



# *1999-01 WISCONSIN STATE BUDGET*

*COMPARATIVE SUMMARY OF BUDGET PROVISIONS*

*ENACTED AS 1999 ACTS 9 AND 10*

*VOLUME II*

*LEGISLATIVE FISCAL BUREAU  
JANUARY, 2000*

**1999-01 WISCONSIN STATE BUDGET**

**Comparative Summary of Budget Provisions**

**Enacted as 1999 Acts 9 and 10**

**Volume II**

**Legislative Fiscal Bureau**

**One East Main, Suite 301**

**Madison, Wisconsin**



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**STATE AGENCY BUDGET SUMMARIES**

**Information Technology Investment Fund**

**Through Workforce Development**

## INFORMATION TECHNOLOGY INVESTMENT FUND

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	<u>Act 9 Change Over Base Year Doubled</u>	
						Amount	Percent
GPR	\$1,829,600	\$0	\$0	\$0	\$0	-\$1,829,600	- 100.0%

<b>FTE Position Summary</b>
There are no authorized positions for the Information Technology Investment Fund.

### Budget Change Item

**1. REMOVE BASE FUNDING [LFB Paper 580]**

GPR	-\$1,829,600
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**Governor:** Remove base funding of \$914,800 annually for information technology investment fund grants. During the 1999-01 biennium no funding would be available for ITIF grants. In 1997 Act 27, because of insufficient revenues in the fund, GPR funding was provided to finance previously awarded ITIF grants, and statutory language was created specifying that no new ITIF grants could be made until the SEG-funded ITIF Fund reaches a positive cash balance. Since a \$3.9 million interfund loan made to the ITIF by the Department of Administration in 1996-97 has not yet been fully repaid, the fund has not reached a positive cash balance.

**Joint Finance/Legislature:** Modify the Governor's recommendation by also repealing the information technology investment fund grant program to state agencies and the associated appropriations in state agencies for the distribution of such grants. Rename the Information Technology Investment Fund (ITIF) the VendorNet Fund and provide that the renamed fund be utilized by DOA for administration of VendorNet ("see Administration--Information Technology") and for repayment of a loan to the fund. Current existing appropriations for the expenditure of ITIF grant awards by agencies would also be repealed. This would repeal such current appropriations in each of the following agencies: DATCP, Commerce, Arts Board,

Educational Communications Board, Higher Educational Aids Board, State Historical Society, Public Instruction, University of Wisconsin System, Wisconsin Technical College System, Lower Wisconsin State Riverway Board, Natural Resources, Tourism, Transportation, Corrections, Employment Relations Commission, Board on Aging and Long Term Care, Adolescent Pregnancy Prevention and Pregnancy Services, Health and Family Services, Workforce Development, Justice, Military Affairs, Veterans Affairs, Administration, Elections Board, Employment Relations, Employee Trust Funds, Ethics Board, Governor's Office, Lieutenant Governor's Office, Personnel Commission, Revenue, State Treasurer, Judicial Commission, Director of State Courts, Legislature, Building Commission and the ITIF.

[Act 9 Sections: 1k, 1m, 81m, 114p, 193m, 221m, 226p, 239m, 244m, 247m, 252m, 292f, 297m, 302m, 303g, 305m, 335m, 342m, 352m, 362m, 368g, 368m, 370g, 456m, 461m, 477m, 490m, 496m, 499m, 525g, 525r, 528m, 533m, 589m, 590m, 591b, 591r, 592m, 593g, 593r, 596m, 597m, 601m, 605f, 606d, 642t, 643m, 697m, 717g, 717r and 9401(7g)]



## INSURANCE

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$0	\$200,000	\$0	\$0	\$0	\$0	0.0%
PR	21,672,200	29,399,200	28,286,800	28,286,800	28,286,800	6,614,600	30.5
SEG	<u>132,196,600</u>	<u>138,974,800</u>	<u>138,974,800</u>	<u>138,974,800</u>	<u>138,974,800</u>	<u>6,778,200</u>	5.1
<b>TOTAL</b>	<b>\$153,868,800</b>	<b>\$168,574,000</b>	<b>\$167,261,600</b>	<b>\$167,261,600</b>	<b>\$167,261,600</b>	<b>\$13,392,800</b>	<b>8.7%</b>

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
SEG	<u>12.75</u>	<u>13.75</u>	<u>13.75</u>	<u>13.75</u>	<u>13.75</u>	<u>1.00</u>
<b>TOTAL</b>	<b>124.00</b>	<b>135.00</b>	<b>134.00</b>	<b>134.00</b>	<b>134.00</b>	<b>10.00</b>

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 585]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$1,299,000	\$0	\$1,299,000
SEG	<u>72,600</u>	<u>2,000</u>	<u>74,600</u>
<b>Total</b>	<b>\$1,371,600</b>	<b>\$2,000</b>	<b>\$1,373,600</b>

**Governor:** Provide \$649,500 PR annually and \$35,300 SEG in 1999-00 and \$37,300 SEG in 2000-01 for the following: (a) turnover reduction (-\$107,200 PR annually); (b) remove noncontinuing funding (-\$531,700 PR annually); (c) full funding of salaries and fringe benefits (\$1,232,500 PR and \$33,300 SEG annually); (d) full funding of financial services charges (\$3,200 PR and \$3,000 SEG annually); (e) reclassifications (\$17,400 PR annually); (f) night and weekend differential wage payments (-\$2,000 SEG in 1999-00); and (g) fifth vacation week as cash (\$35,300 PR and \$1,000 SEG annually).

**Joint Finance/Legislature:** Restore \$2,000 SEG in 1999-00 for night and weekend differential wage payments to correct an error in the bill.

**2. VENDOR PAYMENT**

GPR-REV	\$251,400
PR	\$2,765,000

**Governor/Legislature:** Provide \$1,382,500 annually to implement a change in the way OCI pays the vendor that provides agent examinations and continuing education credit banking. Currently, the vendor collects fees for these services directly from candidates and from the course providers. OCI's share of the application fees is electronically transferred to its bank on a biweekly basis. OCI collects continuing education fees and transmits the vendor's portion into an account at the state's bank. However, DOA policy requires that all fees be deposited to the state treasury and that agencies pay vendors based on an invoice detailing the services the vendor provided.

The bill would provide \$1,382,500 annually to reflect that payments to the vendor would be budgeted in OCI, and that revenue from candidate fees, approval fees and course approval fees would be deposited to the state treasury. The administration estimates that, with this change, GPR-earned amounts would increase by \$125,700 annually to reflect that a portion of this fee revenue would be deposited to the general fund.

**3. INFORMATION TECHNOLOGY -- PROGRAMMING SERVICES [LFB Paper 586]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$2,002,400	-\$521,600	\$1,480,800

**Governor:** Provide \$1,001,200 annually to support costs of contracted computer programming services to improve information systems used by OCI's regulatory and administrative staff. These programming changes would enable OCI staff to access common databases, respond to public use of the OCI internet site, regulate the insurance industry and view imaged information. Funding to support the estimated costs of these services (\$500,600 annually) would be budgeted both in the agency's general program operations appropriation and the Division of Administrative Services program revenue-service appropriation to reflect the transfer of these funds under OCI's administrative charge-back system.

**Joint Finance/Legislature:** Reduce funding by \$260,800 annually and direct OCI to reallocate 1.0 FTE position to perform programming services if OCI wishes to complete all of the IT projects recommended by the Governor. In addition, provide funding for contracted programming services as one-time funding so that it would not remain in the agency's base in the 2001-03 biennium.

**4. DIVISION OF ADMINISTRATIVE SERVICES CHARGE-BACK ADJUSTMENTS [LFB Paper 587]**

PR	- \$1,390,600
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**Governor:** Reduce funding by \$695,300 annually to reflect the net effect of reallocating funding within the agency's general program operations appropriation and its administrative services appropriation to fully implement the charge-back system for centralized administrative services created in 1997 Wisconsin Act 27. Act 27 created a program revenue-service appropriation for the Division of Administrative Services to charge OCI's programmatic units and segregated funds for services the Division provides centrally, including purchasing, accounting, budgeting and facility management services.

This item includes: (a) reallocating funding placed in unallotted reserve in Act 27 to specific budget lines to reflect program experience and deleting excess PR-S funds budgeted to support administrative services; (b) increasing PR-S authority for items included in Act 27 for which no PR-S authority was provided; and (c) reallocating salary and fringe benefit funding for 22.0 positions in the general program operations appropriation to supplies and services to reflect that these funds are transferred to the administrative services charge-back appropriation to support PR-S positions, rather than PR positions in the general program operations appropriation.

**Joint Finance/Legislature:** Reallocate annual funding within the agency's general program operations appropriations to increase funding for limited-term employes salaries (\$18,000) and supplies and services (\$1,398,700), and reduce funding for fringe benefits (\$3,500) and permanent property (\$1,413,200). Reallocate annual funding within the agency's administrative services appropriation to increase funding for supplies and services (\$1,514,600) and to reduce funding for limited-term employe salaries (\$35,000), fringe benefits (\$248,000) and permanent property (\$1,231,600). There is no net fiscal effect resulting from these changes. These adjustments are intended to correct funding allocations in the bill.

**5. INFORMATION TECHNOLOGY -- REPLACE HARDWARE AND SOFTWARE [LFB Paper 588]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
PR	\$1,172,000	-\$270,200	\$901,800
SEG	2,000	- 2,000	0
<b>Total</b>	<b>\$1,174,000</b>	<b>-\$272,200</b>	<b>\$901,800</b>

**Governor:** Provide \$564,000 PR and \$2,000 SEG from the local government property insurance fund in 1999-00 and \$608,000 PR in 2000-01 to replace the Office's current inventory of personal computers, printers, local area network (LAN) hardware, desktop software and software maintenance, based on a four-year replacement cycle, for this equipment and software. The Governor's recommendation includes an increase of \$282,000 PR in 1999-00 and \$304,000 PR in 2000-01 for OCI's administrative and support services appropriation to reflect that these

costs are assessed to the general program operations budget on a charge-back basis and therefore, "double counted" in the agency's budget.

**Joint Finance/Legislature:** Reduce funding by \$156,600 PR and \$2,000 SEG in 1999-00 and \$113,600 PR in 2000-01 to adjust funding to: (a) correct for the double counting of software costs; (b) reflect the availability of base funding to support SEG costs of the equipment; and (c) budget funding for laptop PCs at the DOA maximum standards.

**6. FINANCIAL ANALYSIS AND EXAMINATIONS  
STAFF, TRAVEL, AND ACTUARIAL SERVICES [LFB  
Paper 589]**

Funding Positions		
PR	\$820,700	6.00

**Governor/Legislature:** Provide \$369,000 in 1999-00 and \$451,700 in 2000-01 and 6.0 positions (5.0 financial examiner positions and 1.0 program assistant position), beginning in 1999-00, for the Bureau of Financial Analysis and Examinations. This item includes: (a) \$324,500 in 1999-00 and \$314,300 in 2000-01 to support 6.0 additional positions, beginning in 1999-00, to provide more frequent examinations of insurance companies; (b) \$37,400 in 1999-00 and \$126,700 in 2000-01 to increase funding for travel by examiners; and (c) \$7,100 in 1999-00 and \$10,700 in 2000-01 to increase funding for actuarial services to assist in OCI's audits of insurance companies.

**7. IMAGING APPLICATIONS [LFB Paper 590]**

PR	\$231,800
SEG	<u>128,800</u>
Total	\$360,600

**Governor:** Provide \$215,000 PR and \$94,700 SEG in 1999-00 and \$16,800 PR and \$34,100 SEG in 2000-01 to fund the costs of imaging current applications for all active insurance agents, create a process to image new applications, scan information into OCI's agent licensing system, issue or deny agents' licenses electronically and image files for state life insurance fund (SLIF) policyholders. The Governor's recommendation is intended to eliminate paper documents associated with the agent licensing process and the SLIF, which would reduce space needed to store applications and policyholder files and staff time used to manually enter data and purge paper documents that are no longer needed.

This item includes one-time costs of hardware and consultants, training, contractual services and maintenance (\$107,500 PR and \$75,400 SEG in 1999-00 and \$14,800 SEG in 2000-01) and the ongoing costs to replace this equipment (\$19,300 SEG in 1999-00 and \$8,400 PR and \$19,300 SEG in 2000-01). The PR funding would be budgeted in both the agency's general program operations appropriation and the administrative services charge-back appropriation and would, therefore, be "double counted" in the OCI budget.

In the Executive Budget Book, the Governor indicates that OCI would be required to conduct feasibility studies for these imaging projects and that DOA would release funding from

unallotted reserve to support these projects. However, the bill provides funding for imaging projects in OCI's supplies and services budget, rather than in unallotted reserve.

**Joint Finance/Legislature:** Place funding in unallotted reserve and require OCI to submit a request for the release of the funds to the Joint Committee on Finance under a 14-day passive review process, after OCI completes the required feasibility studies for the imaging projects.

**8. HUMAN RESOURCES STAFF [LFB Paper 591]**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$201,600	1.00	-\$201,600	- 1.00	\$0	0.00

**Governor:** Provide \$95,000 in 1999-00 and \$106,600 in 2000-01 to support 1.0 human resources specialist position, beginning in 1999-00, to perform human resources activities. OCI is currently authorized 1.0 human resource specialist position to perform personnel functions. The additional position would work on issues relating to staff compensation, classification, recruitment, affirmative action, employe assistance and policy development. The cost of supporting this position (\$47,500 in 1999-00 and \$53,300 in 2000-01) would be funded both in the agency's general program operations appropriation and the administrative services charge-back appropriation and would, therefore, be "double counted" in the OCI budget.

**Joint Finance/Legislature:** Delete provision.

**9. SMALL EMPLOYER HEALTH INSURANCE PURCHASING POOL [LFB Paper 455]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
	GPR	\$200,000	-\$200,000

**Governor:** Provide \$200,000 GPR in 1999-00 to fund a one-time grant to a private organization that would establish health insurance purchasing pools for private small employers (employers with two to 50 employes) if the organization: (a) submits a plan to OCI detailing the proposed use of the award and the Commissioner approves the plan; (b) enters into a written agreement with OCI that specifies the conditions for use of the grant proceeds, including reporting and auditing requirements; and (c) agrees in writing to submit to OCI a report, within six months after spending the full amount of the grant, detailing how the grant funds were used. Create a GPR appropriation for OCI for the purpose of funding the grant, repeal the appropriation as of July 1, 2000 and prohibit OCI from paying grant proceeds after June 30, 2000.

**Joint Finance/Legislature:** Delete provision. However, a similar proposal is summarized under "Employee Trust Funds."

**10. INFORMATION TECHNOLOGY - PARALLEL SERVER [LFB Paper 592]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$173,000	-\$173,000	\$0

**Governor:** Provide \$138,400 in 1999-00 and \$34,600 in 2000-01 to fund two back-up servers that would begin operating if the primary servers experience a system failure. Currently, OCI uses a tape back-up system to protect the data on OCI's network and to restore the network in emergencies. However, staff are currently unable to access network resources immediately following a system failure. The cost of the servers (\$69,200 in 1999-00 for initial hardware and software acquisition and \$17,300 in 2000-01 for ongoing replacement costs) would be funded both in OCI's general program operations appropriation and the administrative services charge-back appropriation and would, therefore, be "double counted" in the OCI budget.

**Joint Finance/Legislature:** Delete provision.

**11. MANAGED CARE SPECIALIST [LFB Paper 593]**

**Governor/Legislature:** Provide \$66,900 in 1999-00 and \$68,900 in 2000-01 to support 1.0 managed care specialist position to investigate consumer complaints against managed care plans.

	Funding Positions	
PR	\$135,800	1.00

**12. INFORMATION TECHNOLOGY SUPPORT STAFF**

**Governor/Legislature:** Provide \$64,600 in 1999-00 and \$66,200 in 2000-01 to support 1.0 program assistant position, beginning in 1999-00, to perform clerical support duties in the Division of Administrative Services information services section. Currently, technical staff and the section chief perform clerical duties such as cataloguing documents, maintaining project management reports and periodicals, updating schedules, monitoring task forms, editing word processing documents, updating spreadsheets and filing documents. The bill would provide a clerical position to perform this function, which would allow professional staff to devote their time to computer support services. The cost of supporting this position (\$32,300 in 1999-00 and \$33,100 in 2000-01) would be funded both in the agency's general program operations appropriation and the administrative services charge-back appropriation and would, therefore, be "double counted" in the OCI budget.

	Funding Positions	
PR	\$130,800	1.00

**13. MARKET CONDUCT EXAMINATIONS AND PRIOR FILING AND APPROVAL REQUIREMENTS**

PR	\$101,500
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**Governor/Legislature:** Provide \$35,600 in 1999-00 and \$65,900 in 2000-01 to fund travel, training and auditing software to enable staff to perform market conduct examinations on out-of-state firms. Currently, staff conduct these examinations on in-state firms in response to consumer complaints. The Governor's recommendation would enable OCI to perform three examinations in 1999-00 and six examinations in 2000-01.

In order to free up staff time to conduct these examinations, provide a statutory change that would authorize OCI to exempt certain classes of policy forms from prior filing and approval requirements. Currently, policy forms for all types of insurance not exempted by statute must be filed with OCI and approved prior to use. The statutory change would allow staff that currently process deemed forms to provide support services in the complaints section.

[Act 9 Sections: 3038 thru 3043 and 3045]

**14. LAN ADMINISTRATOR**

	Funding	Positions
PR	-\$75,800	1.00

**Governor/Legislature:** Reduce funding by \$24,000 in 1999-00 and \$51,800 in 2000-01 and provide 1.0 position, beginning in 1999-00, to serve as an in-house local area network (LAN) administrator. Currently, OCI is budgeted \$91,400 annually to contract for this function. The bill would provide \$79,400 in 1999-00 and \$65,500 in 2000-01 to support 1.0 information system LAN coordinator position and to continue to fund the current contract for the first three months of 1999-00 until the new position is hired. The difference between the current annual costs of the contract and the cost of supporting a position to perform this function (\$12,000 in 1999-00 and \$25,900 in 2000-01) represents the projected savings of this item. However, since the LAN administrator position would be funded through a charge-back from the administrative and support services appropriation to the general program operations appropriation, funding in both appropriations is reduced and therefore, "double-counted" in the OCI budget.

**15. MEDIGAP HELPLINE [LFB Paper 594]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$70,500	\$56,400	\$126,900

**Governor:** Provide \$25,600 in 1999-00 and \$44,900 in 2000-01 to increase support for the Medigap helpline administered by the Board on Aging and Long-Term Care. The Board's staff provide information and counseling on Medicare supplemental insurance, long-term care

insurance and medical assistance to persons who call the toll-free helpline. The bill would provide a total of \$229,500 in 1999-00 and \$248,800 in 2000-01, supported by insurance revenue collected by OCI, to fund the helpline and training, educational materials and technical assistance provided by the Board's staff.

**Joint Finance/Legislature:** Increase funding for the Medigap helpline by \$28,200 annually to equate OCI's funding to support the Medigap helpline with the Board's budget to operate the Medigap helpline.

**16. ADDITIONAL RENTAL SPACE**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$50,400	- \$8,400	\$42,000
SEG	<u>2,800</u>	<u>0</u>	<u>2,800</u>
Total	\$53,200	- \$8,400	\$44,800

**Governor:** Provide \$25,200 PR and \$1,400 SEG from the patients compensation fund annually to fund additional rental space to house the new staff authorized in the bill. The estimated cost of renting this space is \$12,600 PR and \$1,400 SEG annually. However, the bill increases both the agency's general program operations appropriation and its administrative services and support services appropriation by \$12,600 PR to reflect that these costs are assessed to the general program operations budget on a charge-back basis and therefore, "double counted" in the agency's budget.

**Joint Finance/Legislature:** Delete \$4,200 PR annually to reflect the Committee's action to delete 1.0 PR human resources specialist position that was recommended by the Governor, for which additional rent funding was provided.

**17. CONSUMER EDUCATION MATERIALS -- POSTAGE COSTS [LFB Paper 595]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$38,900	\$6,000	\$44,900

**Governor:** Provide \$24,900 in 1999-00 and \$14,000 in 2000-01 to fund projected increases in the costs of mailing brochures, buyer's guides, other informational materials requested by consumers and information to insurers and agents, such as license renewal notices.

**Joint Finance/Legislature:** Provide an additional \$11,900 in 1999-00 and reduce funding by \$5,900 in 2000-01 to reflect reestimates of the costs to support anticipated increases in postage.



**18. LOCAL GOVERNMENT PROPERTY INSURANCE FUND -- OPERATIONS**

SEG	\$6,180,400
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**Governor/Legislature:** Provide \$3,090,200 annually to fund projected increases in operational expenses associated with the local government property insurance fund (LGPIF). The LGPIF offers property insurance for tax-supported local government property such as government buildings, schools and libraries. Operational costs include claims and loss adjustment expenses, dividend payouts, rating bureau assessments and reinsurance costs. This funding increase reflects that the LGPIF is insuring more policyholders, at higher replacement values, resulting in greater loss payouts.

**19. LOCAL GOVERNMENT PROPERTY INSURANCE FUND -- ADMINISTRATION**

SEG	\$315,100
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**Governor/Legislature:** Provide \$146,300 in 1999-00 and \$168,800 in 2000-01 to fund projected increases in the cost of administering the local government property insurance fund (LGPIF). OCI administrative responsibilities include underwriting, rating and policy issuance, claims and loss adjustments and distributing dividends.

**20. PATIENTS COMPENSATION FUND -- INFORMATION TECHNOLOGY SERVICES**

	Funding	Positions
SEG	\$61,500	1.00

**Governor/Legislature:** Provide \$174,400 in 1999-00 and -\$112,900 in 2000-01 and 1.0 position, beginning in 1999-00, to provide information technology (IT) services for the patients compensation fund (PCF) with OCI staff. Currently, a vendor under contract with the PCF maintains the PCF computer system, which maintains current coverage and billing information for approximately 11,000 health care providers that pay into the fund. Funding for this item includes: (a) 1.0 information services specialist position (\$77,600 in 1999-00 and \$93,500 in 2000-01); (b) the purchase of hardware and software (\$60,000 in 1999-00 and \$10,000 in 2000-01); (c) one-time costs for systems development (\$107,600 SEG in 1999-00); and (d) the deletion of funds currently budgeted for contractual services payments (-\$70,800 in 1999-00 and -\$216,400 in 2000-01).

