was reported out without recommendation.

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

^gThe 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
1977-79 THRU 2005-07**

<u>Budget Biennium</u>	<u>Introduced Bill</u>	<u>Statutory Submittal Date</u>	<u>Actual Submittal Date</u>	<u>Days After Statutory Date</u>
2005-07	AB 100	January 25, 2005	February 9, 2005	14
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

APPENDIX VI

HISTORY OF PASSAGE OF BUDGET ADJUSTMENT BILLS 1977-79 TO 2005-07

<u>Budget Biennium</u>	<u>Adjustment Bill</u>	<u>Date of Introduction</u>	<u>Bill #</u>	<u>Act #</u>	<u>Publication Date</u>
2005-07	None ^a				
2003-05	None ^b				
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	SB 565	1995 Act 216	April 29, 1996
		February 21, 1996	SB 562	1995 Act 248	May 2, 1996
		February 21, 1996	SB 563	1995 Act 416	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 ^c	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	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 A bill was enacted as 2005 Act 211, which addressed a deficit in the medical assistance trust fund.

^b Two bills providing budget adjustments in specific areas were enacted: (a) 2003 Wisconsin Act 129 relating to the refunding 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.

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

APPENDIX VII

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 2005-07 approved biennial budget. Chart 4 portrays the final general fund condition statement for 2005-07 which appears in the 2005-06 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 2005 Legislature. Chart 5 displays these other three summaries. One summary is for all appropriations by revenue source, another 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, 2005, and ending on June 30, 2007, is summarized as follows: [See Figure 20.005 (1) following]

Figure 20.005(1):

GENERAL FUND SUMMARY		
	2005-06	2006-07
Opening Balance, July 1	\$ 4,111,000	\$ 11,174,600
Revenues		
Taxes	\$ 11,949,600,000	\$12,560,000,000
Departmental Revenues		
Tribal Gaming Revenues	118,628,600	86,349,100
Other	685,850,100	505,626,300
Total Available	\$ 12,758,189,700	\$13,163,150,000
Appropriations, Transfers and Reserves		
Gross Appropriations	\$ 12,634,072,400	\$13,217,609,500
Compensation Reserves	90,054,100	178,302,800
Transfer to Medical Assistance Trust Fund	341,813,200	25,383,900
Less Lapses	-318,924,600	-268,551,600
Total Expenditures	\$ 12,747,015,100	\$13,152,744,600
Balances		
Gross Balance	\$ 11,174,600	\$ 10,405,400
Less Required Statutory Balance	-65,000,000	-65,000,000
Net Balance, June 30	\$ -53,825,400	\$ -54,594,600

CHART 5

Figure 20.005(1): continued

SUMMARY OF APPROPRIATIONS -- ALL FUNDS

	<u>2005-06</u>	<u>2006-07</u>
General Purpose Revenue	\$ 12,634,072,400	\$ 13,217,609,500
Federal Revenue	\$ 6,668,197,500	\$ 6,780,141,400
Program	(5,883,730,800)	(5,991,573,300)
Segregated	(784,466,700)	(788,568,100)
Program Revenue	\$ 3,640,963,700	\$ 3,716,521,700
State	(2,815,546,000)	(2,888,288,800)
Service	(825,417,700)	(828,232,900)
Segregated Revenue	\$ 2,828,396,400	\$ 2,675,805,100
State	(2,534,894,300)	(2,385,484,200)
Local	(103,973,400)	(105,235,900)
Service	<u>(189,528,700)</u>	<u>(185,085,000)</u>
GRAND TOTAL	\$ 25,771,630,000	\$ 26,390,077,700

SUMMARY OF COMPENSATION RESERVES -- ALL FUNDS

	<u>2005-06</u>	<u>2006-07</u>
General Purpose Revenue	\$ 90,054,100	\$ 178,302,800
Federal Revenue	30,534,100	60,456,100
Program Revenue	91,033,200	180,241,400
Segregated Revenue	<u>16,075,400</u>	<u>31,828,500</u>
TOTAL	\$ 227,696,800	\$ 450,828,800

CHART 5 (continued)

