The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 16.42 (4) of the statutes is created to read:

16.42 (4) (a) In this section, “state operations” has the meaning given in s. 16.413 (1) (e).

(b) Each agency required to submit a budget request under sub. (1) shall include with its request, and shall submit to the governor and to the legislature under s. 13.172 (2), all of the following:

1. A proposal to reduce the agency’s state operations budget for each fiscal year of the succeeding fiscal biennium by an amount equal to a total of 5 percent of the agency’s base level for its state operations budget for the current fiscal year. An agency’s base level shall be agreed to by the secretary of administration and the director of the legislative fiscal bureau.

2. A proposal to maintain during each fiscal year of the succeeding fiscal biennium the agency’s base level for its state operations budget for the current fiscal year. An agency’s base level shall be agreed to by the secretary of administration and the director of the legislative fiscal bureau.

(c) For purposes of the proposals under par. (b) 1. and 2., an agency shall exclude from its state operations budget all of the following:

1. Expenditures funded by federal revenues.
2. Expenditures for principal, interest, and premium costs on public debt and state-issued revenue bonds.
3. Expenditures under s. 20.505 (1) (bq), (br), (iq), (it), and (iw).
4. Expenditures under s. 20.855 (1) (a) and (b).
5. Standard budget adjustments, as agreed to by the secretary of administration and the director of the legislative fiscal bureau.