**21. PATIENTS COMPENSATION FUND -- ADMINISTRATION**

SEG	\$15,000
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**Governor/Legislature:** Provide \$7,500 annually for OCI to pay consultants who review medical records in medical malpractice cases. This amount reflects the estimated costs of paying consultants to review 15 files annually at an average cost of \$500 per review.

In addition, transfer \$7,500 annually from the patient compensation fund's benefits appropriation to the fund's operations appropriation. Currently, some of the fund's costs for

systems maintenance and development, actuarial consulting and financial auditing services are paid from the fund's general operations appropriation. However, a recent Legislative Audit Bureau study determined that such expenses should be paid from the fund's administrative appropriation.

Finally, change the payment of patient compensation fund Peer Review Council members and consultants from \$50 per day for meeting attendance plus travel expenses to a rate established by OCI. The Peer Review Council reviews claims paid for damages arising out of the rendering of medical services and offers recommendations to OCI on the level of fees that should be assessed against health care providers for funding the patients compensation fund.

[Act 9 Section: 3046]

## 22. INSURANCE FEES

**Governor/Legislature:** Modify selected statutory insurance fees as follows: (a) repeal OCI's current authority to assess an annual fee of up to \$10 for issuing or enlarging the scope of a license for an individual intermediary; (b) delete the current \$20 and \$40 limit on the annual renewal fees OCI may establish by rule for resident and nonresident intermediaries, respectively (currently, the annual fee for the renewal of a resident intermediary license is \$12.50 and \$25 for the renewal of a nonresident intermediary license); (c) delete the current \$50 limit on the annual fees OCI may establish by rule for examinations of an applicant for a license as an insurance intermediary and the requirement that the fee not exceed the reasonably estimated average cost of the examination and investigation of an intermediary; and (d) establish a \$100 fee paid by mutual insurance holding companies for filing annual statements. Any changes in revenue OCI collects under these provisions would depend upon the level at which the fees would be set by OCI, and when OCI decides to increase those fees.

[Act 9 Sections: 3029 thru 3035]

## 23. COPAYMENTS FOR POLICIES THAT COVER NERVOUS AND MENTAL DISORDERS AND AODA PROBLEMS

**Assembly/Legislature:** Specify that coverage from a group or blanket disability policy that covers nervous or mental disorders, alcoholism or other drug abuse problems may be subject to copayments, in addition to limitations and deductibles, that are generally applicable to other conditions covered under the policy.

Delete the maximum copayment of up to 10% that applies to minimum coverage requirements of inpatient hospital, outpatient and transitional treatment arrangements, and instead, make references to any applicable cost sharing at the level charged under the policy. Specify that if a policy does not use cost sharing, the minimum coverage would be: (a) for inpatient services, \$6,300 in equivalent benefits measured in services rendered; (b) for

outpatient services, \$1,800 in equivalent benefits measured in services rendered; and (c) for transitional services, \$2,700 in equivalent benefits measured in services rendered. Current statutes express the cost limitations, such as deductibles, used by traditional fee for service health plans. Delete references to minimum requirements that apply only to coverage provided by HMOs. Specify that these provisions would first apply to policies issued or renewed on the general effective date of the bill.

This provision modifies the statutes to reflect that health maintenance organizations (HMOs) do not use coinsurance or deductibles as cost limitations. In addition, under the Federal Mental Health Parity Act, health plans that cover mental health benefits can limit coverage using non-monetary measures, such as length of stay. However, current Wisconsin statutes specify only monetary limits. This provision modifies the statutes to reflect the non-monetary measures currently used by health plans.

[Act 9 Sections: 3044b thru 3044i and 9326(2n)]

#### **24. DENIAL OF PAYMENT BY HEALTH INSURERS FOR CERTAIN MEDICAL PROCEDURES**

**Assembly:** Prohibit an insurer from denying payment under a disability insurance policy or group certificate for a medical or surgical service or procedure on the basis that the service or procedure is an integral component of a second medical or surgical service or procedure unless, under Medicare Part B, payment for the first service or procedure is included in the payment for the second service or procedure. Prohibit employers from bargaining on this provision.

This provision would apply to: (a) health care coverage plans offered by the state; (b) health care coverage plans offered by the group insurance board; (c) sickness care plans operated by a cooperative association; (d) voluntary nonprofit sickness care plans; and (e) limited service health organizations, preferred provider plans and managed care plans. Specify that this provision would first apply upon renewal of disability insurance policies or group certificates that contain terms or provisions inconsistent with this provision, or the earlier of the following: (a) the day on which the collective bargaining agreement expires for disability insurance policies or group certificates that contain provisions inconsistent with this provision; or (b) the day on which the collective bargaining agreement for such policies or certificates is extended, modified or renewed.

**Conference Committee/Legislature:** Delete provision.

#### **25. HEALTH MAINTENANCE ORGANIZATION POINT-OF-SERVICE COVERAGE**

**Governor:** Require managed care plans to offer enrollees at least one point-of-service coverage option in each geographic service area of the managed care plan. Define a "point-of-service coverage option" as a health care plan coverage option under which all of the following

apply: (a) an insured may obtain health care services from a provider of his or her choice; (b) the selected provider is not necessarily a participating provider of the health care plan or a member of the health care plan's network of providers; and (c) the health care plan reimburses the selected provider for the cost of services provided to the insured if the provider is appropriately licensed and the services provided are covered under the health plan.

Specify that the new requirement would initially apply to managed care plans that are issued or renewed on the first day of the sixth month beginning after the bill's publication, or, for managed care plans that are affected by collective bargaining agreements that are inconsistent with the new requirement, no earlier than the first day of the sixth month beginning after the bill's publication but after that date, the earlier of: (a) the day on which the collective bargaining agreement expires; or (b) the day on which the collective bargaining agreement is extended, modified or renewed.

**Joint Finance:** Delete provision as non-fiscal policy.

**Senate:** Modify the Governor's recommendation by requiring enrollees who select point-of-service coverage to be responsible for any extra costs associated with the coverage, including additional administrative costs and provider fees. Require the Commissioner of Insurance to ensure that premium rates, copayments, deductibles or any other cost-sharing provision related to point-of-service coverage are based on sound actuarial principles and supported by reliable data or actual or reasonably anticipated experience.

**Conference Committee/Legislature:** Delete Senate provision. Instead, create a point-of-service plan that would be defined as a health maintenance organization (HMO) or preferred provider plan that permits an enrollee to obtain covered health care services from a provider that is not a participating provider of the HMO or preferred provider plan subject to the following conditions: (a) the nonparticipating provider holds a license or certificate that authorizes or qualifies the provider to provide the covered health care services; and (b) the HMO or preferred provider plan is required to pay the nonparticipating provider only the amount that the HMO or preferred provider plan would pay a participating provider for those health care services. Provide that the enrollee is responsible for any additional costs or charges related to the coverage.

Require employers that offer any of its employees an HMO or preferred provider plan that provides comprehensive health care services to offer a point-of-service plan. Require employers to provide employees the opportunity to enroll in the point-of-service option plan at least once annually, and to provide employees adequate notice of the opportunity to enroll in the point-of-service option plan and to provide complete and understandable information concerning the differences among the various plans (including the point-of-service option plan) offered.

However, exempt employers from offering the point-of-service option plan if: (a) after providing adequate notice and the information described above, fewer than 25 employees indicate that they wish to enroll in the point-of-service plan on that occasion; (b) the employer

employs fewer than 25 full-time employees; or (c) the employer offers its employees a HMO or preferred provider plan only through an insurer that is a cooperative association or an insurer that is restricted, through a certificate of authority, to certain insurance businesses. Exclude employers of currently insured, full-time employees covered by a collective bargaining agreement under subchapters I and V of the Wisconsin statutes or whose health insurance premium contribution rates are determined under the state or University of Wisconsin compensation plan from paying any premium cost related to the point-of-service plan. Prohibit employers from bargaining on the requirements relating to offering the point-of-service plan.

Specify that the new requirement would initially apply to HMO or preferred provider plans that are issued or renewed on the first day of the eighteenth month beginning after the bill's publication, or, for managed care plans that are affected by collective bargaining agreements that are inconsistent with the new requirement, no earlier than the first day of the eighteenth month beginning after the bill's publication but after that date, the earlier of: (a) the day on which the collective bargaining agreement expires; or (b) the day on which the collective bargaining agreement is extended, modified or renewed.

Require the Office of the Commissioner of Insurance (OCI) to promulgate rules necessary for the administration of the point-of-service option plan requirement and submit the proposed rules to the Legislative Council staff no later than the first day of the twelfth month after the bill's publication. In addition, require OCI to promulgate rules to ensure that employees of employers that must offer the point-of-service option plan are given adequate notice of the opportunity to enroll in the point-of-service option plan, as well as complete and understandable information concerning the differences among the various health plans offered by the employer (including the point-of-service option plan), including differences among providers available and differences resulting from special limitations or requirements imposed by an institutional provider because of its affiliation with a religious organization.

**Veto by Governor [C-31]:** Delete the provision that would have exempted employers from offering the point-of-service plan if, after providing an opportunity to enroll in the plan and providing adequate notice of the opportunity to enroll and complete and understandable information concerning the differences among the various plans (including the point-of-service option plan) offered, fewer than 25 employees indicated that they wish to enroll in the point-of-service plan.

[Act 9 Sections: 940d, 2037c, 3036c thru 3036p, 9126(4g), 9326(4g) and 9426(4g)]

[Act 9 Vetoed Sections: 3036h, 9326(4g) and 9426(4g)]

## **26. OBSTETRIC OR GYNECOLOGIC SERVICE REFERRAL REQUIREMENT BY MANAGED CARE PLANS**

**Senate:** Prohibit managed care plans that provide coverage of obstetric and gynecologic services from requiring a female enrollee of the managed care plan to obtain a referral for

coverage of those services provided by a participating provider who is a licensed physician and specializes in obstetrics and gynecology, regardless of whether the participating provider is the enrollee's primary provider. Prohibit managed care plans from requiring the enrollee to obtain a standing referral under the procedure established by the managed care plan for coverage of specialist services. Require managed care plans to provide written notice of these requirements in every policy or group certificate issued by the managed care plan and, during each open enrollment period, to every female enrollee and every female applicant for coverage.

Prohibit managed care plans from doing the following: (a) penalizing or restricting the coverage of a female enrollee on account of her having obtained obstetric or gynecologic services as outlined in this provision; and (b) penalizing or restricting the contract of a participating provider on account of his or her having provided obstetric or gynecologic services as outlined in this provision.

Require this provision to apply upon renewal of these policies or group certificates that contain terms or provisions inconsistent with this provision, or, for those policies that cover employees who are affected by a collective bargaining agreement and contain inconsistent terms, the earlier of the following: (a) the day on which the collective bargaining agreement expires for disability insurance policies or group certificates that contain provisions inconsistent with this provision; or (b) the day on which the collective bargaining agreement for such policies or certificates is extended, modified or renewed.

**Conference Committee/Legislature:** Modify the Senate provision by: (a) clarifying that the prohibition on the referral requirement would be limited to obstetric or gynecological services; and (b) deleting the requirement that the written notice requirement would only apply to female enrollees and female applicants for coverage.

**Veto by Governor [C-32]:** Delete the requirement that a managed care plan provide written notice of the requirement during each open enrollment period.

[Act 9 Sections: 3035c, 3035f, 3036r and 9326(1m)]

[Act 9 Vetoed Section: 3036r]

## INVESTMENT BOARD

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
PR	\$25,832,800	\$28,004,000	\$28,490,400	\$32,219,100	\$32,219,100	\$6,386,300	24.7%

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
PR	101.50	104.50	104.50	104.50	104.50	3.00

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS

**Governor/Legislature:** Provide -\$4,900 annually and -2.0 positions for standard budget adjustments for: (a) turnover reduction (-\$173,500); (b) removal of noncontinuing elements from the base (-\$98,900 and -2.0 positions); and (c) full funding of continuing salaries and fringe benefits costs (\$267,500).

Funding Positions		
PR	-\$9,800	-2.00

#### 2. ENHANCED BONUS COMPENSATION PROGRAM FOR INVESTMENT PROFESSIONALS [LFB Paper 600]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$1,111,400	-\$1,111,400	\$0

**Governor:** *Enhanced Bonus Compensation Plan for Investment Professionals.* Establish a separate, enhanced bonus compensation plan for the Investment Board's unclassified employees

who are designated as investment professionals. Stipulate that no later than June 30 of each year the Secretary of DOA would determine which of Board's employees were investment professionals eligible for the enhanced bonus plan and report the results of this determination to the Board. For the 1999-00 fiscal year, however, the Secretary of DOA would have to make this determination and report to the Board by October 1, 1999.

This second plan would be similar in concept and operation to the existing bonus compensation plan, except for the following specific program enhancements: (a) the annual amount of funding available in the second bonus pool would be an amount equal to 25% [rather than the existing plan's 10%] of the total base level salaries of Board staff who are investment professionals; (b) individual bonus awards could be up to a maximum of 50% of an employee's annual salary amount [rather than the existing plan's 25%]; and (c) the entire bonus amount would be payable in the year awarded [rather than the existing plan's required three-year payout schedule].

Require that the Board adopt a plan governing the operation of the enhanced bonus program which specifies all of the following: (a) the conditions under which bonus compensation would be awarded; (b) the percentage of total available bonus amounts that would be based on investment performance and the amounts that would be awarded for meritorious performance; and (c) the specific criteria that would be employed in considering whether to award bonus compensation to a particular employee. In awarding bonus compensation for a given period under the enhanced program, the Board would also have consider the performance of funds similar to those managed by the Board and market indices for the same period. These requirements are the same as those established for the existing bonus compensation plan.

Under current law, the Board may award annual bonuses during a fiscal year to unclassified staff for investment performance and meritorious service that occurred in the immediately preceding fiscal year. The annual amount of funding available in the bonus is set at an amount equivalent to 10% of the total base level salaries of the agency's unclassified staff. Individual bonus awards are limited by statute to a maximum of 25% of an employee's annual salary amount and must be paid out over a three-year period (50% in the year of the award and 25% in each of the succeeding two years). Unclassified staff first become eligible for an award after they have been employed with the Board for an entire fiscal year.

*Funding for the Enhanced Bonus Plan.* Provide \$555,700 annually in unallotted reserve for the increased costs of the offering the enhanced bonus program for investment professionals. This increased funding level is equivalent to 15% of the annual base salary level of 49.0 FTE unclassified employees that the Board believes would be designated as investment professionals by the Secretary of DOA. This 15% increment represents the increased funding required to provide a bonus award pool based on 25% rather than 10% of the annual base level salaries of the Board's investment professionals. Funding equivalent to 10% of the base level salary and fringe benefits costs of the Board's investment professionals (\$409,500 annually) is already budgeted for bonus awards under the existing bonus compensation program. These amounts



would be earmarked to the enhanced bonus program, thereby providing total enhanced bonus pool funding of \$965,200 annually under the Governor's recommendation.

*Limit the Current Bonus Compensation Plan to Unclassified Staff Who are Not Investment Professionals.* Retain the current law bonus compensation plan for other Board employees but stipulate that it would apply only to the following unclassified staff: the executive director, the internal auditor, employees appointed by the internal auditor and other Board employees who are not "investment professionals" as determined by the Secretary of DOA. Provide that the annual amount of funding available for this bonus pool would be an amount equal to 10% of the total base level salaries of the revised group of employees who would remain eligible for the current bonus compensation plan.

Except for the limitations concerning which Board employees would be eligible for bonus awards and which staff salaries would be used to generate the award pool, there would be no other modifications to the operation of the current bonus compensation plan under the Governor's recommendations.

**Joint Finance/Legislature:** Delete provision.

**3. ADDITIONAL EXISTING BONUS COMPENSATION PROGRAM FUNDING [LFB Paper 600]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
PR	\$185,800	-\$721,900	-\$536,100

**Governor:** Provide \$92,900 annually in unallotted reserve to fully fund the bonus compensation pool from which annual incentive awards may be made by the Investment Board to its unclassified staff when certain assets under management exceed Board-established performance benchmarks. Under current law, the total amount of the bonuses that may be awarded for any fiscal year may not exceed 10% of the total annualized salaries for all eligible unclassified Board employees at the beginning of the fiscal year. Base level funding for the bonus pool is \$629,000 annually. Under the Governor's recommendation, the total available in unallotted reserve for bonus compensation awards in each fiscal year of the next biennium would be \$721,900 annually.

**Joint Finance/Legislature:** Repeal the bonus compensation award program, effective July 1, 2000, delete \$629,000 in 2000-01 of base level funding for the bonus award program and also delete the \$92,900 recommended in 2000-01 to fully fund new bonus awards in that fiscal year.

**Veto by Governor [F-27]:** Modify the repeal of the bonus compensation award program by retaining the Investment Board's existing general authority to "award bonus compensation" and to "provide for bonus compensation to employees in the unclassified service" but retain the

repeal of the current statutory guidelines regarding such a bonus compensation program. There is no associated fiscal change identified for this partial veto. However, other provisions (see Item 11) contained in Act 9 grant the Investment Board the authority to assess each fund under its management for a proportionate share of the Board's total annual operating expenses. Increased available funding of \$1,336,800 PR in 1999-00 and \$2,391,900 PR in 2000-01 is estimated as a result of these other provisions. It is assumed that the costs of any bonus awards made by the Board to its unclassified staff would be funded from within the agency's available expenditure authority.

[Act 9 Sections: 694c, 694g, 694n, 694r, 694w, 944m, 9127(1g) and 9427(1g)]

[Act 9 Vetoes Sections: 694c, 694r and 694w]

**4. ADDITIONAL FUNDING FOR SALARY INCREASES FOR BOARD INVESTMENT PROFESSIONALS [LFB Paper 600]**

PR	\$2,319,700
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**Joint Finance/Legislature:** Provide \$2,319,700 in 2000-01 to fund salary improvements (and associated fringe benefit costs) for Board investment professionals. This additional funding would be provided to allow the Board to adjust the salaries of its investment professional staff to respond to a salary gap, as identified by the Board, between base salaries paid to its investment staff compared to the median salaries paid comparable positions in a peer group of private sector investment institutions. The additional costs associated with this provision during the 1999-01 biennium would be partially offset by the Committee's other actions affecting the bonus compensation award program (as summarized under Items # 2 and #3). These actions deleted the proposed enhanced bonus compensation program (-\$1,111,400), eliminated base level funding in 2000-01 for the existing bonus compensation award program (-\$629,000), and modified the Governor's recommendation to delete additional funding recommended in 2000-01 to fully fund the existing bonus award program (-\$92,900). As a result of these offsets, the net additional fiscal effect of this provision on the Board's proposed budget, as compared to the Governor's recommendation, would be \$486,400.

**5. PORTFOLIO MANAGEMENT -- INCREASED STAFFING FOR IN-HOUSE ASSET MANAGEMENT**

	Funding	Positions
PR	\$686,000	3.00

**Governor/Legislature:** Provide \$298,100 in 1999-00 and \$387,900 in 2000-01 and authorize 3.0 unclassified associate portfolio management positions to support additional in-house management of invested assets. The new positions would likely be assigned, respectively, to the management of nontraditional portfolios, private equity portfolios and global fixed income portfolios. Of the amounts provided, \$29,500 in 2000-01 would be placed in unallotted reserve for potential release in that fiscal year as performance-based bonus awards for these new positions.

**6. INCREASE LIMIT ON ASSETS SUBJECT TO OUTSIDE MANAGEMENT [LFB Paper 601]**

**Governor:** Increase from the current law 15% to 25% the amount of fixed and variable retirement trust fund assets that may be managed and controlled by outside investment advisors. When the Investment Board contracts for external investment advisors, their services are paid from the income that would otherwise accrue to the retirement trusts. These types of expenses are not budgeted as costs under the Investment Board's budget. As of December 31, 1998, external investment advisors managed 13.4% of the fixed retirement trust fund and 14.6% of the variable retirement trust fund.

**Joint Finance:** Modify provision by providing for an increase from 15% to 20%, rather than 25%, the amount of fixed and variable retirement trust fund assets that may be managed and controlled by outside investment advisors.

**Senate/Legislature:** Delete provision.

**7. INVESTMENT MANAGEMENT OPERATING SYSTEM POSITIONS**

	Funding	Positions
PR	\$197,800	2.00

**Governor/Legislature:** Provide \$98,900 annually and 2.0 permanent unclassified positions (risk systems analyst and accountant) to assist with the completion of the Board's investment analysis and management reporting system project in 1999-00, and thereafter, to provide on-going management assistance and accounting support for the new system once it is fully operational. Provisions of 1997 Wisconsin Act 27 authorized and funded 3.0 permanent and 2.0 two-year project positions to assist in the installation and support of the system. These proposed permanent positions and associated funding would replace the project positions that will expire at the end of 1998-99.

**8. INDEPENDENT PROCUREMENT AUTHORITY FOR BOARD PURCHASES [LFB Paper 602]**

**Governor:** Exempt the Investment Board from general state procurement policies as follows:

*Independent Purchasing Authority.* Authorize the Board to purchase any required materials, supplies, equipment or services independently of DOA. Provide that if the Board exercises this independent procurement authority, it would be required to: (a) maintain copies of all requisitions and contracts and make such documents available under the open records law; (b) file all bills and statements (but not requisitions or contracts) for purchases with the Secretary of DOA for payment; and (c) purchase all stationery and printing from the lowest responsible bidder. The Board would be required to designate an individual to sign contracts executed under this independent purchasing authority.

DOA would no longer be required to grant prior approval of purchase orders submitted from the Board. DOA would be prohibited from paying a bill or statement submitted from the Board unless the document had been approved by the Board. Upon request, DOA would be authorized: (a) to make recommendations and furnish assistance to the Board concerning purchasing procedure; and (b) process procurement requests from the Board, in which case all existing purchasing standards and procedures otherwise applicable to executive branch agencies would again apply.