Figure 20.005(1): continued

LOTTERY FUND SUMMARY

	2005-06	2006-07
Gross Revenue		
Ticket Sales	\$ 462,594,200	\$ 490,355,500
Miscellaneous Revenue	<u>86,400</u>	<u>126,400</u>
	\$ 462,680,600	\$ 490,481,900
Expenses		
Prizes	\$ 267,769,000	\$ 288,914,100
Administrative Expenses	<u>63,854,100</u>	<u>66,588,100</u>
	\$ 331,623,100	\$ 355,502,200
Net Proceeds	\$ 131,057,500	\$ 134,979,700
Total Available for Property Tax Relief		
Opening Balance	\$ 10,901,000	\$ 9,253,600
Net Proceeds	131,057,500	134,979,700
Interest Earnings	2,462,000	1,438,800
Gaming-Related Revenue	<u>844,300</u>	<u>844,300</u>
	\$ 145,264,800	\$ 146,516,400
Property Tax Relief	\$ 136,011,200	\$ 136,706,800
Gross Closing Balance	\$ 9,253,600	\$ 9,809,600
Reserve	<u>9,253,600</u>	<u>9,809,600</u>
Net Balance	\$ 0	\$ 0

Note: The lottery fund summary reflects: (1) reestimated sales and expenditures in 2005-06 relating to the certification of the amount available for the lottery and gaming credit in 2005-06, approved by the Joint Committee on Finance on October 31, 2005; and (2) revenue and administrative expenses in 2006-07 estimated under 2005 Wisconsin Act 25 and reestimated 2006-07 lottery prize expenses based on revised payout ratios approved by the Joint Committee on Finance on April 3, 2006.

CHART 6

SAMPLE OF STATUTORY APPROPRIATIONS SCHEDULE

Judicial Functional Area

Statute, Agency and Purpose	Source	Type	2005-06	2006-07
20.625 Circuit courts				
(1) COURT OPERATIONS				
(a) Circuit courts	GPR	S	55,607,400	55,722,500
(as) Violent crime court costs	GPR	A	-0-	-0-
(b) Permanent reserve judges	GPR	A	-0-	-0-
(c) Court interpreter fees	GPR	A	800,100	827,100
(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-
20.625 DEPARTMENT TOTALS				
GENERAL PURPOSE REVENUES			79,885,600	80,027,700
PROGRAM REVENUE			-0-	-0-
FEDERAL			(-0-)	(-0-)
TOTAL--ALL SOURCES			79,885,600	80,027,700
20.660 Court of appeals				
(1) APPELLATE PROCEEDINGS				
(a) General program operations	GPR	S	8,328,400	8,325,400
(m) Federal aid	PR-F	C	-0-	-0-
20.660 DEPARTMENT TOTALS				
GENERAL PURPOSE REVENUES			8,328,400	8,325,400
PROGRAM REVENUE			-0-	-0-
FEDERAL			(-0-)	(-0-)
TOTAL-ALL SOURCES			8,328,400	8,325,400
20.665 Judicial commission				
(1) JUDICIAL CONDUCT				
(a) General program operations	GPR	A	202,600	202,500
(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			232,600	232,500
PROGRAM REVENUE			-0-	-0-
FEDERAL			(-0-)	(-0-)
TOTAL-ALL SOURCES			232,600	232,500

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.

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; 2005 a. 130.

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 2005-07 STATE BUDGET

The tables, which follow, present budget and position summaries for Wisconsin's 2005-07 state budget. The amounts portrayed reflect final appropriated levels of the biennial budget (2005 Act 25) and all other legislation enacted in the 2005-06 session of the Legislature.

The tables are presented in two sections. Tables 1 through 5 reflect all funds budget and position summaries and Tables 6 through 13 show budgeted amounts and positions funded from the state's general fund.

All Funds Budget and Position Summaries

Table 1	2005-07 Appropriations and Authorizations
Table 2	2005-07 Total Appropriations by Agency
Table 3	2005-07 All Funds Appropriations by Functional Area
Table 4	2005-07 All Funds Appropriations by Purpose
Table 5	2006-07 All Funds Full-Time Equivalent Positions by Agency

General Fund Budget and Position Summaries

Table 6	2005-07 General Fund Condition Statement
Table 7	Estimated 2005-07 General Fund Taxes
Table 8	2005-07 General Fund Appropriations by Agency
Table 9	2005-07 General Fund Appropriations by Functional Area
Table 10	2005-07 General Fund Appropriations by Purpose
Table 11	2005-07 General Fund Appropriations by Purpose and Major Budget Program
Table 12	2005-07 General Fund Appropriations -- Top Ten Programs
Table 13	2006-07 General Fund Full-Time Equivalent Positions by Agency