Under current law, the Board, like other executive branch agencies, must make all purchases of materials, supplies, equipment and services through DOA. However, this procurement authority may be delegated by DOA to any agency, but the delegated agency must still comply with all statutory procurement requirements that apply to DOA-made purchases. In general, procurements must be made by solicitation of bids or competitive sealed proposals with various public noticing requirements, while contractual services purchases require written justification and must comply with conflict of interest requirements. Procurements must also meet or attempt to meet a variety of other statutorily prescribed goals or standards.

*Purchasing Goals and Standards That Would Continue to Apply.* Specify that if the Board elects to exercise its independent procurement authority, the following statutory goals and standards would continue to apply to the Board's purchases: (a) the Board would have to attempt to ensure that 5% of its total procurements be paid to minority businesses; (b) to the extent practicable, the Board would have to make purchase selections using specifications developed to maximize the use of recycled, recyclable and recovered materials; (c) to the extent that items that meet Board specifications are available from work centers for the severely handicapped individuals, the Board would be required to make procurements from such sources; (d) where a potential vendor was not a Wisconsin vendor and it is determined that the jurisdiction in which the vendor is domiciled gives a preference to other vendors from that jurisdiction, the Board would have to give preference to a Wisconsin vendor; and (e) to the extent feasible, the Board would continue to be required to purchase materials of American manufacture.

*Purchasing Goals and Standards That Would No Longer Apply.* If the Board elects to exercise its independent procurement authority, provide that certain current statutory goals and standards would no longer apply to the Board's purchases, among which are the following: (a) the Board would no longer be required to purchase computer services from DOA, unless DOA granted an exemption from this requirement; and (b) the Board would no longer have to write procurement specifications such that DOC's prison industries unit might have the opportunity to provide the items.

**Joint Finance/Legislature:** Modify the Governor's recommendation to authorize independent procurement authority only for the Board's information technology-related purchases. Provide that under this expedited authority for IT purchases, the Board would be exempted from current law low-bid and competitive negotiations procurement procedures, from the requirements that it adhere to DOA specifications on IT procurements and from the

requirements that it write procurement specifications such that the Department of Corrections' prison industries unit might have an opportunity to provide such items.

[Act 9 Sections: 82m, 82p, 85m, 86m and 89m]

**9. CONTINUATION FUNDING FOR INVESTMENT MANAGEMENT OPERATING SYSTEM [LFB Paper 603]**

**Joint Finance/Legislature:** Shift \$239,600 PR of the total base level funding (\$2,595,600 PR) available for the development of the Board's investment management operating system from 1999-00 to 2000-01 to fully fund the projected sequence of operating system components to be implemented during the next biennium. In addition, provide that the resulting total funding of \$2,835,200 in 2000-01 for the projected completion of the system be appropriated in that fiscal year as one-time, rather than base-building, funding.

**10. REQUIRED EXPENDITURES WITH WISCONSIN-BASED BROKER DEALER FIRMS**

**Joint Finance/Legislature:** Require the Board to ensure that at least 5% of the total funds expended for securities trading brokerage commissions in each fiscal year be expended for commissions payable to Wisconsin-based broker dealer firms, exclusive of those firms that qualify as a Wisconsin minority investment firms. Specify that: (a) a "Wisconsin-based broker dealer firm" would be any firm licensed under s. 551.31 of the statutes whose corporate headquarters and principal business operations for the consolidated firm are located in Wisconsin; and (b) a "securities trading brokerage commission" would mean commissions or fees paid on or for purchases, sales, brokerage transactions or other trades of any type of security as defined under state securities law. Require the Board to report annually by September 30 to DOA on the amounts expended during the preceding fiscal year for commissions payable to Wisconsin-based broker dealer firms under this provision.

Under current law, the Board must attempt to ensure that 5% of the total funds expended for investment analysis and brokerage commissions be expended with minority financial advisors and investment firms. There is currently no statutory requirement with respect to commissions paid to Wisconsin-based broker-dealers, although the Board does use such firms. During the 1998 calendar year, the Board paid 7.99% of all broker commissions to Wisconsin-based broker dealers, including minority investment firms and advisors.

[Act 9 Section: 701m]

**11. BOARD AUTHORITY TO SET OPERATING BUDGET LEVEL**

PR	\$3,728,700
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**Conference Committee/Legislature:** Effective on the general effective date of the biennial budget act, authorize the Investment Board to assess each fund for

which it has management authority a proportionate amount to support the Board's operating budget such that the total assessed for the 1999-00 fiscal year does not exceed \$14,498,600. [This amount is equivalent to 0.0225% of that total statutorily defined market value of such funds under management on June 30, 1999].

Further, effective July 1, 2000, authorize the Board to assess each fund for which it has management responsibility for the Board's operating budget an amount that in total could not exceed the greater of: (a) \$17,720,500 (0.0275% of the total statutorily defined market value of such funds as of June 30, 1999); or (b) 0.0275% of the total statutorily defined market value of such funds, as determined on April 30 of the preceding fiscal year and certified to DOA and the Joint Committee on Finance by June 15 of the preceding fiscal year.

In addition, provide that beginning with the 2000-01 fiscal year the Board could assess up to 0.03% of the total statutorily defined market value of each fund for which it has management responsibility for the Board's operating budget in a fiscal year with the approval of the Joint Committee on Finance for any assessment over 0.0275%. Specify that the Board would submit any such budget for operating expenditures that exceeded 0.0275% (up to 0.03%) of assets under management for review and approval by the Joint Committee on Finance under a 14-day passive review mechanism.

Specify that the agency would be required to estimate once every six months (on July 1 and January 1) the amounts required for its operating expenditures for the ensuing six-month period. Whenever the Board would assess a fund for the agency's estimated operating expenditures, specify that on the next assessment, the amounts collected in the previous assessment would have to be adjusted to reflect any differences between estimated operating expenditures since that previous assessment. Stipulate that any assessments made under the above mechanisms would be paid from the current investment income of each fund (unless an agency had an appropriation to pay the costs of investment management by the Board, in which case the assessment would be paid from the agency appropriation). Require the Board to transmit a notice of each assessment to each fund at the time of assessment. Require the Board to send a statement of its actual expenditures for the management of each fund at the close of each fiscal year. The statement would be sent to the state agency having primary responsibility for the expenditure or the principal and earnings of the fund (or to the Department of Administration where there is no such agency with primary responsibility).

Specify that Board operating budget expenditures supported from these new assessments would be defined to include "all costs and expenses of operating the agency and managing its assets," except that the following types of fees, out-of-pocket costs and capital expenses specifically would not be funded from the assessments: (a) legal counsel and investment consultant expenses [under s. 25.18(1)(a)]; (b) costs of risk management insurance [under s. 25.18(1)(c)]; (c) costs associated with the maintenance and repair of SWIB-owned investment properties [under s. 25.18(1)(f)]; (d) real estate advisory fees [under s. 25.18(1)(m)]; (e) costs of liability insurance [under s. 25.18(2)(d)]; (f) costs of outside management of assets fees [under s.

25.18(2)(e)]; and (g) the management fees and private placement charges associated with Fixed and Variable Retirement Trust Funds [under s. 40.04(3)].

Change the appropriation for the Board's general program operations from a sum certain to a continuing appropriation. Specify that the amounts from all of the above assessments (as well as current law assessments for the costs of services charged to the Board of Commissioners of Public Lands and the UW Board of Regents) would be credited to that appropriation.

Under this proposal, the Board would have maximum expenditure authority of \$14,498,600 in 1999-00, compared to \$13,161,800 authorized by Joint Finance (representing an increase of \$1,336,800). Assuming that the 0.0275% assessment for 2000-01 would actually be based on the June 30, 1999, total market value of assets under management, the Board would have maximum expenditure authority of \$17,720,500 in 2000-01, compared to the \$15,328,600 authorized by Joint Finance (representing an increase of \$2,391,900). Estimate these increased expenditure level amounts for the continuing appropriation for Board operations that would be created under these provisions.

[Act 9 Sections: 593e, 701p and 9127(2g)]

## JUDICIAL COMMISSION

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	<u>Act 9 Change Over Base Year Doubled</u>	
						Amount	Percent
GPR	\$447,000	\$452,200	\$452,200	\$452,200	\$452,200	\$5,200	1.2%

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	<u>Act 9 Change Over 1998-99 Base</u>
						0.00
GPR	2.00	2.00	2.00	2.00	2.00	0.00

### Budget Change Items

**1. STANDARD BUDGET ADJUSTMENTS**

GPR	\$5,200
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**Governor/Legislature:** Provide \$2,400 in 1999-00 and \$2,800 in 2000-01 for the following: (a) full funding of salaries and fringe benefits (\$2,300 annually); and (b) full funding of lease costs and directed moves (\$100 in 1999-00 and \$500 in 2000-01).

**2. SEPARATE APPROPRIATION FOR JUDICIAL COUNCIL**

**Governor/Legislature:** Create a separate appropriation for the general program operations of the Judicial Council and transfer \$35,000 GPR annually from the general program operations appropriation for the Judicial Commission to the new, separate appropriation for Judicial Council operations. The 21-member Council provides research, information and advice to the Legislature and the Supreme Court relating to court procedures and operations to promote effective administration of justice. The Judicial Commission investigates and prosecutes allegations of judicial misconduct or disability to determine whether disciplinary action is warranted. The new, general program operations appropriation would pay for



Judicial Council expenses. Under the bill, Judicial Commission staff would continue to provide staff services for the Council.

[Act 9 Section: 601]

# JUSTICE

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$72,827,200	\$73,763,100	\$73,937,900	\$74,853,600	\$74,530,600	\$1,703,400	2.3%
FED	8,165,400	11,711,700	12,855,000	12,855,000	12,855,000	4,689,600	57.4
PR	45,559,600	50,673,600	52,668,500	52,623,500	51,651,900	6,092,300	13.4
SEG	<u>476,000</u>	<u>452,700</u>	<u>452,700</u>	<u>0</u>	<u>0</u>	<u>- 476,000</u>	<u>- 100.0</u>
<b>TOTAL</b>	<b>\$127,028,200</b>	<b>\$136,601,100</b>	<b>\$139,914,100</b>	<b>\$140,332,100</b>	<b>\$139,037,500</b>	<b>\$12,009,300</b>	<b>9.5%</b>

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
FED	11.50	12.25	14.25	14.25	14.25	2.75
PR	128.25	130.25	135.75	135.75	132.25	4.00
SEG	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>0.00</u>	<u>0.00</u>	<u>- 2.75</u>
<b>TOTAL</b>	<b>549.90</b>	<b>552.90</b>	<b>562.40</b>	<b>566.40</b>	<b>561.90</b>	<b>12.00</b>

## Budget Change Items

### 1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 605]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$312,800	- 7.50	\$0	0.00	\$312,800	- 7.50
FED	- 431,400	- 4.50	0	2.00	- 431,400	- 2.50
PR	507,600	- 4.00	0	3.00	507,600	- 1.00
SEG	<u>- 23,300</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>- 23,300</u>	<u>0.00</u>
<b>Total</b>	<b>\$365,700</b>	<b>- 16.00</b>	<b>\$0</b>	<b>5.00</b>	<b>\$365,700</b>	<b>- 11.00</b>

**Governor:** Provide \$217,100 GPR, \$310,600 PR, -\$12,000 SEG and -\$190,600 FED and -1.0 PR position in 1999-01, and \$95,700 GPR, \$197,000 PR, -\$11,300 SEG and -\$240,800 FED and -4.0 PR positions in 2000-01 and -7.5 GPR and -4.5 FED positions annually for the following adjustments: (a) turnover reduction (-\$538,100 GPR annually); (b) remove non-continuing items

(in 1999-00, -\$366,900 GPR, -\$376,400 PR and -\$156,800 FED and -7.5 GPR, -1.0 PR and -4.5 FED positions, and in 2000-01, -\$498,400 GPR, -\$500,200 PR and -\$209,100 FED and -7.5 GPR, -4.0 PR and -4.5 FED positions); (c) full funding of salaries and fringe benefits (\$414,800 GPR, \$359,400 PR, -\$24,000 SEG and -\$37,700 FED annually); (d) full funding of financial services charges (\$6,300 GPR, \$5,000 PR, \$200 SEG and \$1,800 FED annually); (e) reclassifications (\$8,000 GPR, \$55,600 PR and \$2,100 FED in 1999-00 and \$11,900 GPR, \$65,500 PR, \$700 SEG and \$4,200 FED in 2000-01); (f) overtime (\$599,000 GPR, \$255,600 PR and \$11,400 SEG annually); (g) night and weekend differential (\$10,300 GPR and \$1,700 PR annually); (h) fifth week vacation as cash (\$78,100 GPR, \$9,700 PR and \$400 SEG in 1999-00 and \$84,300 GPR, \$10,000 PR and \$400 SEG in 2000-01); and (i) full funding of lease costs and directed moves (\$5,600 GPR annually). The positions removed as non-continuing items include: (a) 4.5 GPR positions associated with sexually violent person prosecutions that terminate on June 10, 1999; (b) 3.0 GPR positions associated with operating the TIME System that terminate in May, 2000; (c) 3.0 PR positions associated with criminal history searches within the Crime Information Bureau that terminate on May 1, 1999; (d) 1.0 PR attorney position associated with telecommunications services that terminate on June 30, 1999; (e) 2.5 FED positions associated with child abuse and neglect prosecutions that terminate in October, 1999; and (f) 2.0 FED positions associated with Victims of Crime Act (VOCA) issues that terminate in October, 1999.

**Joint Finance/Legislature:** Restore 2.0 FED VOCA project positions annually and 3.0 PR criminal history search project positions in 2000-01. These positions are not included in the adjusted base and were inadvertently deleted as non-continuing elements.

**2. FEDERAL REESTIMATES [LFB Paper 609]**

FED	\$1,143,300
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**Joint Finance/Legislature:** Provide an additional \$572,700 FED in 1999-00 and \$570,600 FED in 2000-01 to the federal aid, state operations appropriation under the law enforcement services program to reflect the amount of federal funding expected from the Drug Enforcement Administration and the Office of National Drug Control Policy through the 1999-01 biennium.

**3. ADDITIONAL DEPARTMENTAL REVENUES [LFB Paper 608]**

GPR-REV	\$126,200
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**Joint Finance/Legislature:** Estimate GPR-Earned amounts of \$61,700 annually for Law Enforcement Services and \$1,400 annually for Administrative Services to reflect estimates of refunds of prior years' expenditures and miscellaneous revenues for these two programs.

**4. FEDERAL VICTIMS OF CRIME ACT FUNDING ADJUSTMENT [LFB Paper 189]**

	Funding Positions	
FED	\$3,734,000	2.00

**Governor:** Provide \$2,167,000 in 1999-00 and \$1,567,000 in 2000-01 and 2.0 positions annually to: (a) reflect increased federal revenues estimated to be available under the federal Victims of Crime Act (VOCA); and (b) make permanent 2.0 FED project planning analyst positions that terminate in October, 1999. Allow federal VOCA funding to be used for reimbursement to counties that provide victim and witness services. Currently, the Department of Justice (DOJ) provides grants with VOCA funds to public and private nonprofit agencies that provide services for victims of sexual assault, domestic violence, child abuse and personal injury crimes. The adjusted base for the program is \$2,433,000 FED. [See "Reimbursement to Counties for Victim and Witness Services."]

**Joint Finance/Legislature:** Delete the provision giving DOJ authority to use federal VOCA funding for reimbursement to counties that provide victim and witness services.

**5. SEXUAL ASSAULT VICTIM SERVICES [LFB Paper 189]**

PR	\$1,500,000
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**Governor:** Provide \$500,000 in 1999-00 and \$1,000,000 in 2000-01 for the sexual assault victim services program and provide that the funds may also be used to reimburse counties that provide victim and witness services. Currently, the sexual assault victim services program awards grants to nonprofit agencies that provide sexual assault victim services. Services to sexual assault victims include 24-hour crisis lines, legal and medical advocacy, counseling, support groups, community and prevention education, and child care and transportation services. Base funding for the program is \$1,000,000. Funding is provided from "part B" revenues of the victim and witness assistance surcharge. [See "Reimbursement to Counties for Victim and Witness Services."]

**Joint Finance/Legislature:** Delete the provision giving DOJ authority to use "part B" revenues of the crime victim and witness surcharge to reimburse counties for providing victim and witness services.

**6. REIMBURSEMENT TO COUNTIES FOR VICTIM AND WITNESS SERVICES [LFB Paper 189]**

PR	\$1,110,800
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**Governor:** Provide \$463,600 in 1999-00 and \$647,200 in 2000-01. Funding modifications would be as follows: (a) -\$197,200 in 1999-00 and -\$125,800 in 2000-01 from the appropriation funded with revenues from "part A" of the victim and witness surcharge and the \$20 delinquency victim and witness assistance surcharge, to reflect reestimated surcharge revenues; and (b) \$660,800 in 1999-00 and \$773,000 in 2000-01 in a newly-created appropriation funded

with penalty assessment revenues. Expand the funding sources for county reimbursement of costs associated with the provision of crime victim and witness services. Direct the Secretary of Administration to allocate \$850,800 annually in federal Byrne anti-drug law enforcement monies and matching penalty assessment revenues for reimbursing counties that provide crime victim and witness services. Modify the interagency and intra-agency assistance appropriation that receives the anti-drug monies from the Office of Justice Assistance (OJA) to specify that the monies may be used to provide reimbursement to counties. (This would continue funding currently provided by OJA.)

In addition: (a) modify the sexual assault victim services appropriation to allow revenues from "part B" of the victim and witness surcharge to also be used to reimburse counties for the costs of victim and witness services; and (b) authorize county payments from the federal appropriation that receives Victims of Crime Act (VOCA) monies.

Currently, DOJ reimburses counties for up to 90% of their costs for providing crime victim and witness services, such as court appearance and case progress notification, referrals to crime victim compensation and social services programs, and escort and other transportation services. Under current law, funding is provided from the following sources: (a) a GPR appropriation (adjusted base of \$1,497,100); (b) a program revenue appropriation funded through "part A" of a victim and witness assistance surcharge and a delinquency victim and witness surcharge (adjusted base of \$2,257,400); and (c) the OJA anti-drug monies of \$850,800 annually. In addition, DOJ has the authority to use any crime victim and witness assistance surcharge monies not needed in a fiscal year to compensate victims of crime for county reimbursement. The amount of funding available has allowed for reimbursement of approximately 78% to 83% of counties' costs in recent years. In 1997-98, approximately 78% of counties' costs were reimbursed. 1997 Act 181, which expanded the rights of victims and witnesses, is anticipated to increase counties' costs in providing these victim and witness services. Under this provision, it is estimated that DOJ would be able to annually reimburse counties for approximately 73% of their costs.

Under current law, a crime victim and witness surcharge is assessed against any person convicted of a misdemeanor (\$50 surcharge) or felony (\$70 surcharge). The initial \$30 of the surcharge for a misdemeanor and \$50 for a felony is termed "part A" of the surcharge and is authorized to fund victim compensation and reimburse counties for providing victim and witness services. The additional \$20 for both misdemeanor and felony violations is termed "part B" and is authorized to fund the sexual assault victim services program.

Currently, VOCA funding is used for crime victim compensation programs and to provide subgrants to public or private nonprofit agencies that provide social services to crime victims (as opposed to the county victim and witness services programs, which are geared toward assisting victims and witnesses with court proceedings). The bill does not identify a method or priority for allocating "part B" funds between the sexual assault victim services program and the county victim and witness reimbursement program, or for allocating the victim assistance VOCA funds.

**Joint Finance/Legislature:** Delete the provisions giving DOJ authority to use federal VOCA funds and "part B" funds from the victim and witness surcharge for reimbursement to counties that provide victim and witness services.

[Act 9 Sections: 492 thru 494, 542, 3199, 3200 and 9101(14)]

**7. CHILDREN'S JUSTICE ACT RESOURCES**

Funding Positions		
FED	\$216,300	2.50

**Governor/Legislature:** Provide \$92,700 in 1999-00 and \$123,600 in 2000-01 and 2.5 positions annually to make permanent 2.5 FED project positions related to child abuse and neglect training and prosecution. Create a continuing appropriation to receive all federal aid monies for the administration of crime victim services. The project positions, which include 1.0 attorney, 1.0 program assistant, and 0.5 legal secretary, were created in December, 1996, with federal Children's Justice Act funds, and terminate in October, 1999. (Funding and position authority are removed as non-continuing items under the standard budget adjustments.) Under the bill, funding and position authority would be moved from the Legal Services Division to the Office of Crime Victim Services. Funding is used for DOJ staff who provide training, technical assistance and litigation support to municipalities on child abuse and neglect issues.

[Act 9 Section: 495]

**8. LAW ENFORCEMENT TRAINING FUND AND PENALTY ASSESSMENT REVENUES**  
[LFB Papers 187 and 188 ]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
PR-REV	-\$1,370,000	0.00	-\$1,395,600	0.00	\$0	0.00	-\$2,765,600	0.00
PR	\$576,400	0.00	\$733,200	2.50	-\$733,200	-2.50	\$576,400	0.00

**Governor:** Make the following changes to the law enforcement training fund and the receipt of penalty assessment revenues: (a) provide \$248,200 in 1999-00 and \$328,200 in 2000-01 for law enforcement training; (b) change funding for the law enforcement training fund and crime laboratory equipment and supplies from 49.09% of penalty assessment revenues to the appropriated amounts, and delete and modify statutory language and certain appropriations to reflect this change; (c) move the statutory language relating to levy of penalty assessments from Chapter 165 (Department of Justice) to Chapter 757 (general provisions concerning courts of record, judges, attorneys and clerks); (d) transfer 90% of the unencumbered balance of the penalty assessment surcharge receipts appropriation (which would be repealed) on the effective date of the bill to a newly-created penalty assessment receipts appropriation under OJA; (e)

transfer the remaining 10% balance to the law enforcement training fund--state operations appropriation; (f) transfer funding in the law enforcement training fund--local assistance appropriation from the local assistance line to the aids to individuals and organizations line; and (g) delete obsolete statutory language relating to local law enforcement supplemental payments DOJ was authorized to request in 1990-91.