TABLE 1

2005-07 APPROPRIATIONS AND AUTHORIZATIONS

<u>Fund Source</u>	<u>2005-06</u>	<u>2006-07</u>	<u>Total</u>	<u>% of Total</u>
General Purpose Revenues (GPR)	\$13,065,939,700	\$13,421,296,200	\$26,487,235,900	48.4%
Appropriations	12,634,072,400	13,217,609,500	25,851,681,900	
Compensation Reserves	90,054,100	178,302,800	268,356,900	
Transfer to MA Trust Fund	341,813,200	25,383,900	367,197,100	
Federal Revenue (FED)	6,698,731,600	6,840,597,500	13,539,329,100	24.7
Appropriations	6,668,197,500	6,780,141,400	13,448,338,900	
Compensation Reserves	30,534,100	60,456,100	90,990,200	
Program Revenue (PR)	3,731,996,900	3,896,763,100	7,628,760,000	13.9
Appropriations	3,640,963,700	3,716,521,700	7,357,485,400	
Compensation Reserves	91,033,200	180,241,400	271,274,600	
Segregated Revenue (SEG)	2,844,471,800	2,707,633,600	5,552,105,400	10.2
Appropriations	2,828,396,400	2,675,805,100	5,504,201,500	
Compensation Reserves	<u>16,075,400</u>	<u>31,828,500</u>	<u>47,903,900</u>	
Subtotal	\$26,341,140,000	\$26,866,290,400	\$53,207,430,400	97.2%
Appropriations	25,771,630,000	26,390,077,700	52,161,707,700	
Compensation Reserves	227,696,800	450,828,800	678,525,600	
Transfer to MA Trust Fund	341,813,200	25,383,900	367,197,100	
Bonding Authorization			\$1,538,967,800	2.8
General Obligation Bonding			1,310,173,800	
Revenue Bonding			<u>228,794,000</u>	
TOTAL			\$54,746,398,200	100.0%

TABLE 2

2005-07 TOTAL APPROPRIATIONS BY AGENCY

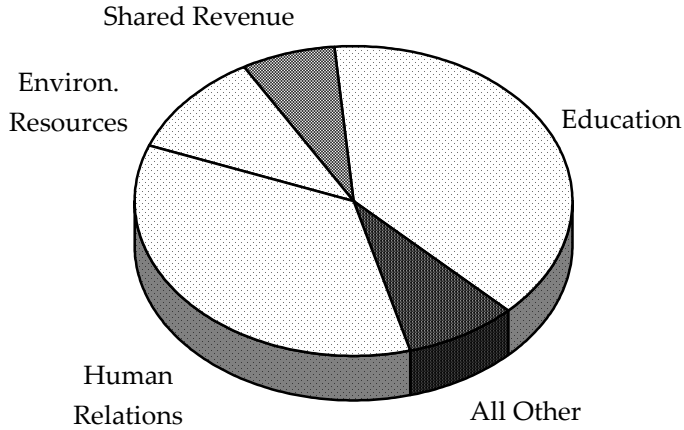
<u>Agency/Area</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2005-07 Biennium</u>	
			<u>Amount</u>	<u>% of Total</u>
Administration	\$757,526,800	\$744,108,000	\$1,501,634,800	2.8%
Agriculture, Trade and Consumer Protection	78,702,000	74,102,500	152,804,500	0.3
Arts Board	3,554,800	3,554,700	7,109,500	< 0.1
Board of Commissioners of Public Lands	1,438,400	1,438,400	2,876,800	< 0.1
Board on Aging and Long-Term Care	1,922,200	1,922,900	3,845,100	< 0.1
Building Commission	16,476,900	34,843,800	51,320,700	0.1
Child Abuse and Neglect Prevention Board	2,416,500	2,820,600	5,237,100	< 0.1
Circuit Courts	79,885,600	80,027,700	159,913,300	0.3
Commerce	203,466,900	202,276,500	405,743,400	0.8
Compensation Reserves	227,696,800	450,828,800	678,525,600	1.3
Corrections	1,041,103,000	1,021,449,600	2,062,552,600	3.9
Court of Appeals	8,328,400	8,325,400	16,653,800	< 0.1
District Attorneys	40,203,900	40,212,300	80,416,200	0.2
Educational Communications Board	17,304,200	17,477,600	34,781,800	0.1
Elections Board	1,261,500	1,913,400	3,174,900	< 0.1
Employee Trust Funds	22,778,900	22,541,600	45,320,500	0.1
Employment Relations Commission	2,837,300	2,836,500	5,673,800	< 0.1
Environmental Improvement Program	45,529,600	52,046,200	97,575,800	0.2
Ethics Board	669,400	669,300	1,338,700	< 0.1
Financial Institutions	16,054,600	16,069,500	32,124,100	0.1
Fox River Navigational System Authority	30,700	30,700	61,400	< 0.1
Governor	3,694,000	3,692,700	7,386,700	< 0.1
Health and Family Services	6,878,826,300	6,697,542,900	13,576,369,200	25.5
Higher Educational Aids Board	105,548,900	102,098,600	207,647,500	0.4
Historical Society	18,770,700	18,715,800	37,486,500	0.1
Insurance	105,459,800	105,832,500	211,292,300	0.4
Investment Board	19,390,300	20,352,800	39,743,100	0.1
Judicial Commission	232,600	232,500	465,100	< 0.1
Justice	79,803,300	79,057,800	158,861,100	0.3
Legislature	65,415,800	65,290,600	130,706,400	0.2
Lieutenant Governor	381,900	381,800	763,700	< 0.1
Lower Wisconsin State Riverway Board	166,400	166,400	332,800	< 0.1
Medical College of Wisconsin	6,148,100	7,736,400	13,884,500	< 0.1
Military Affairs	74,207,700	74,779,900	148,987,600	0.3
Miscellaneous Appropriations	133,262,000	141,979,000	275,241,000	0.5