Under current law, whenever a court imposes a fine or forfeiture for a violation of state law or municipal or county ordinance (except for violations involving smoking in restricted areas, failing to properly designate smoking or nonsmoking areas, and nonmoving traffic violations or safety belt use violations), the court also imposes a penalty assessment of 23% of the total fine or forfeiture. DOJ's penalty assessment surcharge receipts appropriation currently receives 49.09% of penalty assessment revenues. Funds are transferred from this appropriation to the law enforcement training fund--local assistance, law enforcement training fund--state operations and the crime laboratory equipment and supplies appropriations. Under the bill, the penalty assessment surcharge receipts appropriation would be repealed, and all penalty assessment receipts would be deposited to a newly-created appropriation under OJA. Monies from the OJA appropriation would be transferred to the law enforcement training fund--local assistance, law enforcement training fund--state operations and the crime laboratory equipment and supplies appropriations, which would be modified to reflect this change. The provision to transfer 90% of the unencumbered balance to the OJA penalty assessment receipts appropriation is estimated by the Governor to result in \$1,370,000 in unappropriated penalty assessment revenues being transferred from DOJ to OJA. [See "Administration--Office of Justice Assistance."]

**Joint Finance/Legislature:** Retain DOJ's penalty assessment surcharge receipts appropriation and its receipt of 49.09% of penalty assessment revenues. From this appropriation, transfer penalty assessment monies to DOJ's law enforcement training fund, local assistance and state operations appropriations, and to the crime laboratory equipment and supplies appropriation. Modify these appropriations to reflect this change. Reestimate the amount of the unencumbered balance on June 30, 1999, to be transferred to OJA from DOJ's penalty assessment surcharge receipts appropriation from \$1,370,000 to \$1,960,200. In addition, transfer 90% of the unencumbered balance of the penalty assessment surcharge receipts appropriation on June 30, 2000 (estimated to be \$805,400) to the OJA penalty assessment receipts appropriation. Provide, in unallotted reserve, an additional \$388,100 in 1999-00 and \$345,100 in 2000-01 and 2.5 positions annually for Training for Tomorrow. Training for Tomorrow is an initiative that would overhaul the way law enforcement officers are trained by: (a) expanding the number of hours required for training; (b) using new instructional methods, including distance learning, computer-based instruction, and increased use of scenarios, case studies and simulations; (c) revising and expanding testing of graduates; and (d) enhancing employment standards with respect to physical fitness, psychological and reading and writing standards and testing procedures. The funding and position authority provided for Training for Tomorrow would allow DOJ to initiate the curriculum development phase of the initiative. Provide that the funds for Training for Tomorrow could not be encumbered or expended until a

written plan for use of the funds has been submitted to and approved by the Joint Committee on Finance through a 14-day passive review process.

**Veto by Governor [D-9]:** Delete \$388,100 in 1999-00 and \$345,100 in 2000-01 placed in unallotted reserve and 2.5 positions annually and the written plan requirements for Training for Tomorrow.

[Act 9 Sections: 485m, 486m, 488m, 542, 686, 1576, 1577, 1609 thru 1611, 1613, 1614, 1616, 1617, 2290, 2290v, 2291, 2292m, 2298, 2753 thru 2761, 3050m, 3050n, 3050o, 3066 thru 3072, 3076 thru 3078, 3079, 3085, 3094, 3097, 3203, 9230(2m) and 9230(3m)]

[Act 9 Vetoes Sections: 172 (as it relates to s. 20.455(2)(ja)) and 9130(1t)]

## 9. REPORT ON ENVIRONMENTAL LAW ENFORCEMENT TRAINING

**Joint Finance/Legislature:** Direct DOJ and the Department of Natural Resources (DNR), in consultation with law enforcement instructors and training academies, to jointly review educational materials and training objectives from the Midwest Environmental Enforcement Association (MEEA). Direct DOJ and DNR to jointly prepare a written report of their review and submit the report to the cochairpersons of the Joint Committee on Finance at the Committee's second quarterly s. 13.10 meeting in the year 2000. Specify that the report include recommendations regarding: (a) the possible use of DOJ's existing Roll Call Law format to produce a training video for distribution to all law enforcement agencies and training academies; (b) the possibility of developing a training seminar that could be presented at regional training events; (c) whether a training presentation in optical disk or electronic format should be produced; (d) the use of distance education in providing environmental law enforcement training; and (e) funding any training proposals using DOJ law enforcement training funds, DNR fish and wildlife account funds and DNR environmental account funds.

**Veto by Governor [D-13]:** Delete provision.

[Act 9 Vetoes Section: 9158(8c)]

## 10. UPDATE DNA TESTING METHODOLOGY AND TECHNOLOGY

PR

\$676,800

**Governor/Legislature:** Provide \$676,800 in 1999-00 as follows: (a) \$226,800 to purchase equipment for performing the DNA analytical "short tandem repeat" (STR) technique; and (b) \$450,000 for converting the existing DNA database to the STR standard. Direct the Department of Administration to provide funds for these purposes. Funding would be provided from federal Byrne anti-drug law enforcement funds and state matching penalty assessment revenues received from OJA. The provision would fund three STR systems: two for the Milwaukee crime lab and one for the Madison crime lab. This would also provide funding to



convert the current samples in the Wisconsin DNA databank, operated by the Milwaukee crime lab, to STR. It is not possible to search non-STR samples using results obtained from the STR testing method.

[Act 9 Sections: 9101(6)&(7)]

**11. EXPANSION OF THE STATE DNA DATABANK**

**Joint Finance/Legislature:** Provide \$409,400 in 1999-00 and \$788,700 and 1.0 specimen collections specialist position in the Milwaukee crime laboratory, beginning January 1, 2000, and expand the requirement for submission of a DNA sample to the state DNA databank to include all felons. Increase the crime laboratories and drug law enforcement assessment by \$1, from \$4 to \$5, on the effective date of the bill.

	Funding	Positions
PR-REV	\$1,225,000	
PR	\$1,198,100	1.00

Under current law, certain individuals are required to submit a DNA specimen for inclusion in the DNA databank, which is housed in the Milwaukee crime laboratory. The databank is used to match DNA profiles of convicted offenders with unknown profiles collected by investigators at crime scenes. Individuals must submit a DNA specimen if they: (a) are in prison, a secured correctional facility or a secured child caring institution, or on probation, extended supervision, parole, supervision or aftercare supervision on or after August 12, 1993 for committing certain sex offenses; (b) have been found not guilty or not responsible by reason of mental disease or defect on or after August 12, 1993 and committed for committing certain sex offenses; (c) are in institutional care on or after August 12, 1993 for committing certain sex offenses; (d) have been found to be a sexually violent person under chapter 980 on or after June 2, 1994; (e) are on parole, extended supervision or probation in Wisconsin from another state on or after July 9, 1996 for a violation of a law of another state that the Department of Corrections (DOC) determines is comparable to committing certain sex offenses in Wisconsin; and (f) have been adjudicated delinquent for committing certain sex offenses. In addition, courts currently have the discretion to require DNA specimens from adult or juvenile offenders that are sentenced to prison or placed on probation or adjudicated delinquent for committing certain serious crimes against life and bodily security, sexual morality, children or certain types of property damage.

Expand the number of individuals required to submit DNA specimens for inclusion in the DNA databank to include individuals that are: (a) in prison on or after January 1, 2000 for a felony committed in Wisconsin; (b) released on parole, extended supervision or placed on probation in another state on or after January 1, 2000 and are on parole, extended supervision or probation in Wisconsin for a violation of a law in the other state that DOC determines would constitute a felony if committed by an adult in Wisconsin; and (c) sentenced or placed on probation for a felony conviction on or after January 1, 2000.

Under current law, the following individuals are assessed a \$250 DNA surcharge: (a) those sentenced to prison or placed on probation for committing certain sex offenses; and (b) those sentenced to prison or placed on probation for certain serious crimes against life and bodily security, sexual morality, children or certain types of property damage who have been ordered by the court to provide a DNA specimen. Under this provision, the \$250 DNA surcharge would continue to be assessed against sex offenders. In addition, the court may, but is not required to, impose the \$250 DNA surcharge for those who are sentenced or placed on probation for a felony conviction.

[Act 9 Sections: 2288b, 2288f, 2288h, 2288i, 2288L, 2288m, 2718yn, 2718z, 3202e, 3202f, 3202g, 3202h, 3202k, 3202L, 3202m, 3202p, 9358(5x) and 9458(2x)]

## 12. CRIME LABORATORY EQUIPMENT

PR	\$509,400
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**Governor/Legislature:** Provide \$254,700 annually in one-time funding for crime laboratory equipment maintenance and replacement. Funding would be provided to the interagency and intra-agency assistance--investigations appropriation from federal Byrne anti-drug monies and state matching penalty assessment revenues. Direct the Department of Administration to allocate \$254,700 annually from federal and state anti-drug funds received by OJA to DOJ for the purchase, maintenance and replacement of crime laboratory equipment.

[Act 9 Section: 9101(5)]

## 13. CRIME LABORATORY EQUIPMENT AND SUPPLIES APPROPRIATION [LFB Paper 187]

**Governor:** Change the program revenue appropriation for crime laboratory equipment and supplies from a biennial to an annual appropriation. In addition, transfer \$150,000 annually from the permanent property line to supplies and services to reflect equipment maintenance and repairs costs. Modify the appropriation to reflect that the penalty assessment revenues for the appropriation would be transferred from an appropriation under OJA, rather than the current penalty assessment surcharge receipts appropriation under DOJ. Under the bill, all penalty assessment revenues would initially be deposited to a newly-created appropriation under OJA. [See "Administration--Office of Justice Assistance."]

**Joint Finance/Legislature:** Modify the Governor's provision by providing that penalty assessment revenues would be transferred from DOJ's penalty assessment surcharge receipts appropriation, rather than OJA's penalty assessment appropriation, to reflect the retention of DOJ's receipt of 49.09% of penalty assessment revenues.

[Act 9 Sections: 485m, 488m and 2292m]

**14. WAUSAU CRIME LAB FIELD RESPONSE AND TRAINING [LFB Paper 188]**

Funding Positions		
PR	\$249,800	1.00

**Governor/Legislature:** Provide \$97,800 in 1999-00 and \$152,000 in 2000-01 and 1.0 forensic scientist position annually for a training and field response coordinator at the Wausau crime laboratory from the law enforcement training fund--state operations appropriation. Program revenue funding would be provided from penalty assessment revenues. The position would provide advanced-level training to law enforcement personnel regarding crime scene investigation and evidence, coordinate field response activities and perform casework.

**15. WAUSAU CRIME LABORATORY EXPANSION STUDY**

**Joint Finance/Legislature:** Direct the Department of Administration (DOA) to study the feasibility of expanding the Wausau crime laboratory, including the development of a plan to provide space for a proposed DNA/serology unit within the Wausau crime lab. Direct DOA to submit a report of the results of the study and the plan it has developed to the Legislature by December 31, 1999.

**Veto by Governor [D-12]:** Delete provision.

[Act 9 Vetoed Section: 9101(5g)]

**16. CRIME LABORATORY AND DRUG LAW ENFORCEMENT ASSESSMENT TECHNICAL CORRECTION**

**Governor/Legislature:** Make a technical correction under Chapter 800 (Municipal Court Procedure) to properly reflect that any crime laboratories and drug law enforcement assessments paid to a municipal court are to be paid to the municipal treasurer within seven days. In 1997 Act 27, a \$4 crime laboratory and law enforcement assessment was created, which is assessed whenever a court imposes a fine or forfeiture, with certain exceptions, for a violation of a state law or municipal or county ordinance. This reference was inadvertently omitted in Act 27.

[Act 9 Section: 3084]

**17. AUTOMATED FINGERPRINT IDENTIFICATION SYSTEM ADJUSTMENTS**

PR	- \$938,600
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**Governor/Legislature:** Reduce funding by \$469,300 annually to reflect the end of anti-drug law enforcement funding from OJA for the Automated Fingerprint Identification System

(AFIS). Transfer AFIS funding within DOJ to align funding with the current departmental structure. The AFIS program was created in the 1991-93 biennial budget with federal anti-drug and state matching funds provided for its purchase, start-up and operation. AFIS installation is now complete and time limitations under the federal anti-drug program preclude its continued funding of operational costs. Under the bill, operational costs related to the AFIS program would be funded through criminal history search fees, charged for criminal history searches unrelated to criminal justice or the handgun hotline. Criminal history search funding for AFIS is reflected under the standard budget adjustments.

**18. CONVERT CRIME INFORMATION BUREAU POSITIONS TO PERMANENT STATUS**

Funding Positions		
PR	\$92,600	3.00

**Governor/Legislature:** Provide \$92,600 and 3.0 financial specialist positions in 2000-01 to convert 3.0 project positions to permanent status. These project positions, which terminate on July 1, 2000, perform criminal history searches for businesses, non-profit organizations, governmental entities and the general public. Revenues are provided through fees charged for record checks, except that law enforcement agencies are not charged a fee.

**19. TIME SYSTEM DATA COMMUNICATION LINES**

PR	\$346,000
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**Governor/Legislature:** Provide \$130,400 in 1999-00 and \$215,600 in 2000-01 to replace TIME System data communication lines and upgrade the system. The Transaction Information for the Management of Enforcement network, or TIME System, provides law enforcement agencies with telecommunication services and access to criminal history records. In addition, TIME System users can immediately check the wanted status on persons or check for the stolen status on vehicles, guns, boats, articles and securities. The adjusted base for the TIME System is \$2,558,700. The Department of Administration has mandated and will implement new communications lines in 1999, which will make the TIME System part of the BadgerNet fiber optic network. The TIME System upgrade would speed transmission and allow transmission of images, such as mug shots and fingerprints. The monthly charge for the current communications line is \$400 per line. Under BadgerNet, the monthly charge is expected to be \$850 per line. These costs would be paid by TIME System users, through user fees.

**20. CONVERT TIME SYSTEM PROJECT POSITIONS TO PERMANENT**

Funding Positions		
GPR	\$181,500	3.00

**Governor/Legislature:** Provide \$25,000 in 1999-00 and \$156,500 in 2000-01 and 3.0 positions annually to make permanent three positions (a network specialist, a programmer and a planning analyst) that work with the TIME System. These

positions were authorized in April, 1996 as SEG project positions. Under 1997 Act 27 (the biennial budget act) the positions were converted to GPR funding. These project positions terminate in May, 2000. (Funding and position authority are removed as noncontinuing items under the standard budget adjustments.) Two of the positions are responsible for network and programming activities within the Bureau of Computing Services. The third position in the Crime Information Bureau is responsible for managing the informational detail on TIME System agencies, terminals, transactions and security authorizations.

**21. GPR SAVINGS TO OFFSET POSITION UPGRADES**

GPR	-\$47,000
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**Governor/Legislature:** Delete \$23,500 annually in supplies and services funding in the Bureau of Computing Services. According to the Executive Budget Book, this reduction is to offset the costs of two position upgrades.

**22. METHAMPHETAMINE NARCOTICS ENFORCEMENT POSITIONS**

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Legislature</u> <u>(Chg. to JFC)</u>		<u>Veto</u> <u>(Chg. to Leg.)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$41,600	1.00	\$346,200	3.00	-\$96,300	-1.00	\$291,500	3.00

**Governor:** Provide \$41,600 and 1.0 special agent position in 2000-01 for an additional narcotics enforcement agent in the Division of Narcotics Enforcement's (DNE) Eau Claire regional office to investigate the manufacture and trafficking of methamphetamine in northwest Wisconsin.

**Senate:** Provide \$73,600 (\$16,800 in one-time financing) and 2.0 positions (1.0 special agent and 1.0 program and planning analyst) in DNE to begin on January 1, 2001 to investigate the manufacture and trafficking of methamphetamine.

**Conference Committee/Legislature:** Delete the Senate provision. Instead, provide \$41,500 (\$11,000 in one-time financing) and 1.0 position in 1999-00 and \$19,300 in 2000-01 to move the starting date of the special agent position from January 1, 2001 to January 1, 2000. In addition, provide \$113,100 (\$27,900 in one-time financing) in 1999-00 and \$172,300 in 2000-01 and 3.0 positions annually in DNE (2.0 special agents and 1.0 program and planning analyst) to begin January 1, 2000. The positions would investigate the manufacture and trafficking of methamphetamine.

**Veto by Governor [D-14]:** Delete funding and position authority for the criminal intelligence analyst position (-\$32,100 in 1999-00 and -\$64,200 in 2000-01 and -1.0 position annually).

[Act Vetoed Section: 172 (as it relates to s. 20.455(2)(a))]

**23. DRUG ENFORCEMENT INTELLIGENCE OPERATIONS APPROPRIATION**

**Governor/Legislature:** Create an annual, program revenue appropriation for drug enforcement tactical and strategic intelligence units within the Division of Narcotics Enforcement and transfer funding of \$1,265,700 PR in 1999-00 and \$1,266,600 PR in 2000-01 and 12.0 PR positions annually from the interagency and intra-agency appropriation for anti-drug law enforcement assistance and drug investigations and analysis to this new appropriation. Funding would continue to be provided from penalty assessment revenues.

[Act 9 Sections: 489 and 542]

**24. COUNTY-TRIBAL LAW ENFORCEMENT [LFB Paper 165]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
PR REV	- \$71,900	\$11,800	- \$60,100
GPR	- \$120,000	\$0	- \$120,000
PR	<u>322,400</u>	<u>0</u>	<u>322,400</u>
Total	\$202,400	\$0	\$202,400

**Governor:** Delete \$60,000 GPR and provide \$161,200 PR annually for the county-tribal law enforcement program. Change the funding source for the program from general purpose revenues and 4.55% of penalty assessment revenues to the appropriated amounts of Indian gaming receipts. Repeal the GPR county-tribal law enforcement program appropriation and the county-tribal programs--surcharge receipts (penalty assessment) appropriations, and modify the local and state county-tribal programs program revenue appropriations to accept Indian gaming receipts, rather than penalty assessment revenues. Provide that 90% of the unencumbered balance of the county-tribal programs-surcharge receipts appropriation on the effective date of the bill be transferred to a newly-created penalty assessments appropriation under OJA. The Governor estimates that this would result in \$71,900 of penalty assessment program revenues being transferred to OJA. Transfer the 10% balance remaining in the county-tribal law enforcement penalty assessment surcharge receipts appropriation (which would be repealed) to the county-tribal programs--state operations appropriation.

Under current law, DOJ provides payments to cooperative county-tribal law enforcement programs that annually submit to DOJ joint program plans and reports on the performance of law enforcement agencies on the reservation in the previous fiscal year. Adjusted base funding is \$60,000 GPR and \$597,700 PR and 1.0 PR position. Under the bill, \$758,900 PR annually would be provided for the county-tribal programs (\$708,400 for local assistance and \$50,500 for state operations). Funding would be provided from Indian gaming receipts provided to the state under the recently completed state-tribal gaming compact amendments. [See "Administration--Division of Gaming" and "Administration -- Office of Justice Assistance."]

**Joint Finance:** Transfer 100%, rather than 90%, of the unencumbered balance of the county-tribal programs--surcharge receipts appropriation to a newly-created penalty assessment appropriation under OJA. Estimate that the amount of unencumbered balance to be transferred to the new OJA appropriation would be \$60,100.

**Senate:** Provide \$200,000 annually in Indian gaming receipts to DOJ's county-tribal programs--local assistance appropriation to provide grants to fund cooperative county-tribal law enforcement programs established by Burnett County and the St. Croix Chippewa Indian tribe and by Polk County and the St. Croix Chippewa Indian tribe. Direct DOJ to approve the joint program plans submitted to DOJ from these counties and tribe. Exempt these programs from the criteria established for current county-tribal programs. Prior to January 15 of the year for which funding is sought, require DOJ to distribute \$100,000 to each of the approved joint program plans. Require DOJ to distribute these funds only if: (a) the program uses the funds it receives for law enforcement operations; and (b) the program, prior to the receipt of the funds for the second and any subsequent year, submits a report to DOJ regarding the performance of law enforcement activities on the reservation in the previous fiscal year.

**Conference Committee/Legislature:** Include Joint Finance provision.

[Act 9 Sections: 481, 482 thru 484, 576, 577, 2295, 2299 thru 2301 and 9230(1)]

## 25. GAMING ENFORCEMENT TRAVEL EXPENSES

**Governor:** Provide \$22,500 annually in Indian gaming receipts for travel expenses incurred by the Gaming Enforcement Bureau within the Division of Criminal Investigation. The Gaming Enforcement Bureau conducts investigations in Wisconsin's casinos.

**Assembly/Legislature:** Delete \$22,500 annually in Indian gaming receipts from DOJ's gaming law enforcement; Indian gaming appropriation to reduce funding for travel expenses incurred in providing investigative services for Indian gaming.

## 26. LOTTERY BACKGROUND INVESTIGATIONS APPROPRIATION

**Governor/Legislature:** Create an annual, program revenue appropriation to deposit all monies DOJ receives from the Department of Revenue (DOR) or any state agency as payments for services provided and costs incurred by DOJ in conducting lottery background investigations. Under current law, DOJ is required to conduct background investigations of certain parties associated with the state lottery and DOR is required to reimburse DOJ for those services; however, DOJ does not have an appropriation authorized to receive the payments.

[Act 9 Section: 490]

**27. GAMING LAW ENFORCEMENT APPROPRIATIONS**

	Legislature (Chg. to Base)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$452,700	2.75	-\$226,700	0.00	\$226,000	2.75
SEG	-452,700	-2.75	0	0.00	-452,700	-2.75
Total	\$0	0.00	-\$226,700	0.00	-\$226,700	0.00

**Assembly/Legislature:** Delete \$226,000 SEG in 1999-00 and \$226,700 SEG in 2000-01 and 2.75 SEG positions annually in the Department of Justice's (DOJ) gaming law enforcement; lottery revenues appropriation. Prohibit DOJ from encumbering or expending any monies from this appropriation during the 1999-01 biennium. Create a new, annual appropriation named "gaming law enforcement" and provide \$226,000 GPR in 1999-00 and \$226,700 GPR in 2000-01 and 2.75 GPR positions annually to allow DOJ to perform its gaming law enforcement responsibilities. Prohibit DOJ from encumbering or expending any monies from this new appropriation after the effective date of the 2001-03 biennial budget act.