TABLE 2 (continued)

2005-07 TOTAL APPROPRIATIONS BY AGENCY

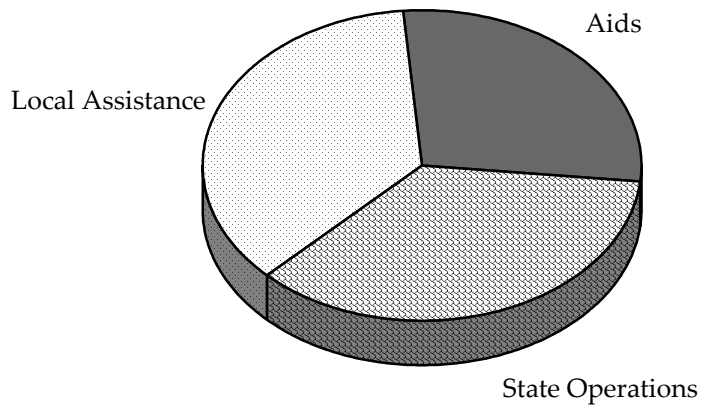
<u>Agency/Area</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2005-07 Biennium</u>	
			<u>Amount</u>	<u>% of Total</u>
Natural Resources	\$504,410,600	\$512,696,100	\$1,017,106,700	1.9%
Office of State Employment Relations	5,762,700	5,607,700	11,370,400	< 0.1
Program Supplements	64,778,200	67,621,300	132,399,500	0.2
Public Defender Board	73,388,000	73,166,100	146,554,100	0.3
Public Instruction	5,958,795,700	6,115,499,300	12,074,295,000	22.7
Public Service Commission	25,693,200	25,590,500	51,283,700	0.1
Regulation and Licensing	11,216,300	10,879,400	22,095,700	< 0.1
Revenue	160,371,700	159,653,200	320,024,900	0.6
Secretary of State	775,300	775,300	1,550,600	< 0.1
Shared Revenue and Tax Relief	1,872,348,100	1,814,069,200	3,686,417,300	6.9
State Fair Park	23,720,700	19,384,800	43,105,500	0.1
State Treasurer	6,861,400	2,465,400	9,326,800	< 0.1
Supreme Court	25,541,100	25,591,500	51,132,600	0.1
Technical College System	181,404,100	181,403,000	362,807,100	0.7
Tourism	15,170,400	15,728,200	30,898,600	0.1
Transportation	2,144,651,900	2,454,927,600	4,599,579,500	8.6
University of Wisconsin System	3,923,853,500	4,004,532,300	7,928,385,800	14.9
UW Hospitals and Clinics Board	113,494,400	113,495,700	226,990,100	0.4
Veterans Affairs	119,691,100	129,053,500	248,744,600	0.5
Workforce Development	<u>1,048,715,400</u>	<u>1,036,794,600</u>	<u>2,085,510,000</u>	<u>3.9</u>
TOTAL	\$26,341,140,000	\$26,866,290,400	\$53,207,430,400	100.0%

TABLE 3
2005-07 ALL FUNDS APPROPRIATIONS
BY FUNCTIONAL AREA



<u>Functional Area</u>	<u>Amount</u>	<u>Percent of Total</u>
Education	\$20,666,397,700	38.8%
Human Relations and Resources	18,603,187,400	35.0
Environmental Resources	5,745,554,800	10.8
Shared Revenue and Tax Relief	3,686,417,300	6.9
All Other		
General Executive	2,091,066,000	3.9
Commerce	918,449,200	1.7
Compensation Reserves	678,525,600	1.3
General Appropriations	458,961,200	0.9
Judicial	228,164,800	0.4
Legislative	<u>130,706,400</u>	<u>0.3</u>
TOTAL	\$53,207,430,400	100.0%

TABLE 4
2005-07 ALL FUNDS APPROPRIATIONS
BY PURPOSE



<u>Purpose</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Assistance	\$19,187,964,600	36.1%
State Operations	19,179,038,900	36.0
UW System	(7,327,144,400)	(13.7)
Other Programs	(11,173,368,900)	(21.0)
Compensation Reserves	(678,525,600)	(1.3)
Aids to Individuals and Organizations	<u>14,840,426,900</u>	<u>27.9</u>
TOTAL	\$53,207,430,400	100.0%

TABLE 5

2006-07 ALL FUNDS FULL-TIME EQUIVALENT POSITIONS BY AGENCY

<u>Agency</u>	<u>Number</u>	<u>% of Total</u>
Administration	1,009.43	1.50%
Agriculture, Trade and Consumer Prot.	572.37	0.85
Arts Board	10.00	0.01
Bd. of the Commissioner of Public Lands	7.50	0.01
Board on Aging and Long-Term Care	28.00	0.04
Child Abuse and Neglect Prevention Bd.	8.00	0.01
Circuit Courts	511.00	0.76
Commerce	397.65	0.59
Corrections	10,124.44	15.05
Court of Appeals	75.50	0.11
District Attorneys	420.15	0.62
Educational Communications Board	62.18	0.09
Elections Board	16.00	0.02
Employee Trust Funds	196.60	0.29
Employment Relations Commission	23.50	0.03
Ethics Board	5.75	0.01
Financial Institutions	139.04	0.21
Governor	37.25	0.06
Health and Family Services	5,771.45	8.58
Higher Educational Aids Board	11.86	0.02
Historical Society	140.04	0.21
Insurance	132.00	0.20
Investment Board	104.50	0.16
Judicial Commission	2.00	< 0.01
Justice	540.99	0.80
Legislature	787.97	1.17
Lieutenant Governor	4.00	0.01
Lower Wisconsin State Riverway Board	2.00	< 0.01
Military Affairs	377.91	0.56
Natural Resources	2,717.18	4.04

TABLE 5 (continued)

2006-07 ALL FUNDS FULL-TIME EQUIVALENT POSITIONS BY AGENCY

<u>Agency</u>	<u>Number</u>	<u>% of Total</u>
Office of State Employment Relations	54.50	0.08
Public Defender	522.45	0.78
Public Instruction	615.01	0.91
Public Service Commission	158.00	0.23
Regulation and Licensing	112.32	0.17
Revenue	1,108.78	1.65
Secretary of State	8.50	0.01
State Fair Park Board	28.40	0.04
State Treasurer	10.70	0.02
Supreme Court	216.75	0.32
Tourism	42.40	0.06
Transportation	3,425.93	5.09
University of Wisconsin System	31,305.80	46.52
UW Hospitals and Clinics Board	2,371.46	3.52
Veterans Affairs	1,093.40	1.62
Wisconsin Technical College System	81.30	0.12
Workforce Development	<u>1,902.14</u>	<u>2.83</u>
TOTAL	67,294.10	100.00%

2006-07 FULL-TIME EQUIVALENT POSITIONS BY FUNDING SOURCE

<u>Fund</u>	<u>Number</u>	<u>% of Total</u>
GPR	34,487.19	51.2%
FED	9,654.36	14.3
PR	17,998.13	26.8
SEG	<u>5,154.42</u>	<u>7.7</u>
Total	67,294.10	100.0%

TABLE 6

2005-07 GENERAL FUND CONDITION STATEMENT

	<u>2005-06</u>	<u>2006-07</u>
Revenues		
Opening Balance, July 1	\$4,111,000	\$11,174,600
Taxes	11,949,600,000	12,560,000,000
Departmental Revenues		
Tribal Gaming Revenues	118,628,600	86,349,100
Other	<u>685,850,100</u>	<u>505,626,300</u>
Total Available	\$12,758,189,700	\$13,163,150,000
Appropriations, Transfers and Reserves		
Gross Appropriations	\$12,634,072,400	\$13,217,609,500
Compensation Reserves	90,054,100	178,302,800
Transfer to Medical Assistance Trust Fund	341,813,200	25,383,900
Less Lapses	<u>-318,924,600</u>	<u>-268,551,600</u>
Total Appropriations	\$12,747,015,100	\$13,152,744,600
Balances		
Gross Balance	\$11,174,600	\$10,405,400
Less Required Statutory Balance	<u>-65,000,000</u>	<u>-65,000,000</u>
Net Balance, June 30	-\$53,825,400	-\$54,594,600