**Veto by Governor [F-41]:** Delete the GPR funding for gaming law enforcement in 2000-01 (-\$226,700). Delete the prohibition on DOJ from encumbering or expending any monies from the segregated appropriation during the 1999-01 biennium. In 2000-01, the 2.75 GPR positions would remain, but no funding is provided (GPR or SEG) for lottery gaming enforcement.

[Act 9 Sections: 481d and 9130(2e)]

[Act 9 Vetoed Section: 490g]

**28. MOTOR VEHICLE STOP INFORMATION**

**Senate/Legislature:** Require persons in charge of law enforcement agencies to obtain, or cause to be obtained, all of the following information with respect to a motor vehicle stop made on or after January 1, 2001, by a law enforcement officer employed by the law enforcement agency: (a) the reason for the stop; (b) the driver's age, gender and race or ethnicity; (c) the number of persons in the vehicle; (d) whether a search was conducted of the vehicle, the driver or any passenger; (e) whether the person was asked to give consent to a search of the vehicle or of his or her person but the person refused to give consent; (f) whether the stop or search resulted in written warning or citation being given to the driver or a passenger for a violation of any law or ordinance and if so, a list of each warning or citation given and the alleged violation for which the warning or citation was given; (g) whether the stop or search resulted in the driver or passenger's arrest, and if so, a list of each arrest and the reason for the arrest; (h) any other information that DOJ determines will help determine whether law enforcement officers target racial minorities when making motor vehicle stops to investigate alleged or suspected violations of federal, state or local laws or ordinances. Authorize DOJ to promulgate rules to collect such additional information.



If a search is conducted of the vehicle, driver or passenger, require persons in charge of law enforcement agencies to obtain, or cause to be obtained, the following information for each search conducted: (a) whether the search was based on probable cause or reasonable suspicion; (b) whether the person consented to the search, or in the case of a vehicle search, whether the driver or other authorized person consented to the search; (c) if the search was of a passenger of the vehicle, the age, gender and race or ethnicity of the passenger; and (d) what, if anything was seized as a result of the search.

Require DOJ to promulgate rules to implement the requirements of this provision, including rules that prescribe a form for use in obtaining the above information and establishing a schedule for law enforcement agencies to use when forwarding the information to DOJ. Require DOJ to make the form available to law enforcement agencies.

Require law enforcement agencies that collect the above information to forward the information to DOJ using the form and reporting schedule established under the rules promulgated by DOJ. Require DOJ to compile and analyze the information it receives from law enforcement agencies, along with any other relevant information, to determine whether law enforcement officers target racial minorities when making motor vehicle stops to investigate alleged or suspected violations of federal, state or local laws or ordinances.

Require DOJ to prepare an annual report that summarizes the information it receives from law enforcement agencies concerning motor vehicle stops made during the calendar year and describes DOJ's analytical methods and conclusions of its analysis of the information. On or before March 31, 2002 and on or before each March 31 thereafter, require DOJ to submit this report to the Legislature, Governor and Director of State Courts.

Define "law enforcement officer" as a person who is employed by a law enforcement agency for the purpose of detecting and preventing crime and enforcing laws or ordinances and who is authorized to make arrests for violations of the laws or ordinances the person is employed to enforce, whether that enforcement authority extends to all laws or ordinances or is limited to specific laws or ordinances. Define "motor vehicle stop" as the stop of a motor vehicle that is traveling in any public or private place, or the detention of an occupied motor vehicle that is already stopped in any public or private place, for the purpose of investigating any alleged or suspected violation of a state or federal law or city, village, town or county ordinance.

**Veto by Governor [D-10]:** Delete provision.

[Act 9 Vetoed Section: 2289t]

**29. CONVERT LEGAL STAFF FOR SEXUALLY VIOLENT PERSON COMMITMENTS TO PERMANENT STATUS**

	Governor/Jt. Finance (Chg. to Base)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$567,000	3.50	\$116,800	1.00	\$683,800	4.50

**Governor:** Provide \$283,500 and 3.5 positions annually to convert 3.5 project positions related to sexually violent commitment (Chapter 980) cases to permanent status. These positions, created in 1997 Act 27, terminate on June 30, 1999. (Funding and position authority for 4.5 project positions are removed as non-continuing items under the standard budget adjustments). The 3.5 positions include 2.0 attorney positions for the criminal appeals unit to handle appeals associated with sexually violent person (sex predator) cases; and 1.0 trial attorney position and 0.5 paralegal position to prosecute sexually violent person commitment cases. Note that 1.0 project trial attorney position, also created in Act 27, would not be converted to a permanent position and would, therefore, terminate on June 30, 1999.

**Senate/Legislature:** Provide an additional \$58,400 and 1.0 attorney position annually for the prosecution of sexually violent person commitment cases. This provision would restore the remaining 1.0 trial attorney position.

**30. INDIAN LITIGATION [LFB Paper 159]**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$0	0.00	\$174,800	2.00	\$174,800	2.00
PR	174,800	2.00	-174,800	-2.00	0	0.00
Total	\$174,800	2.00	\$0	0.00	\$174,800	2.00

**Governor:** Provide \$81,100 PR in 1999-00 and \$93,700 PR in 2000-01 and 2.0 PR positions annually (1.0 attorney and 1.0 legal secretary) in a new, annual appropriation for Indian law legal services to create an Indian law unit in the Legal Services Division. Funding for the positions would be provided from Indian gaming receipts provided to the state under the recently completed state-tribal gaming compact amendments. The Indian law unit would focus its efforts on Indian-related litigation, such as Indian reservation boundary disputes and other Indian sovereignty issues. [See "Administration--Division of Gaming."]

**Joint Finance/Legislature:** Delete \$81,100 PR in 1999-00 and \$93,700 PR in 2000-01 and 2.0 PR positions annually and associated appropriation language relating to an Indian law unit. Provide \$81,100 GPR in 1999-00 and \$93,700 GPR in 2000-01 and 2.0 GPR positions annually (1.0 attorney and 1.0 legal secretary) for Indian law legal services.

31. TELECOMMUNICATIONS POSITION FUNDING [LFB Paper 606]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
PR	-\$59,000	0.00	\$238,400	1.00	-\$238,400	- 1.00	-\$59,000	0.00

**Governor:** Delete \$45,100 in 1999-00 and \$13,900 in 2000-01 for partial funding associated with a telecommunications attorney position within the Legal Services Division. The position is scheduled to terminate on June 30, 1999. Position authority and partial funding for the position are removed as non-continuing items under the standard budget adjustments. This provision deletes the remaining appropriation authority associated with the project position. The appropriation which funds the position prohibits any funds being encumbered after June 30, 1999.

**Joint Finance:** Provide \$119,200 and 1.0 position annually to convert the current telecommunications attorney project position to permanent status. In addition, extend the June 30, 1999, sunset date to June 30, 2001, for: (a) authorization for the Public Service Commission (PSC) to assess utilities for the cost of one attorney position, including the cost of supplies, services and equipment related to the position; (b) authorization to encumber monies from the telecommunications positions appropriation; and (c) authority for the Attorney General to appear before the PSC on telecommunications matters relating to consumer protection and antitrust.

**Assembly:** Delete \$119,200 and 1.0 position annually to remove funding and position authority associated with a telecommunications attorney position. Delete statutory language which, under Joint Finance, would sunset on June 30, 2001, related to: (a) authorization for the PSC to assess utilities for the cost of one attorney position, including the cost of supplies, services and equipment related to the position; (b) authorization for the Department of Justice to encumber monies from the telecommunications positions appropriation; and (c) authority for the Attorney General to appear before the PSC on telecommunications matters relating to consumer protection and antitrust.

**Conference Committee/Legislature:** Include Joint Finance provision.

**Veto by Governor [D-11]:** Delete funding and position authority for the telecommunications attorney position (-\$119,200 and -1.0 position annually), as well as: (a) authorization for the PSC to assess utilities for the associated costs of the attorney position; and (b) extension of the authorization to encumber monies from the telecommunications positions appropriation from June 30, 1999, to June 30, 2001. The provision authorizing the Attorney General to continue to appear before the PSC on telecommunications matters relating to

consumer protection and antitrust until the newly-established sunset date of June 30, 2001, is retained.

[Act 9 Section: 2335m]

[Act 9 Vetoed Sections: 480m and 2336gm]

**32. MEDICAID PATIENT ABUSE PROSECUTOR**

**Governor/Legislature:** Provide 0.25 GPR position and \$27,400 FED and 0.75 FED position in 2000-01 for an attorney to prosecute patient abuse in Medicaid-funded facilities. Funding comes from federal Medicaid fraud control monies, which require a 25% state match. While the bill authorizes 0.25 GPR position, funding for the GPR portion of the position would need to be provided through a base budget reallocation.

	Funding	Positions
GPR	\$0	0.25
FED	<u>27,400</u>	<u>0.75</u>
Total	\$27,400	1.00

**33. LEGAL FEES CHARGED TO OTHER STATE AGENCIES [LFB Paper 607]**

**Governor:** Provide that any money received by the Department as a result of a contract or understanding between the Department and another state agency that is approved under a passive review process authorized under s. 16.505 or s. 16.515 or as part of the biennial budget act be deposited to the Department's legal services interagency and intra-agency assistance program revenue appropriation. Provide that if the authority to spend money received as the result of a contract or understanding between the Department and another state agency is not approved under a passive review process or as part of the biennial budget act, the money received must be paid into the general fund. Further, provide that an agency not enumerated under the section of the statutes concerning the duties of the Department and that does not have a contract or understanding with the Department that is approved under a passive review process or as part of the biennial budget may not be charged for legal services provided by DOJ. This provision would not affect current law provisions under which 10% of the amounts awarded to DOJ for legal actions relating to medical assistance, marketing and trade practices, trusts and monopolies and environmental cases are deposited to a legal services investigations and prosecutions program revenue appropriation, and the remainder deposited to the general fund.

**Joint Finance/Legislature:** Delete provision.

**34. PUBLIC INTERVENOR**

**Senate:** Provide \$241,400 and 2.0 attorney positions annually to DOJ's Division of Legal Services to create public intervenor positions. Provide that the public intervenor may, on his or her own initiative or upon the request of any committee of the Legislature, formally intervene in

the following proceedings whenever such intervention is needed for the protection of "public rights" in water and other natural resources: (a) navigable waters, harbors and navigation; (b) bridge and dam regulations that affect navigable waters; (c) water and sewage; (d) pollution discharge elimination; (e) air pollution; (f) solid waste facilities; (g) hazardous waste management; (h) remedial actions; (i) metallic mining; (j) nonmetallic mining reclamation (oil and gas); and (k) general environmental provisions (except servicing septic tanks, soil absorption fields, holding tanks, grease traps and privies). Require the Attorney General to designate an assistant attorney general as public intervenor.

On the effective date of the bill, transfer from DNR to DOJ the following: (a) assets and liabilities that were primarily related to the functions of the public intervenor on October 1, 1997, as determined by the Secretary of Administration; (b) tangible personal property (including records) that were primarily related to the functions of the public intervenor on October 1, 1997, as determined by the Secretary of Administration; and (c) pending matters that are primarily related to the functions of the public intervenor, as determined by the Secretary of Administration. Require that all materials submitted to or actions taken by DNR with respect to pending matters be considered as having been submitted to or taken by DOJ. In addition, transfer all contracts entered into by DNR that are in effect on the effective date of the bill and that are primarily related to the functions of the public intervenor, as determined by the Secretary of Administration, to DOJ. Direct DOJ to carry out any obligations under such a contract until the contract is modified or rescinded by DOJ to the extent allowed under the contract. Require all rules and orders promulgated or issued by DNR primarily related to the functions of the public intervenor and in effect on the effective date of the bill, as determined by the Secretary of Administration, remain in effect until the rules or orders expire or are amended, repealed, modified or rescinded by DOJ.

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

Provide that formal intervention shall include filing a statement indicating there is a formal intervention with the examiner or other person immediately in charge of the proceeding. Upon filing the statement, provide that the public intervenor be considered a party in interest with full power to present evidence, subpoena and cross-examine witnesses, submit proof, file briefs or do any other acts appropriate for a party to the proceedings.

Authorize the public intervenor to appeal from administrative rulings to the courts. In all administrative and judicial review proceedings, require that the public intervenor be identified as "public intervenor." Prohibit the public intervenor from initiating any action or proceeding concerning the issuance of state debt, revenue obligation and operating notes by the Building Commission.

Require the agency head responsible for these proceedings to give written notices of these proceedings to the public intervenor, the natural areas preservation council, and to the administrators of divisions primarily assigned the departmental functions under: (a) wild animals and plants; (b) water and sewage; (c) air pollution; (d) solid waste facilities; (e) hazardous waste management; (f) remedial actions; (g) metallic mining; (h) nonmetallic mining reclamation (oil and gas); and (i) general environmental provisions (except servicing septic tanks, soil absorption fields, holding tanks, grease traps and privies). In addition, require the public intervenor to formally intervene in these proceedings when requested to do so by the above division administrators.

Upon the request of the public intervenor, require DNR personnel to investigate, study and report on items requested by the public intervenor with regard to the above proceedings, either before or after the public intervenor's formal intervention. Require personnel from state agencies, at the public intervenor's request, to provide information, serve as witnesses in the above proceedings and cooperate in carrying out the public intervenor's functions.

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

**Conference Committee/Legislature:** Delete provision.

### 35. CONSUMER PRIVACY ADVOCATE

**Senate:** Provide \$120,000 and 1.0 attorney position annually to create a consumer privacy advocate to represent consumers' interests in issues concerning consumer privacy, including the purchase of products on the Internet and the prevention of theft of the consumer's personal identifying information. Provide that the consumer privacy advocate may, on his or her own initiative or upon the request of any committee of the Legislature, formally intervene in the following civil proceedings whenever such intervention is needed for the protection of consumers' rights to privacy, including the restriction of access to the consumer's personal identifying information and the prevention of fraudulent use of the consumer's personal identifying information on the Internet: (a) misappropriation of personal identifying information or personal identification documents; (b) fraudulent data alteration; (c) financial transaction card crimes; and (d) computer crimes. Require the Attorney General to designate an assistant attorney general as the consumer privacy advocate.

In carrying out his or her duty to protect consumers' right to privacy, authorize the consumer privacy advocate to initiate actions and proceedings before any agency or court related to consumer privacy, including initiating actions and proceedings concerning constitutionality, to present evidence and testimony and to make arguments.

Provide that formal intervention shall include filing a statement indicating there is a formal intervention with the examiner or other person immediately in charge of the proceeding. Upon filing the statement, provide that the consumer privacy advocate be considered a party in interest with full power to present evidence, subpoena and cross-examine witnesses, submit proof, file briefs or do any other acts appropriate for a party to the proceedings.

Authorize the consumer privacy advocate to appeal from administrative rulings to the courts. In all administrative and judicial review proceedings, require that the consumer privacy advocate be identified as "consumer privacy advocate." Prohibit the consumer privacy advocate from initiating any action or proceeding concerning the issuance of state debt, revenue obligation and operating notes by the Building Commission.

Require the Secretary of Administration to give the consumer privacy advocate written notices of all information technology proceedings under DOA. Require prosecutors to provide the consumer privacy advocate written notices of all proceedings involving: (a) misappropriation of personal identifying information or personal identification documents; (b) fraudulent data alteration; (c) financial transaction card crimes; and (d) computer crimes. Require that the consumer privacy advocate be provided with the minutes, reports, recommendations and any documents dealing with privacy matters provided by or to the Joint Committee on Information Policy and the standing committees of the Assembly and Senate dealing with privacy matters. Annually, require the consumer privacy advocate to report to the appropriate standing committees of the Assembly and Senate on the status of consumer privacy in Wisconsin.

Upon the request of the consumer privacy advocate, require DOA personnel to investigate, study and report on items requested by the consumer with regard to the above proceedings, either before or after the consumer privacy advocate's formal intervention. Require personnel from state agencies, at the consumer privacy advocate's request, to provide information, serve as witnesses in the above civil proceedings, and cooperate in carrying out the consumer privacy advocate's functions.

Require the Attorney General to create a consumer privacy advisory committee, consisting of seven to nine members with backgrounds or demonstrated experience in or records relating to privacy protection, record security or information technology. Require the consumer privacy advisory committee to advise the consumer privacy advocate on the advocate's duty to protect consumers' right to privacy. Require the consumer privacy committee to conduct open meetings and permit public participation and public comment on consumer privacy advocate activities.

**Conference Committee/Legislature:** Delete provision.

**36. TRANSFER STATE PROSECUTOR'S OFFICE TO THE DEPARTMENT OF JUSTICE**

**Senate:** Decrease DOA's general program operations appropriation by \$200,300 GPR and 3.5 GPR positions annually and provide \$200,300 GPR and 3.5 GPR positions annually in a new, annual appropriation in DOJ and transfer the State Prosecutor's Office from DOA to DOJ. Transfer all assets and liabilities, tangible personal property and pending matters in DOA's State Prosecutor's Office to DOJ.

Provide that all incumbent employees holding positions in DOA's State Prosecutor's Office be transferred to DOJ, and provide that all transferred employees have all the rights and the same employment status in DOJ that they enjoyed in DOA immediately before the transfer. Transfer all contracts entered into by DOA that are in effect on the effective date of the bill and that are primarily related to the general program operations of the prosecution system, as determined by the Secretary of Administration, to DOJ. Direct DOJ to carry out any obligations under such a contract until the contract is modified or rescinded by DOJ to the extent allowed under the contract. Transfer all rules and orders promulgated or issued by DOA primarily related to the general program operations of the prosecution system that are in effect on the effective date of the bill to DOJ. Require these rules and orders to remain in effect until the rules or orders expire or are amended, repealed, modified or rescinded by DOJ.

**Conference Committee/Legislature:** Delete provision.



## LEGISLATURE

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$113,377,400	\$114,959,700	\$116,324,700	\$116,432,100	\$116,432,100	\$3,054,700	2.7%
PR	<u>2,804,200</u>	<u>2,637,100</u>	<u>2,637,100</u>	<u>2,637,100</u>	<u>2,637,100</u>	<u>-167,100</u>	-6.0
<b>TOTAL</b>	<b>\$116,181,600</b>	<b>\$117,596,800</b>	<b>\$118,961,800</b>	<b>\$119,069,200</b>	<b>\$119,069,200</b>	<b>\$2,887,600</b>	<b>2.5%</b>

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	810.17	810.17	810.17	811.17	811.17	1.00
PR	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>0.00</u>
<b>TOTAL</b>	<b>829.97</b>	<b>829.97</b>	<b>829.97</b>	<b>830.97</b>	<b>830.97</b>	<b>1.00</b>

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 625]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$1,201,200	-4.00	-\$578,800	0.00	\$622,400	-4.00
PR	<u>-237,100</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>-237,100</u>	<u>0.00</u>
<b>Total</b>	<b>\$964,100</b>	<b>-4.00</b>	<b>-\$578,800</b>	<b>0.00</b>	<b>\$385,300</b>	<b>-4.00</b>

**Governor:** Provide \$558,600 GPR and -\$130,200 PR in 1999-00 and \$642,600 GPR and -\$106,900 PR in 2000-01 and -4.0 GPR positions for base budget adjustments for: (a) turnover reduction (-\$89,700 GPR annually); (b) removal of noncontinuing elements from the base (-\$207,500 GPR annually and -4.0 GPR positions); (c) full funding of continuing salaries and fringe benefits costs (\$578,500 GPR and -\$174,800 PR annually); (d) full funding of financial services charges (\$3,900 GPR and \$200 PR annually); (e) reclassifications (\$95,500 GPR and \$42,500 PR in 1999-00 and \$163,400 GPR and \$65,800 PR in 2000-01); (f) overtime (\$112,700 GPR

in 1999-00 and \$125,900 GPR in 2000-01); (g) fifth week of vacation as cash (\$59,600 GPR in 1999-00 and \$62,500 GPR in 2000-01); and (h) full funding of lease costs (\$5,600 GPR and \$1,900 PR annually).

**Joint Finance/Legislature:** Reduce full funding of salary and fringe benefits costs by \$289,400 GPR annually to reflect: (a) the deletion of \$243,600 GPR annually associated with Assembly fringe benefits funding; and (b) the deletion of \$45,800 GPR annually associated with Senate fringe benefits funding.

**2. LEGISLATIVE DOCUMENTS REESTIMATE [LFB Paper 626]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$331,600	\$1,962,800	\$1,631,200

**Governor:** Reduce the sum sufficient appropriation for legislative documents by \$165,800 annually to reflect the elimination of funds budgeted for consultant service charges for the design, development and maintenance of the Legislature's Text 2000 bill drafting system. These services would instead be provided in-house through the authorization of new IT staff positions in Legislative Technology Services Bureau (see separate entry below). The 1998-99 budgeted level for the legislative documents appropriation is \$7,996,800.

**Joint Finance/Legislature:** Increase the sum sufficient appropriation for legislative documents by \$1,765,200 in 1999-00 and \$197,600 in 2000-01, to reflect projected increased costs based on the estimated impact of new master leasing activities and inflationary increases associated with the cost of printing during the next biennium.

**3. ASSEMBLY SUPPLIES AND SERVICES INCREASES**

GPR	\$49,600
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**Governor/Legislature:** Provide \$24,800 annually to fund an increase in office account allowances for each member of the Assembly in the 1999 Legislature. In January, 1999, the Assembly office account allowance for the current two-year legislative session was increased from \$12,500 to \$13,000 for each member.