TABLE 7**ESTIMATED 2005-07 GENERAL FUND TAXES**

<u>Tax Source</u>	<u>2005-06</u>	<u>2006-07</u>	<u>Total</u>	<u>% of Total</u>
Individual Income	\$6,025,000,000	\$6,405,000,000	\$12,430,000,000	50.7%
Sales and Use	4,181,600,000	4,358,100,000	8,539,700,000	34.8
Corporate	770,000,000	785,000,000	1,555,000,000	6.4
Utility	257,900,000	283,400,000	541,300,000	2.2
Excise				
Cigarette	296,500,000	294,700,000	591,200,000	2.4
Liquor	42,400,000	43,500,000	85,900,000	0.4
Tobacco Products	16,100,000	16,400,000	32,500,000	0.1
Beer	9,900,000	10,000,000	19,900,000	0.1
Insurance	135,000,000	142,400,000	277,400,000	1.1
Estate	124,000,000	130,000,000	254,000,000	1.0
Miscellaneous	<u>91,200,000</u>	<u>91,500,000</u>	<u>182,700,000</u>	<u>0.8</u>
TOTAL	\$11,949,600,000	\$12,560,000,000	\$24,509,600,000	100.0%

TABLE 8

2005-07 GENERAL FUND APPROPRIATIONS BY AGENCY

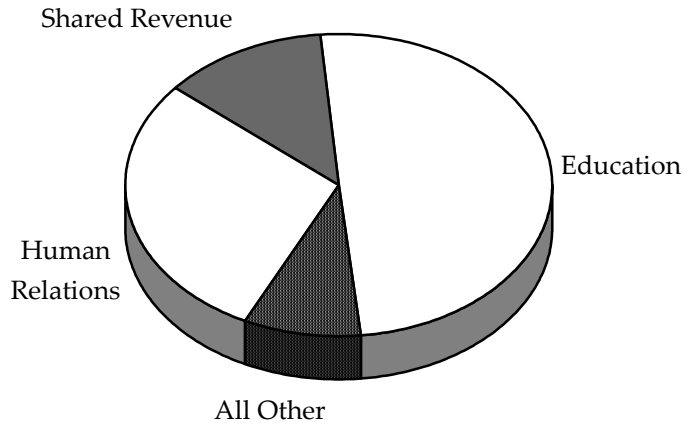
<u>Agency/Area</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2005-07 Biennium</u>	
			<u>Amount</u>	<u>% of Total</u>
Administration	\$208,434,000	\$209,889,500	\$418,323,500	1.6%
Agriculture, Trade and Consumer Prot.	25,490,900	26,785,500	52,276,400	0.2
Arts Board	2,412,700	2,412,600	4,825,300	< 0.1
Board on Aging and Long-Term Care	847,200	846,900	1,694,100	< 0.1
Building Commission	15,452,700	33,819,600	49,272,300	0.2
Child Abuse and Neglect Prevention Bd.	340,000	340,000	680,000	< 0.1
Circuit Courts	79,885,600	80,027,700	159,913,300	0.6
Commerce	21,142,200	22,237,700	43,379,900	0.2
Compensation Reserves	90,054,100	178,302,800	268,356,900	1.0
Corrections	911,737,800	890,277,000	1,802,014,800	6.8
Court of Appeals	8,328,400	8,325,400	16,653,800	0.1
District Attorneys	38,442,200	38,442,100	76,884,300	0.3
Educational Communications Board	7,342,000	7,510,800	14,852,800	0.1
Elections Board	906,900	908,800	1,815,700	< 0.1
Employee Trust Funds	2,191,100	1,832,600	4,023,700	< 0.1
Employment Relations Commission	2,303,500	2,302,700	4,606,200	< 0.1
Environmental Improvement Program	39,529,600	46,046,200	85,575,800	0.3
Ethics Board	271,700	271,600	543,300	< 0.1
Governor	3,694,000	3,692,700	7,386,700	< 0.1
Health and Family Services	2,592,236,800	2,724,731,400	5,316,968,200	20.1
Higher Educational Aids Board	102,648,400	99,198,100	201,846,500	0.8
Historical Society	11,425,000	11,370,200	22,795,200	0.1
Judicial Commission	232,600	232,500	465,100	< 0.1
Justice	32,676,100	32,676,900	65,353,000	0.2
Legislature	63,614,200	63,537,200	127,151,400	0.5
Lieutenant Governor	381,900	381,800	763,700	< 0.1
Medical College of Wisconsin	5,898,100	7,486,400	13,384,500	0.1
Military Affairs	19,556,500	20,128,700	39,685,200	0.1
Miscellaneous Appropriations	106,498,700	114,283,300	220,782,000	0.8
Natural Resources	138,897,600	146,842,800	285,740,400	1.1

TABLE 8 (continued)