**4. INCREASED DUES PAYMENTS [LFB Paper 627]**

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Senate/Leg. (Chg. to JFC)	Net Change
GPR	\$14,900	-\$19,000	\$24,000	\$19,900

**Governor:** Reestimate the sum sufficient appropriation that supports the costs of the Legislature's membership in national organizations by \$4,900 in 1999-00 and \$10,000 in 2000-01 to fully fund projected dues in 1999-01. The 1998-99 budgeted level for the appropriation is \$155,100. Total projected membership costs for the 1999-01 fiscal biennium payable from this appropriation are projected as follows:

<u>Organization</u>	<u>Projected Dues Payments</u>	
	<u>1999-00</u>	<u>2000-01</u>
National Conference of State Legislatures	\$124,500	\$128,300
National Conference of Commissioners of Uniform State Laws	26,000	27,300
State and Local Legal Center	6,000	6,000
National Conference of Insurance Legislators	2,000	2,000
National Committee on Uniform Traffic Laws and Ordinances	1,000	1,000
National Association on Administrative Rules Review	<u>500</u>	<u>500</u>
Total	\$160,000	\$165,100

**Joint Finance:** Reduce the estimate for the Legislature's membership in national organizations sum sufficient appropriation by \$9,500 annually to reflect the elimination of dues payment amounts budgeted for the following organizations: (a) the State and Local Legal Center (-\$6,000 annually); (b) the National Committee on Uniform Traffic Laws (-\$1,000 annually); (c) the National Conference of Insurance Legislators (-\$2,000 annually); and (d) the National Association of Administrative Rules Review (-\$500 annually). Repeal the current enumeration of the National Committee on Uniform Traffic Laws under the statutory purpose of the membership in national organizations appropriation.

As a result of these modifications, \$150,500 in 1999-00 and \$155,600 in 2000-01 would remain available to provide dues payments only for the National Association of State Legislatures and the National Conference of Commissioners of Uniform State Laws.

**Senate/Legislature:** Delete the Joint Finance provision that would have eliminated the enumeration of dues payments to the National Committee on Uniform Traffic Laws and Ordinances from the statutory purposes of the Legislature's membership in national organizations appropriation. Also, increase the estimated expenditures for the Legislature's membership in national organizations sum sufficient appropriation by an additional \$12,000 annually to restore dues payments to the State and Local Legal Center (\$6,000 annually), the National Conference of Insurance Legislators (\$5,000 annually) and the National Committee on Uniform Traffic Laws and Ordinances (\$1,000 annually).

## 5. LEGISLATIVE AUDIT BUREAU -- FUNDING

PR	\$70,000
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**Governor/Legislature:** *Actuarial Audit of the WRS.* Provide one-time funding of \$60,000 in 2000-01 to permit the LAB to contract for an actuarial audit of the

Wisconsin Retirement System (WRS). Under current law, an independent actuarial audit of the WRS is required every five years. The last independent audit was conducted in 1996. The PR funding for the independent audit would be received by an assessment against the Department of Employee Trust Funds for the costs of the audit.

*Required Peer Audit Review.* Provide \$10,000 in 1999-00 to fund a federally-required external peer review of the LAB by an outside auditing agency. All audit agencies performing audits of federal programs operated by state government agencies are required by the U. S. General Accounting Office to undergo a peer audit review at least once every three years. The amounts provided would fund the expenses of the peer review team and would be supported from audit fees charged against the federal programs which are audited by the LAB.

**6. LEGISLATIVE AUDIT BUREAU -- RETAIN MUNICIPAL "BEST PRACTICES" AUDIT FUNCTION**

	Funding Positions	
GPR	\$83,400	1.00

**Assembly/Senate/Legislature:** Provide \$41,700 annually and authorize 1.0 unclassified legislative auditor position to convert an expiring project position to permanent status and maintain the Legislative Audit Bureau's municipal "best practices" audit function, which is scheduled to be repealed, effective July 1, 1999. Include statutory language making the conduct of municipal "best practices" audits a permanent function of the agency. Under this function, the State Auditor must undertake periodic reviews to: (a) examine the procedures and practices by which municipalities (counties, cities, villages or towns) deliver governmental services; (b) determine the methods of such service delivery; (c) identify variations in costs and effectiveness of such services between counties and municipalities; and (d) recommend practices to save money or provide more efficient service delivery.

[Act 9 Section: 6g]

**7. LEGISLATIVE AUDIT BUREAU -- DIRECTED AUDITS [LFB Papers 455, 560 and 711]**

**Joint Finance:** Include provisions requesting or directing the following audits:

*Audit of the UW Center for Tobacco Research.* Beginning on July 1, 2000, require the Audit Bureau to conduct a financial audit of the UW Center for Tobacco Research that would examine the use of funds appropriated from the DHFS tobacco control aids appropriation. Direct that the audit be completed by June 30, 2001.

*Audit of Medical College of Wisconsin's Tobacco Use Prevention and Cessation Activities.* Beginning on July 1, 2001, require the Audit Bureau to conduct a financial audit of the Medical College of Wisconsin's use of funds appropriated from the DHFS tobacco control aids appropriation to support tobacco use prevention and cessation activities. Direct that the audit be completed by June 30, 2002.

*Family Care Pilot Programs Evaluation.* Require the Audit Bureau to contract with an independent organization to evaluate the family care pilot programs under DHFS. Require that the evaluation address cost-effectiveness, access to services and quality of care.

*Air Management Program* Request the Joint Committee on Audit to direct the Audit Bureau to review DNR's air management programs, including a comparison of federally required aspects of the program and aspects required only by state law.

*Economic Development Audit.* Request the Joint Committee on Audit to direct the Audit Bureau to conduct an audit of economic development activities to determine whether state government: (a) has a comprehensive economic development strategy that enables the state to compete effectively; (b) has a comprehensive state development budget that accounts for development-related expenditures by various state agencies, and plans adequately for future development investments; (c) is using both tax policy and performance-based initiatives to foster and improve future competition and economic growth; (d) has existing incentive programs that complement the state's overall development goals; (e) clearly defines strategic economic development goals for the state's development finance programs and manages and monitors the programs on that basis; and (f) could effectively implement a performance-based economic development strategy.

*Audit of DHFS Milwaukee Child Welfare Services.* Request the Joint Committee on Audit to direct the Legislative Audit Bureau to review DHFS' administration of child welfare services in Milwaukee County and request that the Audit Bureau's review of Milwaukee child welfare services include an evaluation of: (a) the use of private agencies in the provision of child welfare services; (b) the provision of services to children in out-of-home care, including case management services and services provided to the children's family; (c) safety services provided to children placed in their home; and (d) use of termination of parental rights and adoption as a permanency plan goal for children in out-of-home care. Request that the Audit Bureau report its findings to the Joint Committee on Audit by January 1, 2003.

*Audit of DMA's Division of Emergency Management's Emergency Response Programs.* Request the Joint Committee on Audit to direct the Audit Bureau to perform a financial and performance audit of the emergency response programs in DMA's Division of Emergency Management. If the Committee directs the Audit Bureau to perform the audit, require submission of the audit by January 31, 2000.

**Assembly:** In addition to the Joint Finance provisions, add the following:

*Audit of Private Employer Health Care Coverage Program.* Direct the Audit Bureau to prepare a program evaluation audit of the private employer health care coverage program that would be established under Subchapter X of Chapter 40 of the statutes by January 1, 2008.

**Senate:** *Audit of Private Employer Health Care Coverage Program.* Modify the Assembly-added provision to change the reporting date for the audit to January 1, 2005.

**Conference Committee/Legislature:** *Audit of Private Employer Health Care Coverage Program.* Restore the Assembly-added provision reporting date of January 1, 2008.

**Veto by Governor [B-24]:** *Economic Development Audit.* Delete provision.

[Act 9 Sections: 4m and 9131(1g),(1t),(2g),(2t)&(3m)]

[Act 9 Vetoed Section: 9131(1x)]

**8. LEGISLATIVE COUNCIL -- AUTHORIZED POSITIONS**

	Positions
GPR	- 1.00

**Governor/Legislature:** Delete 1.0 unfunded, unclassified staff analyst position. Funding for a vacant staff analyst position was provided by 1997 Wisconsin Act 27. The Act 27 provision inadvertently provided additional, unneeded position authority for the position. This base level adjustment would delete this excess position authority.

**9. LEGISLATIVE COUNCIL -- STUDIES**

**Joint Finance:** Include provisions requesting the Legislative Council to conduct the following studies:

*Study of the Intradistrict and Interdistrict Transfer Programs.* Request the Joint Legislative Council to study the intradistrict and interdistrict (Chapter 220) transfer programs and report its findings, conclusions and recommendations to the Legislature by January 1, 2000.

**Assembly:** *Graduate Medical Education Study.* Add request that the Legislative Council to conduct a study to explore alternative funding sources to assessments imposed on hospitals to support the training of providers that serve Medical Assistance recipients or practice in areas of the state that have a shortage of health care providers. Specify that, if the Legislative Council conducts the study, it would report its findings, conclusions and recommendations to the Legislature by January 1, 2001.

**Senate:** *Study of the Intradistrict and Interdistrict Transfer Programs.* Modify Joint Finance provision to request that the Legislative Council report to the Legislature by January 1, 2001.

*Graduate Medical Education Study.* Modify Assembly provision to include a request that the Legislative Council also study the feasibility of establishing a trust fund for graduate medical education that would be a broad-based funding source for medical education, including state, federal and private funds.

**Conference Committee/Legislature:** *Study of the Intradistrict and Interdistrict Transfer Programs.* Modify Senate provision to establish a reporting date of July 1, 2001.

*Graduate Medical Education Study.* Include Senate provision expanding the scope of the requested study to include the feasibility of establishing a trust fund for graduate medical education.

[Act 9 Sections: 9131(3z)&(4c)]

**10. LEGISLATIVE REFERENCE BUREAU**

Funding Positions		
GPR	\$308,600	2.00

**Governor/Legislature:** Provide \$154,300 annually and increased position authority for 2.0 positions to provide continuation of new legislative attorney positions for the LRB which were authorized in September, 1998, by the Joint Committee on Finance. The Committee provided funding for the new positions through the end of the 1998-99 fiscal year. On-going funding and position authority for these new attorney positions were not included in the agency's adjusted base budget and therefore, must be added as a separate budget item to permit continued funding of the positions.

**11. LEGISLATIVE TECHNOLOGY SERVICES BUREAU -- IT STAFF INCREASES**

Funding Positions		
GPR	\$331,600	3.00

**Governor/Legislature:** Provide \$165,800 annually and authorize 3.0 management information specialist positions for in-house IT staff support for the Legislature's bill drafting system (Text 2000). Currently, the systems analysis, design, program development and maintenance support for the Text 2000 system is provided by contract employees, the costs of which are paid from the legislative documents appropriation. The legislative documents sum sufficient appropriation would be reestimated by -\$165,800 annually. This offsetting cost reduction is intended to reflect the elimination of an equivalent amount of consultant services charges to that appropriation for the Text 2000 consultant support functions that will instead be performed by these new positions in the Legislative Technology Services Bureau.

**12. LEGISLATIVE TECHNOLOGY SERVICES BUREAU -- COMPUTER NETWORKING EQUIPMENT FOR NON-LEGISLATIVE AGENCIES [LFB Paper 628]**

**Governor:** Authorize the Director of the Legislative Technology Services Bureau to purchase and install computer networking equipment to serve state agencies other than those in the legislative branch where such agencies are located in or adjacent to a building housing a legislative branch office and the other agency executes a lease agreement for the networking equipment with the Bureau. The Director would also be authorized to provide the associated maintenance and support services for the networking equipment. Also, create a related program revenue continuing appropriation into which all monies received from such other state

agencies for the purchase, installation, maintenance and support of computer networking equipment would be credited. Under current law, the duties of the Bureau are limited to providing and coordinating IT services to legislative branch agencies only.

**Joint Finance/Legislature:** Delete provision.

**13. RETIREMENT COMMITTEES**

GPR	\$4,200
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**Governor/Legislature:** Provide one-time funding of \$4,200 in 1999-00 for office equipment enhancements for the staff of the Retirement Research Committee and the Joint Survey Committee on Retirement Systems. The funds would be used for the purchase of a copier (\$2,000) and imaging equipment (\$2,200).

**14. REVISOR OF STATUTES**

GPR	\$3,800
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**Governor/Legislature:** Provide \$1,900 annually for: (a) additional computer training for staff; (b) travel to out-of-state conferences; and (c) a study of other states' methods of publishing their statutes and administrative codes.



## LIEUTENANT GOVERNOR

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$978,400	\$1,006,200	\$1,006,200	\$1,006,200	\$1,006,200	\$27,800	2.8%

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	7.75	7.75	7.75	7.75	7.75	0.00

### Budget Change Item

#### 1. STANDARD BUDGET ADJUSTMENTS

GPR	\$27,800
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**Governor/Legislature:** Provide \$13,900 annually for standard budget adjustments for: (a) full funding of continuing salaries and fringe benefits costs (\$13,700); and (b) full funding of financial services charges (\$200).

## LOWER WISCONSIN STATE RIVERWAY BOARD

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
SEG	\$238,400	\$251,200	\$251,200	\$251,200	\$251,200	\$12,800	5.4%

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
SEG	2.00	2.00	2.00	2.00	2.00	0.00

### Budget Change Item

#### 1. STANDARD BUDGET ADJUSTMENTS

SEG	\$12,800
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**Governor/Legislature:** Provide \$6,400 annually (\$4,800 from the water resources account and \$1,600 from the forestry account of the conservation fund) for base adjustments for: (a) full funding of salary and fringe benefits (\$6,300 annually); and (b) full funding of financial service charges (\$100 annually).

## MARQUETTE DENTAL SCHOOL

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$8,055,000	\$8,055,000	\$8,055,000	\$8,055,000	\$8,055,000	\$0	0.0%

<b>FTE Position Summary</b>
<p>Because the Marquette Dental School is a private school, the state does not budget nonstate revenues or authorize positions of the School.</p>

### Budget Change Items

#### 1. STATE FUNDING

**Governor/Legislature:** Base level funding amounts provided by the Governor are shown under Marquette Dental School for information purposes only. Marquette Dental School receives its state funding through an appropriation in the Department of Health and Family Services (DHFS) with base level of \$2,860,500 annually and the Higher Educational Aids Board (HEAB) with base level of \$1,167,000 annually. Funding from DHFS is used to provide dental services to low-income individuals. The funding from HEAB provides annual capitation payments of \$11,670 to 100 Wisconsin residents enrolled as full-time students at Marquette Dental School.

#### 2. LOCATION OF SERVICES PROVIDED USING GRANTS FOR DENTAL SERVICE

**Joint Finance/Legislature:** Require the Department of Health and Family Services (DHFS) to provide funding to the Marquette University School of Dentistry (MUSOD) for clinical education of MUSOD students through the provision of dental services by MUSOD students and faculty to inmates in correctional centers in Milwaukee County, in clinics in the City of

Milwaukee and in underserved areas and populations in the state as determined by DHFS in conjunction with MUSOD.

Under current law, MUSOD is required to provide dental services in Waushara County and Monroe County, in correctional centers in Milwaukee County and in clinics in the City of Milwaukee. Currently, MUSOD provides dental services to low-income individuals through partnerships with five local health clinics with \$2,860,500 GPR annually of base funding. Three of these clinics are in the City of Milwaukee: Main Clinic at MUSOD, the Johnston Community Health Center and the Isaac Coggs Community Health Center. The two other clinics are located in the rural area of Wautoma (Waushara County) and Cashton (Monroe County).

[Act 9 Section: 2400h]

## MEDICAL COLLEGE OF WISCONSIN

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$15,810,200	\$16,298,000	\$15,298,000	\$15,298,000	\$15,298,000	-\$512,200	-3.2%
PR	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	N.A.
<b>Total</b>	<b>\$15,810,200</b>	<b>\$16,298,000</b>	<b>\$15,798,000</b>	<b>\$15,798,000</b>	<b>\$15,798,000</b>	<b>-\$12,200</b>	<b>-0.1%</b>

<b>FTE Position Summary</b>
<p>Because Medical College is a private, state-aided institution, the state does not budget nonstate revenues or authorize positions of the College.</p>

### Budget Change Items

**1. PREVENTION AND STUDY OF TOBACCO-RELATED ILLNESSES [LFB Paper 455]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,000,000	-\$1,000,000	\$0
PR	<u>0</u>	<u>500,000</u>	<u>500,000</u>
<b>Total</b>	<b>\$1,000,000</b>	<b>-\$500,000</b>	<b>\$500,000</b>

**Governor:** Provide \$500,000 annually in a new, annual appropriation for the study and prevention of tobacco-related illnesses. The Executive Budget Book indicates that the Medical College of Wisconsin (MCW) would use the funding to conduct cancer research and for smoking prevention programs and that funding for this appropriation would be from funds received from the state's tobacco litigation settlement.

**Joint Finance/Legislature:** Delete the Governor's provision and instead provide \$500,000 PR in 2000-01, in a new PR appropriation for tobacco use prevention and cessation activities. This PR appropriation under MCW would draw its revenues from the segregated tobacco control aids appropriation under the Department of Health and Family Services (DHFS) and

would be allocated \$500,000 in 2000-01 and annually thereafter. In addition, beginning on July 1, 2001, require the Legislative Audit Bureau to conduct a financial audit of the Medical College of Wisconsin that would examine its use of funds received from the DHFS tobacco control aids appropriation. Require the Legislative Audit Bureau to complete the audit by June 30, 2002.

[Act 9 Sections: 250m, 2486g and 9131(2g)]

2. **AREA HEALTH EDUCATION CENTERS** [LFB Paper 992]

GPR	- \$800,000
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**Governor:** Transfer \$400,000 annually from the Area Health Education Centers (AHEC) appropriation under the MCW to the University of Wisconsin System (UW) appropriation for AHECs. Delete the AHEC appropriation under the MCW and specify statutorily that funding under the UW AHEC appropriation would be used to operate and implement jointly with MCW AHEC centers and projects. The fiscal effect of the UW AHEC funding increase is shown under "University of Wisconsin System."

In 1998-99, a total of \$800,000 GPR is appropriated for AHECs, with \$400,000 GPR under both MCW and UW System. AHECs are regional centers designed to improve access to primary care health service in underserved rural and inner-city areas. AHECs work to increase access to health care for low-income citizens and provide community-based primary care training programs for medical, nursing, dentistry, allied health and pharmacy students. The four regional AHECs each serve a specific geographic region of the state, including northern, southwestern, eastern and the Milwaukee area.

**Joint Finance/Legislature:** Specify that beginning October 1, 1999, the Board of Regents of the UW System would solely operate and implement AHEC centers and projects.

[Act 9 Sections: 249 and 285]

3. **DEBT SERVICE REESTIMATE** [LFB Paper 245]

GPR	\$287,800
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**Governor/Legislature:** Reestimate debt service costs by \$157,200 in 1999-00 and \$130,600 in 2000-01 from the base level of \$28,100. The increase is attributable to the sale of \$2.0 million in bonds in 1998 which was authorized in the 1993 Act 16 to aid in the construction of a basic science education facility and in the funding of a health information technology center.

## MILITARY AFFAIRS

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$35,851,600	\$36,114,200	\$37,246,300	\$37,356,300	\$37,356,300	\$1,504,700	4.2%
FED	59,974,800	57,701,000	57,701,000	57,701,000	57,701,000	-2,273,800	-3.8
PR	7,089,400	7,573,000	7,184,600	7,184,600	7,184,600	95,200	1.3
SEG	<u>1,083,200</u>	<u>943,600</u>	<u>943,600</u>	<u>943,600</u>	<u>943,600</u>	<u>-139,600</u>	<u>-12.9</u>
<b>TOTAL</b>	<b>\$103,999,000</b>	<b>\$102,331,800</b>	<b>\$103,075,500</b>	<b>\$103,185,500</b>	<b>\$103,185,500</b>	<b>-\$813,500</b>	<b>-0.8%</b>

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	119.08	122.90	122.90	123.65	123.65	4.57
FED	239.81	233.38	233.38	233.38	233.38	-6.43
PR	<u>26.25</u>	<u>28.25</u>	<u>28.25</u>	<u>28.50</u>	<u>28.50</u>	<u>2.25</u>
<b>TOTAL</b>	<b>385.14</b>	<b>384.53</b>	<b>384.53</b>	<b>385.53</b>	<b>385.53</b>	<b>0.39</b>

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS

**Governor/Legislature:** Request adjustments totaling \$214,900 GPR, -\$744,100 FED, -\$193,800 PR, and \$700 SEG annually for: (a) turnover reductions (-\$84,800 GPR and -\$163,300 FED); (b) removal of non-continuing elements from the base (-\$658,200 FED, -\$196,300 PR, and -0.25 GPR position); (c) full funding of salary and fringe benefit costs (\$241,100 GPR, -\$311,000 FED and -\$50,700 PR); (d) full funding of financial services charges (\$7,600 GPR, \$5,800 FED, \$2,800 PR, and \$700 SEG); (e) reclassifications (\$1,200 GPR); (f) overtime (\$35,700 GPR, \$294,800 FED, and \$38,900 PR); (g) night and weekend differential (\$3,700 GPR, \$78,700 FED, and \$7,800 PR); fifth week of vacation as cash (\$10,400 GPR, \$9,100 FED and \$3,700 PR); and minor transfers within the same appropriation (no net

	Funding Positions	
GPR	\$429,800	-0.25
FED	-1,488,200	0.00
PR	-387,600	0.00
SEG	<u>1,400</u>	<u>0.00</u>
<b>Total</b>	<b>-\$1,444,600</b>	<b>-0.25</b>

fiscal effect; however, this involves a shift within the same PR appropriation of \$61,900 from unallocated reserve and \$18,100 from supplies and services to provide \$61,900 for salaries and \$18,100 in fringe benefits for LTEs for housekeeping at the Wisconsin Military Academy).

**2. BASE LEVEL FUNDING REDUCTION**

GPR	- \$216,800
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**Governor/Legislature:** Reduce base level funding in three of the agency's GPR appropriations by a total of \$108,400 annually to make permanent a 2% annual lapse requirement imposed by 1997 Wisconsin Act 27. Reductions would be made in the agency's: (a) general program operations appropriation (-\$79,100 annually); (b) energy costs appropriation (-\$18,700 annually); and (c) emergency response training appropriation (-\$10,600 annually).

**3. NON-RECURRING INFORMATION TECHNOLOGY COSTS**

FED	- \$77,400
PR	- 68,600
Total	- \$146,000

**Governor/Legislature:** Decrease funding by \$38,700 FED and \$34,300 PR annually related to removing one-time funding for information technology initiatives that was used to bring the Department's computer systems up to a common statewide standard. Of the annual total, -\$36,600 (-\$23,800 FED and -\$12,800 PR) is related to lower usage of DOA for support and technical assistance and -\$36,400 (-\$14,900 FED and -\$21,500 PR) is related to the end of master lease funding used to purchase new hardware and software to meet the standards.

**4. SAFETY OFFICER POSITION**

	Funding	Positions
GPR	\$36,800	0.40

**Governor/Legislature:** Provide \$15,800 GPR in 1999-00 and \$21,000 GPR in 2000-01 and a 0.4 GPR position authorization for a safety officer position (administrative officer 1). This position would develop a written health and safety program for agency employees. The Department of Military Affairs (DMA) plans to locate the individual in Madison and share the safety officer with DATCP (which would fund the other 60% of a full-time position). The safety program is designed to bring DMA into compliance with Executive Order 194, comprehensive written health and safety programs to promote health and safety awareness and safe work practices and reduce worker compensation claims.

**5. YOUTH CHALLENGE PROGRAM**

	Funding	Positions
GPR	\$420,000	4.30
FED	- 420,000	- 4.30
Total	\$0	0.00

**Governor/Legislature:** Provide \$140,000 GPR and -\$140,000 FED in 1999-00 and \$280,000 GPR and -\$280,000 FED in 2000-01 for the youth challenge program. The increased GPR funding is required because the current federal match of 70% decreases to 65% in FY 1999-00 and to 60% in



FY 2000-01. This will then be the ongoing federal match rate. Also, shift a total of 4.30 existing positions from FED to GPR funding (2.15 positions in 1999-00 and an additional 2.15 positions in 2000-01).

The youth challenge program is a 22-week residential program for youth aged 16 to 18 who are high school dropouts or habitual truants who will not graduate from high school. The goal of the youth challenge program is to aid these youth in learning life skills, increasing employment potential, and preparing for the high school equivalency degree exam. The program was originally authorized in 1997 Act 237. DMA was appropriated \$700,000 GPR and \$2,100,000 FED and authorized 43 positions for the program in 1998-99. Total funding for the program would be \$843,700 GPR and \$1,971,000 FED in 1999-01 and \$983,700 GPR and \$1,831,000 FED in 2000-01.

**6. BADGER CHALLENGE PROGRAM [LFB Paper 1114]**

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$665,400	0.00	\$548,900	0.00	\$0	0.75	-\$116,500	0.75
PR	<u>665,400</u>	<u>0.00</u>	<u>-548,900</u>	<u>0.00</u>	<u>0</u>	<u>0.25</u>	<u>116,500</u>	<u>0.25</u>
Total	\$0	0.00	\$0	0.00	\$0	1.00	\$0	1.00

**Governor:** Shift funds for the Badger Challenge program from GPR to PR funding. A new program revenue appropriation would be created and the source of the program revenue funding would be the federal temporary assistance for needy families (TANF) program. Further, restrict eligibility for the Badger Challenge program to disadvantaged youth that are members of families who would be eligible to receive TANF funding. Federal law and proposed regulations describe who may be eligible for TANF funded benefits and services, and under what conditions. In general, in Wisconsin, TANF funds may be spend on families whose income is below 200% of the federal poverty level. In addition, TANF-eligible families generally must include a minor child or pregnant individual.

Under current law, the Badger Challenge program, located at Fort McCoy, is a two-phase program for "at risk" 14-16 year-olds. Eligibility is open to any youth who is at risk of dropping out of school regardless of income. Phase I consists of a six week residential stay where cadets participate in activities to improve anger management, teamwork, leadership, following and personal growth. Phase II consists of post-residential mentoring with community volunteers. In 1998-99, \$330,000 GPR was provided for the program.

**Joint Finance:** Modify the Governor's recommendation by increasing funding by \$299,400 GPR in 1990-00 and by \$249,500 GPR in 2000-01 and deleting \$299,400 PR in 1999-00 and \$249,500 PR in 2000-01 to reflect a partial shift to TANF funding for the Badger Challenge program. This shift is equivalent to a cadet class of 10% TANF eligible participants in the first year and 25% in the second year. Amend the Governor's language regarding eligibility for the

Badger Challenge project to direct DMA to recruit at least this percentage of TANF eligible participants in each year.

**Assembly/Senate/Legislature:** Modify the Joint Finance provision by authorizing 1.0 position (0.90 GPR and 0.10 PR) in 1999-00 to provide a mentorship coordinator for the cadets that graduate from the Badger Challenge Program. The position would be funded, from funds already in the budget, proportional to the total amount of GPR and PR (TANF) provided for the program. In the second year of the biennium, the funding proportions for the position would shift to 75% GPR and 25% PR (TANF) and the position authority would be adjusted accordingly. As part of the program, graduates are paired with mentors in their communities who meet with the youths periodically for one-year after completing the course. This position would coordinate these activities in the various communities where Badger Challenge Program graduates are located.

[Act 9 Sections: 475, 498, 655, 1278g and 9135(2e)]

**7. FACILITIES OPERATION AND MAINTENANCE COSTS**

GPR	\$11,200
FED	58,600
PR	<u>271,200</u>
Total	\$341,000

**Governor/Legislature:** Request \$5,600 GPR, \$29,300 FED, and \$135,600 PR annually for increased operation and maintenance costs at Wisconsin National Guard armories and other DMA facilities. Funding is requested for: (a) contracting of custodial services for a new organizational maintenance shop in Hayward (\$5,600 GPR and \$29,300 FED annually); and (b) increasing the level of expenditures from a separate, program revenue appropriation established to supplement DMA's state GPR budget for repair and maintenance of DMA armories and other facilities from \$673,000 to \$808,600 (\$135,600 PR annually). Revenues from this program come from armory rentals to community groups, the provision of housing related to military personnel, and the proceeds from the sale of armories or other property; the last armory sale was in 1997-98 when the Whitefish Bay armory was sold for \$475,000. Under the federal Defense Act of 1950, it is the state's responsibility to maintain and operate military facilities for the training and administration of state national guard units. Currently, the Department is responsible for the operation and maintenance of 371 facilities, of which 290 are state-owned and 81 are federally-owned.

**8. DEBT SERVICE REESTIMATE [LFB Paper 245]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$109,400	\$422,400	\$531,800

**Governor:** Provide \$23,100 in 1999-00 and \$86,300 in 2000-01 for estimated increased debt service costs related to National Guard facilities operated by DMA.

**Joint Finance/Legislature:** Modify the Governor's recommendation by providing an additional \$300,700 in 1999-00 and \$121,700 in 2000-01 for a reestimate of the increased debt service costs related to National Guard facilities operated by DMA.

**9. CAMP WILLIAMS STOREKEEPER POSITION**

**Governor/Legislature:** Convert the funding and position authority for the Camp Williams storekeeper position from a GPR and federal funded position (-\$19,900 GPR, and -\$11,900 FED annually and -0.625 GPR and -0.375 FED position) to a PR funded position (\$31,800 PR annually and 1.0 PR position). This shift is in response to a Legislative Audit Bureau study that found the current attribution of costs for the storekeeper's activities as insupportable for the federal funding. The storekeeper operates a consolidated state warehouse where supplies are shipped to various military facilities across the state. Users of the warehouse services would be charged to provide the program revenues for the costs of the conversion of the storekeeper position to PR funding.

	Funding	Positions
GPR	-\$39,800	- 0.63
FED	- 23,800	- 0.37
PR	<u>63,600</u>	<u>1.00</u>
Total	\$0	0.00

**10. MILITARY ACADEMY NIGHT AUDITOR POSITION**

**Governor/Legislature:** Convert a total federally-funded night auditor position (financial specialist) to be split funded between PR (billeting revenues) and FED funding. Provide \$17,000 PR annually and delete \$17,000 FED annually and shift 0.5 FED position to PR. The night auditor operates the front desk of the dormitory facilities at Wisconsin Military Academy. Originally, the position was classified as a security position and funded entirely through entirely federal funds. The change is necessary because the position has dual responsibilities of security and financial activities, such as accounting for daily receipts but federal funding is available only for the security aspects of the position.

	Funding	Positions
FED	-\$34,000	- 0.50
PR	<u>34,000</u>	<u>0.50</u>
Total	\$0	0.00

**11. MILITARY ACADEMY HOUSEKEEPING SUPERVISOR POSITION**

**Governor/Legislature:** Provide \$15,600 FED and \$15,600 PR annually and 1.0 housekeeping services supervisor position (0.5 FED and 0.5 PR) at the Wisconsin Military Academy and delete \$17,900 PR annually and 0.75 custodian position to provide the Academy with a full-time supervisory position for all custodial activities in the Academy's federally-supported areas.

	Funding	Positions
FED	\$31,200	0.50
PR	- 4,600	- 0.25
Total	\$26,600	0.25

**12. FUNDING FOR LEVEL A HAZARDOUS MATERIALS  
RESPONSE TEAMS [LFB Paper 635]**

GPR	\$177,400
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**Governor:** Provide \$177,400 in 1999-00 to extend allow extension of contracts with certain Level A hazardous material response teams until June 30, 2000. 1991 Wisconsin Act 104 required the establishment of regional response teams to assist in emergency response to Level A releases of hazardous materials. With base level funding of \$1,400,000 this would provide a total of \$1,577,400 in 1999-00 for the funding of contracts.

Currently, the Division of Emergency Management (DEM) has contracts with eight regional teams to respond to any Level A hazardous materials release emergencies. These contracts have staggered expiration dates depending on when they were originally signed. Two of the original contracts expired in 1997-98, but at the direction of the Joint Committee on Finance these contracts were extended for one year. Under current law, five of these contracts will expire at the end of fiscal year 1998-99 and the remaining three existing contracts will expire at the end of fiscal year 1999-00. The recommended additional funding in 1999-00 is to extend the five contracts that expire in 1998-99 for another year so that all contracts will then uniformly expire at end of fiscal year 1999-00. The Executive Budget Book indicates that this would then allow DEM to review the program to ensure that new contracts beginning in the fiscal year 2000-01 are adjusted to provide further efficiencies, economies of scale and allow the Division to renegotiate all the contracts at the same time. No additional funding above the \$1,400,000 base level funding is requested in 2000-01.

**Joint Finance:** Modify the Governor's recommendation by repealing current statutory language which authorize DMA to request approval of additional funding for the Level A contracts when DMA notifies the Joint Finance Committee of proposed new, renewed, or extended contracts for the Level A teams. Under this change, if additional funding was required for this program, DMA would have to separately request additional funding under the s. 13.10 process.

**Assembly/Legislature:** Include Joint Finance position. In addition, require the Division of Emergency Management (DEM), beginning in July 1, 2001, to contract for a ninth regional emergency response team that is to be located in La Crosse County to respond to Level A hazardous materials releases. Also, amend the current statutory requirement permitting DEM to contract with from the seven to nine Level A team contracts to instead provide that DEM must contract with a total of nine teams. No additional funding is provided in this budget for this ninth team since the requirement to contract with this ninth team would not begin until July 1, 2001, which would be in the next fiscal biennium (the 2001-03 biennial budget). DEM currently contracts with a total of eight teams and new contracts with these existing teams will be negotiated for a period beginning after June 30, 2000.

**Veto by Governor [E-14]:** Delete the specific requirement that DMA contract with nine teams to instead provide the Division shall contract with no more than nine teams. The July 1, 2001, deadline for establishment of the ninth team (currently there are eight teams) and the

requirement that one team shall be located in La Crosse County are not affected by the partial veto.

[Act 9 Sections: 2303b and 2303d]

[Act 9 Vetoed Section: 2303b]

### 13. EMERGENCY RESPONSE SUPPLEMENT LAPSE [LFB Paper 636]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. To Gov)	Net Change
GPR-Lapse	\$177,400	\$126,500	\$303,900

**Governor:** Require a lapse from the emergency response supplement appropriation to the general fund of \$177,400 on the general effective date of the bill. This appropriation is a GPR continuing appropriation and exists for the purpose of reimbursing regional response (Level A) teams and local (Level B) response teams for costs incurred in responding to hazardous substance releases. The appropriation may be used to provide reimbursement to a Level A teams for costs incurred in responding to Level A hazardous substances releases where those costs are not recovered from the persons responsible for the hazardous substance releases. In addition, the appropriation may also be used to reimburse local agency (Level B) teams for the costs of initial responses to hazardous substances discharges (releases), to the extent such costs are not recovered from the persons responsible for the releases of the hazardous substances. The June 30, 1999, balance in this appropriation is estimated to be approximately \$373,900.

**Joint Finance/Legislature:** Modify the Governor's recommendation by requiring a total GPR-lapse of \$303,900 in 1999-00, an increase of \$126,500 above the Governor's recommendation.

[Act 9 Section: 9235(1)]

### 14. AUDIT OF EMERGENCY RESPONSE PROGRAMS

**Joint Finance/Legislature:** Include non-statutory language requesting the Joint Legislative Audit Committee to direct the Legislative Audit Bureau to perform a financial and performance audit of the Division of Emergency Management emergency response programs by January 31, 2000. The audit would include all emergency response programs funded from the following appropriations: (a) regional response teams; (b) hazardous substance emergency response: administration; (c) emergency response equipment; (d) emergency response supplement; (e) emergency response training; (f) regional emergency response reimbursement; and (g) emergency response training - environmental fund.

[Act 9 Section: 9131(1g)]

**15. FEDERAL FUNDING DECREASE**

Funding Positions		
FED	-\$320,200	- 1.75

**Governor/Legislature:** Delete \$144,700 FED and 2.0 positions in 1999-00 and \$175,500 FED and 1.75 positions in 2000-01 due to an increased match requirement for federal funding. Beginning October 1, 1999, the Federal Emergency Management Agency will require 50% state matching funds for certain state emergency management programs that are currently funded 100% from federal funds. Among the programs that will be subject to state matching requirements are: (a) the emergency management training program which provides funding and guidance for the Division of Emergency Management's training activities for local governments; (b) the exercise training program which assists local governments in preparing for responses to catastrophic events; (c) the population protection planning program which works on updating county and state emergency operations plans; and (d) the state hazard mitigation planning program.

**16. OFFSETS TO FEDERAL FUNDING REDUCTION [LFB Paper 637]**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	-\$6,800	2.00	\$160,500	0.00	\$153,700	2.00
SEG	- 141,000	0.00	0	0.00	- 141,000	0.00
Total	-\$147,800	2.00	\$160,500	0.00	\$12,700	2.00

**Governor:** *Use of SARA Funds.* Provide 2.0 PR positions and allow the Division of Emergency Management to retain base level Superfund Amendment and Reauthorization Act (SARA) funds that previously were transferred to DNR to fund an oil spill coordinator position in that agency. Provide a technical reduction of \$3,400 PR annually. [Note: DOA budget staff indicate that the Governor's intent was that funding for these positions should also be provided, but expenditure authority was inadvertently not included in the budget. The assumed base funding from SARA that would need to be made available to accomplish the Governor's intent would be \$68,800 PR in 1999-00 and \$70,900 PR in 2000-01.]

*Reduce Environmental Fund Support.* Reduce funding for hazardous substances emergency response training by \$74,900 SEG in 1999-00 and \$66,100 SEG in 2000-01. These funds were previously used for local government training activities and derive from the DNR environmental fund. Base level funding of \$1,000 SEG in 1999-00 and \$9,800 SEG in 2000-01 would remain in the appropriation under the Governor's recommendation.

**Joint Finance/Legislature:** Modify the Governor's recommendation to provide \$69,800 PR in 1999-00 and \$90,700 PR in 2000-01 to fund the two positions authorized under the Governor's recommendation but for which funding was not provided in the bill.

**17. ELIMINATE FINANCIAL ANALYST POSITION**

**Governor/Legislature:** Reduce funding by \$55,300 annually and delete 1.0 vacant financial analyst position from the Division of Emergency Management. The reduction consists of: (a) -\$30,300 annually for salaries and fringe benefits for the financial analyst position; and (b) -\$25,000 annually for supplies and services. Funding for this position comes from federal Superfund Amendment and Reauthorization Act (SARA) funds.

Funding Positions		
PR	-\$110,600	- 1.00

**18. RADIOLOGICAL EMERGENCY PLANNING PROGRAM**

**Governor/Legislature:** Provide \$17,300 in 1999-00 and \$10,300 in 2000-01 and delete 0.25 FTE for the following adjustments to radiological emergency planning (REP) program: (a) increased costs associated with a contract with DHFS to provide radiological monitoring services (\$7,200 in 1999-00 and \$13,000 in 2000-01); (b) increased charges to the program for the Division of Emergency Management administrator's salary (\$10,100 annually); (c) a decrease in the funding and position authority for the Division's public information officer attributed to this program (-\$12,800 and -0.25 position in 2000-01).

Funding Positions		
PR	\$27,600	- 0.25

The REP program assists in the development and monitoring of emergency planning activities regarding evacuation and containment of any releases from participating nuclear power plants. Funding for this program comes from fees paid by a consortium of four utilities that operate nuclear power plants in or within 100 miles of Wisconsin's borders. These utilities are Wisconsin Electric Power Co., Wisconsin Public Service, Northern States Power, and Commonwealth-Edison. Expenditure decreases are associated with the withdrawal from the program of the Commonwealth-Edison utility due to the closure of its nuclear power plant in Zion, Illinois.

**19. REPEAL HAZARDOUS MATERIALS TRANSPORTATION REGISTRATION FEES**

**Governor/Legislature:** Repeal the requirement for Division of Emergency Management to promulgate rules specifying the amount of fees to be paid by individuals who are required to file statements with the federal Department of Transportation regarding hazardous materials transportation. The state Department of Transportation is currently responsible for the collection of such fees. For more detail on the repeal of the fee and hazardous materials transportation see "Department of Transportation."

[Act 9 Section: 2303]

**20. TUITION GRANT PROGRAM FUNDING [LFB Paper 638]**

**Joint Finance:** Include a session law requirement that DMA submit a request for additional funding under s. 13.10 for the payment of national guard tuition grants if the Department determines that the amount appropriated is anticipated to be insufficient to fully fund the eligible tuition costs under the program in either fiscal year.

**Senate/Legislature:** Include Joint Finance provision. In addition, change the appropriation for the National Guard tuition grant program from an annual appropriation to a biennial appropriation. Under an annual appropriation, any monies for this program that are not expended or encumbered at the end of a fiscal year lapse to the general fund. Under a biennial appropriation, no funds would lapse until the end of the biennium and although annual levels of spending are indicated in the appropriations schedule, DMA could spend any amount in either year of the biennium up to the total amount appropriated for the biennium.

[Act 9 Sections: 496s and 9135(1z)]

**21. DISASTER RECOVERY AIDS PROGRAM [LFB Paper 639]**

GPR	\$160,800
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**Joint Finance/Legislature:** Provide an additional \$153,900 in 1999-00 and \$6,900 in 2000-01 for a re-estimate of the Division of Emergency Management disaster recovery aids program expenditures. Under the change, total expenditures would be estimated at \$1,035,100 in 1999-00 and \$888,100 in 2000-01.

**22. FEDERALIZE WISCONSIN REPORTING REQUIREMENTS**

**Joint Finance/Legislature:** Require the Division of Emergency Management to adopt the Federal EPCRA (Emergency Planning and Community Right-to-Know Act) reporting requirements for retail gas stations. Under this change, the material safety data sheets (which contain information on the chemical composition of certain stored substances and their hazards) would only be required to be filed by retail facilities that have more than 75,000 gallons of gasoline or 100,000 gallons of diesel fuel stored underground.

[Act 9 Section: 2302m]

**23. CIVIL AIR PATROL EQUIPMENT**

	Legislature (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR	\$110,000	\$0	\$110,000
GPR-Lapse	\$0	\$110,000	\$110,000



**Assembly/Legislature:** Provide \$110,000 in 1999-00 to the Division of Emergency Management's general program operations appropriation for the purpose of purchasing infrared optical equipment to search for individuals that are lost. Require the Adjutant General to purchase the infrared optical equipment, at a cost not to exceed \$110,000, and specify that the equipment be located and maintained by the Chippewa County emergency management agency and be used by the civil air patrol to search for lost individuals.

**Veto by Governor [E-15]:** Delete the statutory language earmarking the purpose for the funds. However, no change is made to the agency appropriation which contains the funding. In his veto message, the Governor indicates that he is requesting the DOA Secretary to place the \$110,000 in unallotted reserve for lapse to the general fund.

[Act 9 Vetoed Section: 2301m]

## MINNESOTA-WISCONSIN BOUNDARY AREA COMMISSION

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled Amount	Percent
PR	\$180,000	\$0	\$0	\$0	\$0	-\$180,000	- 100.0%
SEG	<u>348,200</u>	<u>0</u>	<u>371,000</u>	<u>371,000</u>	<u>371,000</u>	<u>22,800</u>	6.5
<b>TOTAL</b>	<b>\$528,200</b>	<b>\$0</b>	<b>\$371,000</b>	<b>\$371,000</b>	<b>\$371,000</b>	<b>-\$157,200</b>	<b>- 29.8%</b>

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

### Budget Change Item

#### 1. WITHDRAWAL FROM BOUNDARY AREA COMMISSION [LFB Paper 645]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	-\$180,000	\$0	-\$180,000
SEG	<u>- 348,200</u>	<u>371,000</u>	<u>22,800</u>
<b>Total</b>	<b>-\$528,200</b>	<b>\$371,000</b>	<b>-\$157,200</b>

**Governor:** Delete annual base funding of \$90,000 PR and \$174,100 SEG from the water resources account of the conservation fund and withdraw Wisconsin from the Minnesota-Wisconsin Boundary Area Commission. Delete the statutory references to Wisconsin representation on the Commission, the advisory committees related to the Commission and the Commission's appropriation structure. Require the Governor to inform the Governor of Minnesota of Wisconsin's withdrawal no later than ten days after the effective date of the bill.