2005-07 GENERAL FUND APPROPRIATIONS BY AGENCY

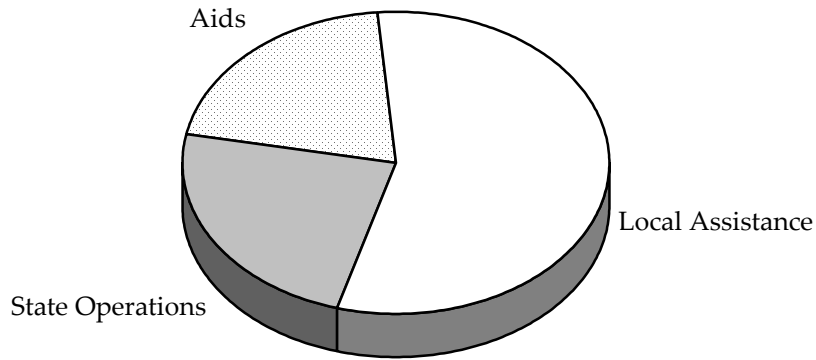
<u>Agency/Area</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2005-07 Biennium</u>	
			<u>Amount</u>	<u>% of Total</u>
Office of State Employment Relations	\$4,598,800	\$4,597,200	\$9,196,000	< 0.1%
Program Supplements	64,778,200	66,806,000	131,584,200	0.5
Public Defender Board	72,070,500	71,848,600	143,919,100	0.5
Public Instruction	5,281,464,100	5,435,247,700	10,716,711,800	40.5
Revenue	80,079,200	78,627,700	158,706,900	0.6
Shared Revenue and Tax Relief	1,682,022,500	1,615,503,600	3,297,526,100	12.4
State Fair Park	2,371,700	2,463,800	4,835,500	< 0.1
Supreme Court	12,010,900	12,042,600	24,053,500	0.1
Technical College System	140,723,200	140,722,100	281,445,300	1.1
Tourism	3,354,100	3,252,600	6,606,700	< 0.1
Transportation	41,864,200	68,659,900	110,524,100	0.4
University of Wisconsin System	964,059,900	966,720,900	1,930,780,800	7.3
Veterans Affairs	2,186,200	2,099,600	4,285,800	< 0.1
Workforce Development	<u>181,483,700</u>	<u>177,562,400</u>	<u>359,046,100</u>	<u>1.4</u>
TOTAL	\$13,065,939,700	\$13,421,296,200	\$26,487,235,900	100.0%

TABLE 9
2005-07 GENERAL FUND APPROPRIATIONS
BY FUNCTIONAL AREA



<u>Functional Area</u>	<u>Amount</u>	<u>Percent of Total</u>
Education	\$13,186,642,200	49.8%
Human Relations and Resources	7,671,217,700	29.0
Shared Revenue and Tax Relief	3,297,526,100	12.4
All Other		
General Executive	744,678,600	2.8
Environmental Resources	488,447,000	1.8
General Appropriations	401,638,500	1.5
Compensation Reserves	268,356,900	1.0
Judicial	201,085,700	0.8
Legislative	127,151,400	0.5
Commerce	<u>100,491,800</u>	<u>0.4</u>
TOTAL	\$26,487,235,900	100.0%

TABLE 10
2005-07 GENERAL FUND APPROPRIATIONS
BY PURPOSE



<u>Purpose</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Assistance	\$14,812,605,000	55.9%
State Operations	6,227,102,700	23.5
UW System	(1,898,960,000)	(7.2)
Other Programs	(4,059,785,800)	(15.3)
Compensation Reserves	(268,356,900)	(1.0)
Aids to Individuals and Organizations	<u>5,447,528,200</u>	<u>20.6</u>
TOTAL	\$26,487,235,900	100.0%

TABLE 11

**2005-07 GENERAL FUND APPROPRIATIONS
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	\$10,368,029,800	70.0%	39.1%
Shared Revenue Payments	1,897,916,500	12.8	7.2
School Levy Tax Credits	938,610,000	6.3	3.6
Community and Juvenile Correctional Services	589,816,800	4.0	2.2
Technical College System	272,458,400	1.8	1.0
Environmental Aids	254,097,500	1.7	1.0
Community Options Program	<u>187,624,400</u>	<u>1.3</u>	<u>0.7</u>
Subtotal	\$14,508,553,400	97.9%	54.8%
All Other Local Assistance	<u>304,051,600</u>	<u>2.1</u>	<u>1.1</u>
TOTAL -- Local Assistance	\$14,812,605,000	100.0%	55.9%
II. STATE OPERATIONS			
UW System	\$1,898,960,000	30.5%	7.2%
Correctional Services	1,611,802,600	25.9	6.1
Judicial and Legal Services	433,298,300	7.0	1.6
Appropriation Obligation Bonds	381,666,200	6.1	1.4
State Residential Institutions	282,555,000	4.5	1.1
Compensation Reserves	268,356,900	4.3	1.0
Health and Family Services	216,055,500	3.5	0.8
Tax Administration	158,706,900	2.6	0.6
Natural Resources	127,582,500	2.0	0.5
Legislature	127,151,400	2.0	0.5
Transportation Debt Service	<u>110,524,100</u>	<u>1.8</u>	<u>0.4</u>
Subtotal	\$5,616,659,400	90.2%	21.2%
All Other State Operations	<u>610,443,300</u>	<u>9.8</u>	<u>2.3</u>
TOTAL -- State Operations	\$6,227,102,700	100.0%	23.5%
III. AIDS TO INDIVIDUALS AND ORGANIZATIONS			
Medical Assistance	\$3,391,860,800	62.3%	12.8%
Public Assistance	304,355,600	5.6	1.2
Milwaukee Parental and Charter School Program	277,579,200	5.1	1.1
Supplemental Security Income	256,563,200	4.7	1.0
Student Grants and Aids	241,895,100	4.4	0.9
Homestead Tax Credit	240,500,000	4.4	0.9
BadgerCare	140,570,100	2.6	0.5
Prescription Drugs Assistance for Elderly	109,651,600	2.0	0.4
Foster Care and Adoptions Assistance	92,261,000	1.7	0.3
Other Individual Tax Credits	84,602,000	1.5	0.3
Milwaukee Child Welfare	<u>68,251,100</u>	<u>1.3</u>	<u>0.3</u>
Subtotal	\$5,208,089,700	95.6%	19.7%
All Other Aids to Individuals and Organizations	<u>239,438,500</u>	<u>4.4</u>	<u>0.9</u>
TOTAL -- Aids to Individuals and Organizations	\$5,447,528,200	100.0%	20.6%
TOTAL STATE GPR BUDGET	\$26,487,235,900		100.0%

TABLE 12
2005-07 GENERAL FUND APPROPRIATIONS
TOP TEN PROGRAMS

	<u>Amount</u>	<u>% of Total</u>	<u>Cumulative % Total</u>
Elementary and Secondary School Aids	\$10,368,029,800	39.1%	39.1%
Medical Assistance	3,391,860,800	12.8	51.9
UW System	1,898,960,000	7.2	59.1
Shared Revenue Payments	1,897,916,500	7.2	66.3
Correctional Services	1,611,802,600	6.1	72.4
School Levy Tax Credits	938,610,000	3.6	76.0
Community and Juvenile Correctional Services	589,816,800	2.2	78.2
Judicial and Legal Services	433,298,300	1.6	79.8
Appropriation Obligation Bonds	381,666,200	1.4	81.2
Public Assistance	<u>304,355,600</u>	<u>1.2</u>	82.4
Subtotal	\$21,816,316,600	82.4%	
 All Other Programs	 <u>4,670,919,300</u>	 <u>17.6</u>	 100.0%
 TOTAL	 \$26,487,235,900	 100.0%	

TABLE 13

2006-07 GENERAL FUND FULL-TIME EQUIVALENT POSITIONS BY AGENCY

<u>Agency</u>	<u>Number</u>	<u>% of Total</u>
Administration	93.86	0.27%
Agriculture, Trade and Consumer Protection	219.90	0.64
Arts Board	4.00	0.01
Board on Aging and Long-Term Care	12.53	0.04
Circuit Courts	511.00	1.48
Commerce	61.80	0.18
Corrections	9,229.37	26.76
Court of Appeals	75.50	0.22
District Attorneys	376.40	1.09
Educational Communications Board	37.44	0.11
Elections Board	11.00	0.03
Employee Trust Funds	3.50	0.01
Employment Relations Commission	18.50	0.05
Ethics Board	2.30	0.01
Governor	37.25	0.11
Health and Family Services	2,150.57	6.24
Higher Educational Aids Board	11.86	0.03
Historical Society	106.15	0.31
Judicial Commission	2.00	0.01
Justice	324.08	0.94
Legislature	768.17	2.23
Lieutenant Governor	4.00	0.01
Military Affairs	88.82	0.26
Natural Resources	296.85	0.86
Office of State Employment Relations	50.00	0.14
Public Defender	518.45	1.50
Public Instruction	251.47	0.73
Revenue	891.38	2.58
Supreme Court	112.50	0.33
Tourism	38.40	0.11
University of Wisconsin System	17,987.16	52.16
Wisconsin Technical College System	30.25	0.09
Workforce Development	<u>160.73</u>	<u>0.47</u>
TOTAL	34,487.19	100.00%