**Joint Finance:** Delete provisions. Rather, provide \$183,000 SEG in 1999-00 and \$188,000 SEG in 2000-01 from the water resources account for continued operation of the Commission. In addition, specify that the total amount of funding expended by Wisconsin for the Commission may not exceed the total amount expended by Minnesota in the same fiscal year.

**Assembly:** Delete \$183,000 in 1999-00 and \$188,000 in 2000-01 from the water resources account and restore the Governor's recommendation to delete funding for, and withdraw Wisconsin from, the Minnesota-Wisconsin Boundary Area Commission.

**Conference Committee/Legislature:** Include Joint Finance provision.

[Act 9 Sections: 12e, 12g and 303g]

## MISCELLANEOUS APPROPRIATIONS

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$145,038,400	\$154,173,100	\$155,973,100	\$139,773,100	\$139,773,100	-\$5,265,300	- 3.6%
SEG	<u>30,179,200</u>	<u>30,584,000</u>	<u>32,379,300</u>	<u>32,379,300</u>	<u>32,379,300</u>	<u>2,200,100</u>	7.3
<b>TOTAL</b>	<b>\$175,217,600</b>	<b>\$184,757,100</b>	<b>\$188,352,400</b>	<b>\$172,152,400</b>	<b>\$172,152,400</b>	<b>-\$3,065,200</b>	<b>- 1.7%</b>

<b>FTE Position Summary</b>
<p>There are no authorized positions for Miscellaneous Appropriations.</p>

### Budget Change Items

#### 1. OPERATING NOTE INTEREST -- COST ESTIMATE

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	-\$2,200,000	-\$16,200,000	-\$18,400,000

**Governor:** Reduce funding by \$4,600,000 in 1999-00 and increase funding by \$2,400,000 in 2000-01 for estimated interest costs on operating notes. Total funding would be \$8,500,000 in 1999-00 and \$15,500,000 in 2000-01. DOA indicates operating notes of \$350 million will be issued in 1999-00 and \$600 million will be issued in 2000-01. The 1998-99 operating note issuance amount was \$350 million.

**Conference Committee/Legislature:** Delete \$8,500,000 in 1999-00 and \$7,700,000 in 2000-01 to reflect reduced interest costs related to changes in the amount of operating notes that may be issued to support general fund cashflow. This reestimate reflects no operating note in 1999-00 and a \$300 million operating note in 2000-01.

**2. GENERAL FUND TEMPORARY BORROWING LIMIT**

**Governor/Legislature:** Allow the Secretary of DOA to permit an amount equal to 3% of total GPR appropriations to be used for temporary reallocations to the general fund in addition to the current 5% limit, but only if the additional incremental reallocation is for a period not to exceed 30 days. The additional 3% limit would be calculated by the Secretary as of the time of the reallocation and would be based on the fiscal year in which the reallocation is made. Reallocations under this provision could not be made for consecutive periods. Under current law, the Secretary is authorized to temporarily reallocate to the general fund an amount equal to 5% of total GPR appropriations in order to support the fund's cashflow.

Temporary reallocations of monies from one fund to another are allowed under current law to address a fund's cashflow problems caused by an imbalance in timing of revenues and expenditures. Under the 5% limit that currently applies to the general fund, up to \$525 million in temporary borrowing would be allowed in 1999-00 based on the total GPR appropriations proposed by the Governor. Another \$315 million could be borrowed for a period of 30 days under the proposed modification (for a total of \$840 million).

[Act 9 Sections: 166 and 167]

**3. SUPPLEMENTAL TITLE FEE MATCHING REESTIMATE [LFB Paper 706]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	\$850,000	-\$400,000	\$450,000

**Governor:** Estimate the supplemental title fee matching GPR sum sufficient appropriation at \$10,700,000 annually.

**Joint Finance/Legislature:** Reestimate the supplemental title fee matching GPR sum sufficient appropriation at \$10,600,000 in 1999-00 and \$10,400,000 in 2000-01.

**4. TRANSFERS TO THE CONSERVATION FUND [LFB Paper 676]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	-\$17,800	\$0	-\$17,800
SEG	<u>404,800</u>	<u>1,402,600</u>	<u>1,807,400</u>
Total	\$387,000	\$1,402,600	\$1,789,600

**Governor:** Provide a reestimate of funds provided under the motor fuel tax transfers to the conservation fund for motorboats, snowmobiles, and all-terrain vehicles (ATVs) as follows: (a) \$43,000 SEG in 1999-00 and \$266,600 SEG in 2000-01 to the water resources account; (b)

-\$1,900 SEG in 1999-00 and \$56,500 SEG in 2000-01 to the snowmobile account; and (c) \$15,800 SEG in 1999-00 and \$24,800 SEG in 2000-01 to the ATV account. Also, reestimate the reimbursement to the conservation fund for debt service on certain land acquisitions by -\$13,500 GPR in 1999-00 and -\$4,300 GPR in 2000-01.

**Joint Finance/Legislature:** Provide an additional \$521,800 SEG in 1999-00 and \$880,800 SEG in 2000-01 related to the gas tax transfers to the conservation fund as follows: (a) \$485,500 in 1999-00 and \$656,100 in 2000-01 to the water resources account; (b) -\$28,000 in 1999-00 and \$83,900 in 2000-01 to the snowmobile account; and (c) \$64,300 in 1999-00 and \$140,800 in 2000-01 to the ATV account.

**5. ELECTION CAMPAIGN FUND REESTIMATE**

GPR	\$50,000
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**Governor/Legislature:** Adjust expenditures for payments to the election campaign fund of revenues received from the one dollar income tax check-off by \$25,000 in 1999-00 and \$25,000 in 2000-01 to reflect estimated check-off revenues. Total budgeted expenditures would be \$310,000 annually. In 1998-99, \$311,954 was transferred to the fund.

**6. CANCELED DRAFT RESERVE REQUIREMENT**  
[LFB Paper 651]

GPR-REV	\$9,736,700
SEG-REV	900,000
GPR	\$2,200,000

**Joint Finance/Legislature:** Eliminate the reserve requirement for canceled drafts and establish GPR, PR and SEG appropriations to pay for canceled drafts that are reissued. Specify that all monies currently held in reserve for canceled drafts would revert to the fund from which the canceled drafts were drawn on the effective date of the bill.

Provide \$1,100,000 GPR annually to reflect projected expenditures from the proposed GPR sum sufficient appropriation for reissued canceled drafts. Increase estimated GPR-Earned by \$8,790,300 in 1999-00 and \$946,400 in 2000-01. Including the estimated amounts already included under the original bill, in total it is projected that GPR-Earned from canceled drafts would be \$10,100,000 in 1999-00 and \$2,300,000 in 2000-01. Increase estimated SEG-REV for the transportation fund by \$900,000 in 1999-00.

[Act 9 Sections: 613f, 613h, 613k, 644e, 644p and 9201(2b)]

**7. TREATMENT OF FEDERAL INTEREST REIMBURSEMENTS**  
[LFB Paper 650]

GPR-REV	\$1,610,000
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**Joint Finance/Legislature:** Specify that if the state receives any interest payments from the federal government related to the timing of expenditures by the state under a federal grant

program or contract, the payments would be credited to the general fund as GPR-Earned. Provide that if the state would be required to pay any interest to the federal government relating to the timing of expenditures by the state under a federal grant program or contract, the Secretary of the Department of Administration (DOA) would be required to notify the Co-Chairpersons of the Joint Committee on Finance (JFC), in writing, that the state is required to pay this interest. Specify that the notice would have to include an accounting of the amount of interest that the state is required to pay and that the Secretary of DOA could only make this payment subject to JFC approval under a 14-day passive review process.

Establish a GPR sum sufficient appropriation to pay any required interest reimbursements to the federal government. Require that the Secretary of DOA calculate the amount of monies received from the federal government as interest reimbursement, less amounts paid to the federal government by the state as interest reimbursements, prior to the effective date of the budget. Specify that this calculation would have to be made by the first day of the second month after the bill's effective date, and that the amount calculated would lapse to the general fund by that date.

Under these provisions, it is estimated that \$1,460,000 in 1999-00 and \$150,000 in 2000-01 would be received as GPR-Earned by the general fund.

**Veto by Governor [E-4]:** Delete these provisions, except for modifying the lapse requirement to specify that there will be lapsed to the general fund from a federal appropriation under DOA the amount determined by the Secretary of DOA by the first day of the second month after the Act's effective date.

[Act 9 Section: 9201(2f)]

[Act 9 Vetoed Sections: 79e, 172 (as it relates to s. 20.855(1)(dm)), 613g, 9101(19f) and 9201(2f)]

**8. TERMINAL TAX DISTRIBUTION REESTIMATE [LFB Paper**

SEG	\$392,700
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**Joint Finance/Legislature:** Increase the payments from the transportation fund by \$190,800 in 1999-00 and \$201,900 in 2000-00 to reestimate the terminal tax distribution sum sufficient appropriation at \$1,046,300 in 1999-00 and \$1,057,400 in 2000-01. Terminal tax payments are calculated by multiplying the value of terminal storage property held by railroads by the statewide average effective tax rate. Because the value of terminal storage property held by these companies has grown in recent years and that growth is anticipated to continue, higher terminal tax payments are estimated for the 1999-01 biennium.

## 9. OTHER APPROPRIATION CHANGES

Miscellaneous appropriations changes related to Minnesota-Wisconsin and Illinois-Wisconsin tax reciprocity items and interest on overpayment of taxes are summarized under "General Fund Taxes -- Individual and Corporate Income Taxes."



## NATURAL RESOURCES

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$318,216,600	\$348,203,200	\$339,194,900	\$333,331,500	\$333,331,500	\$15,114,900	4.7%
FED	78,563,400	83,933,300	83,933,300	83,933,300	83,933,300	5,369,900	6.8
PR	51,806,200	59,415,700	57,387,700	58,680,000	57,925,400	6,119,200	11.8
SEG	<u>434,360,000</u>	<u>410,881,700</u>	<u>417,077,300</u>	<u>460,343,100</u>	<u>429,896,100</u>	<u>-4,463,900</u>	-1.0
TOTAL	\$882,946,200	\$902,433,900	\$897,593,200	\$936,287,900	\$905,086,300	\$22,140,100	2.5%
BR		\$16,400,000	\$444,512,000	\$510,512,000	\$495,400,000		

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
GPR	520.28	514.78	512.78	512.78	512.78	-7.50
FED	474.96	453.46	453.46	453.46	453.46	-21.50
PR	250.64	262.14	262.64	270.64	266.64	16.00
SEG	<u>1,686.25</u>	<u>1,685.75</u>	<u>1,698.00</u>	<u>1,710.00</u>	<u>1,703.25</u>	<u>17.00</u>
TOTAL	2,932.13	2,916.13	2,926.88	2,946.88	2,936.13	4.00

### Budget Change Items

### Departmentwide

#### 1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 655]

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$401,000	0.00	-\$513,400	0.00	-\$112,400	0.00
FED	1,325,600	-9.50	0	0.00	1,325,600	-9.50
PR	40,000	-2.00	0	0.00	40,000	-2.00
SEG	<u>-24,826,000</u>	<u>-1.00</u>	<u>513,400</u>	<u>0.00</u>	<u>-24,312,600</u>	<u>-1.00</u>
Total	-\$23,059,400	-12.50	\$0	0.00	-\$23,059,400	-12.50

**Governor:** Adjust the Department's base budget by deleting \$11,406,000 and 11.5 positions in 1999-00 and \$11,653,400 and 12.5 positions in 2000-01 as follows: (a) -\$2,425,900 annually for turnover reduction (-\$571,100 GPR, -\$158,700 PR and -\$1,696,100 SEG annually); (b) -\$13,058,600 and -11.5 positions in 1999-00 and -\$13,306,000 and -12.5 positions in 2000-01 for removal of noncontinuing elements from the base (-\$501,000 GPR, -\$242,600 FED, -\$430,500 PR and -\$11,884,500 SEG in 1999-00; -\$501,000 GPR, -\$449,200 FED, -\$471,300 PR and -\$11,884,500 SEG in 2000-01; -9.5 FED positions, -1.0 PR position and -1.0 SEG position in 1999-00; -9.5 FED (7.0 classified and 2.5 project) positions, -2.0 PR positions and -1.0 SEG position in 2000-01); (c) \$1,684,100 annually for full funding of continuing salaries and fringe (\$953,200 GPR, \$1,000,500 FED, \$605,900 PR and -\$875,500 SEG annually); (d) \$123,500 annually for full funding of financial services charges (\$18,000 GPR, \$12,100 PR and \$93,400 SEG annually); (e) \$2,106,200 annually for overtime (\$256,700 GPR and \$1,849,500 SEG annually); (f) \$164,700 annually for fifth vacation week as cash (\$44,700 GPR, \$8,200 FED, \$11,600 PR and \$100,200 SEG annually); and (g) minor transfers within the same appropriation. The SEG reductions for removal of noncontinuing elements in (b) above are due mainly to the deletion of over \$8.9 million appropriated annually in 1997-99 only for payment of some GPR debt service costs related to the stewardship program from the conservation fund.

**Joint Finance:** Make a technical correction to delete 7.0 FED project, rather than classified, positions.

**Assembly:** Delete \$256,700 GPR annually in standard budget adjustments related to overtime. The following bureaus would be affected: (a) \$230,100 from law enforcement; (b) \$16,100 from parks; and (c) \$10,500 from administrative and field services. Also, provide \$230,100 SEG annually from the fish and wildlife account of the conservation fund for overtime in the Bureau of Law Enforcement.

**Conference Committee/Legislature:** Adopt the Assembly provision and provide an additional \$26,600 SEG annually from the all-terrain vehicle (ATV) account for overtime in the Bureau of Parks and the Bureau of Administrative and Field Services.

**2. DEBT SERVICE REESTIMATES [LFB Paper 245]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	\$31,199,100	-\$1,221,800	\$29,977,300
SEG	88,400	0	88,400
Total	\$31,287,500	-\$1,221,800	\$30,065,700

**Governor:** Provide \$15,542,400 in 1999-00 (\$15,719,200 GPR and -\$176,800 SEG) and \$15,745,100 in 2000-01 (\$15,479,900 GPR and \$265,200 SEG) to fund estimates of principal repayment and interest. Of the GPR increase, over \$8.9 million annually is related to the full funding of debt service for the stewardship program from GPR that had been partially funded from the conservation fund in the 1997-99 biennium.

**Joint Finance/Legislature:** Delete \$1,311,700 GPR in 1999-00 and provide \$89,900 GPR in 2000-01 to reflect reestimates of principal repayment and interest.

**3. FEDERAL AID REESTIMATES**

FED	\$5,266,900
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**Governor/Legislature:** Provide \$2,627,400 in 1999-00 and \$2,639,500 in 2000-01 to reflect estimates of federal grants, aids and contracts, as summarized in the following table.

	<u>1999-00</u>	<u>2000-01</u>
<b>Land Division</b>		
Wildlife Management	-\$217,700	-\$217,700
Forestry	202,400	202,400
Endangered Resources	123,800	123,800
Facilities and Lands	-62,200	-62,200
<b>Air and Waste Division</b>		
Waste Management	-649,100	-649,100
Remediation and Redevelopment	542,800	542,800
<b>Enforcement and Science Division</b>		
Law Enforcement	1,014,200	1,014,200
Integrated Science Services	495,600	495,600
<b>Water Division</b>		
Fisheries Management and Habitat Protection	212,500	224,600
Drinking Water and Groundwater	943,100	943,100
Water Integration Team	4,000	4,000
Mississippi and Lower St. Croix	71,800	71,800
Water Program Management	-25,900	-25,900
<b>Customer Assistance and External Relations (CAER) Division</b>		
Customer Service and Licensing	<u>-27,900</u>	<u>-27,900</u>
<b>Total</b>	<b>\$2,627,400</b>	<b>\$2,639,500</b>

**4. REMOVAL OF 2% GPR LAPSE**

GPR	- \$300,800
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**Governor/Legislature:** Delete \$150,400 annually to permanently remove from the Department's base the 2% GPR operations lapse agencies were required to take in the 1997-99 budget. The reductions would be taken from DNR bureaus as follows:

	<u>Amount</u>
<b>Land Division</b>	
Wildlife Management	-\$1,300
Parks	-37,400
Endangered Resources	-400
Facilities and Lands	-3,800
Land Program Management	-100
<b>Air and Waste Division</b>	
Waste Management	-2,000
Remediation and Redevelopment	-1,800
Air and Waste Program Management	-300
<b>Enforcement and Science Division</b>	
Law Enforcement	-5,600
Integrated Science Services	-7,800
Enforcement and Science Program Management	-100
<b>Water Division</b>	
Watershed Management	-33,600
Fisheries Management and Habitat Protection	-14,200
Drinking Water and Groundwater	-8,800
Water Integration Team	-400
Water Program Management	-1,500
<b>Administration and Technology Division</b>	
Administration	-200
Legal Services	-500
Finance	-4,500
Management and Budget	-100
Administrative and Field Services	-11,400
Enterprise Information, Technology and Applications	-6,800
Human Resources	-200
<b>Customer Assistance and External Relations (CAER) Division</b>	
Customer Service and Licensing	-900
Cooperative Environmental Assistance	-1,300
Community Financial Assistance	-2,000
CAER Program Management	<u>-3,400</u>
<b>Total</b>	<b>-\$150,400</b>

**5. PROGRAM REVENUE REESTIMATES**

PR	- \$214,400
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**Governor/Legislature:** Delete \$107,200 annually to reflect program revenue reestimates in the following subprograms:

	<u>Amount</u>
<b>Land Division</b>	
Wildlife Management	\$49,400
Forestry	-9,700
Southern Forests	-3,300
Parks	4,600
Endangered Resources	21,200
<b>Air and Waste Division</b>	
Air Management	-100,000
<b>Enforcement and Science Division</b>	
Law Enforcement	-2,400
Integrated Science Services	-64,400
<b>Water Division</b>	
Fisheries Management and Habitat Protection	-18,000
Mississippi/Lower St. Croix	3,100
<b>Administration and Technology Division</b>	
Enterprise Information, Technology and Applications	15,000
<b>Customer Assistance and External Relations (CAER) Division</b>	
Customer Service and Licensing	<u>-2,700</u>
<b>Total</b>	<b>-\$107,200</b>

**6. SEGREGATED REVENUE REESTIMATES**

SEG	\$177,000
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**Governor/Legislature:** Provide \$63,500 in 1999-00 and \$113,500 in 2000-01 to reflect segregated revenue reestimates in the following programs: (a) \$36,100 annually for the Great Lakes trout and salmon programs; (b) -\$38,400 for inland trout habitat improvement; and (c) \$65,800 in 1999-00 and \$115,800 in 2000-01 for the natural resources magazine.

## 7. INTERNAL REALLOCATION

**Governor/Legislature:** Delete \$31,700 in 1999-00 (\$6,800 GPR, \$11,300 FED and \$13,600 SEG from the conservation fund) and \$45,000 in 2000-01 (\$10,700 GPR, \$11,300 FED and \$23,000 SEG from the conservation fund) and provide 2.0 SEG positions from the conservation fund annually to reallocate funding and positions within the Department for various infrastructure and program needs. The components of the reallocation are summarized in the table below.

Funding Positions		
GPR	-\$17,500	0.00
FED	-22,600	0.00
SEG	<u>-36,600</u>	<u>2.00</u>
Total	-\$76,700	2.00

	1999-00 Funding	2000-01 Funding	2000-01 Positions	Fund Source
<b>Funding Increases</b>				
Employee Safety	\$15,800	\$21,000	0.50	SEG
Information Technology Specialist	45,000	45,000	1.00	SEG
Employee Assistance Program	13,000	13,500	0.25	SEG
Conservation Congress and Natural Resources Board	48,000	48,000		SEG
Child Support and Revenue Enforcement	24,000	0		GPR
Business Sector Specialist	73,300	73,300	1.00	GPR
	25,000	25,000		PR
World Wide Web	51,300	51,300		PR
	26,400	11,300		SEG
	0	70,000		GPR
Payroll Staff	<u>0</u>	<u>0</u>	<u>0.25</u>	SEG
Subtotal -- Funding Increases	\$321,800	\$358,400	3.00	
<b>Funding Decreases</b>				
Beaver Control Subsidies	-\$63,400	-\$63,400		SEG
Air Management Intern Contract and Health Studies	-76,300	-76,300		PR
Lab of Hygiene Contract	-20,000	-20,000		GPR
Air and Waste Management Travel	-4,000	-4,300		GPR
Fisheries Management Maintenance and Equipment	-5,000	-5,000		SEG
	0	-25,700		GPR
Watershed Management Contracts and Travel	0	-20,000		GPR
Watershed Management Position	-73,300	-73,300	-1.00	GPR
Legal Services Supplies	-11,300	-11,300		FED
Finance LTE Funding	-24,900	-24,900		SEG
	-1,100	-1,300		GPR
Management and Budget Supplies	-3,000	-3,000		GPR
Administrative and Field Services	-2,700	-2,700		GPR
	-15,000	-15,000		SEG
Information Technology LTE and Supplies Funding	-38,500	-38,500		SEG
Human Resources Supplies	-15,000	-15,000		SEG
Community Financial Assistance Reduction	0	-3,700		GPR
Subtotal -- Funding Decreases	-\$353,500	-\$403,400	-1.00	

## 8. TRANSFERS BETWEEN PROGRAMS AND SUBPROGRAMS

**Governor/Legislature:** Transfer funds and positions between programs and subprograms within the Department, as follows, to make changes related to the Department's 1997 reorganization and other internal reallocations.

<u>Program/Subprogram</u>	<u>1999-00</u>	<u>2000-01</u>	<u>Positions</u>	<u>Fund</u>
<b>Land</b>				
Wildlife Management	-\$3,700	-\$3,700		SEG
Forestry	7,200	7,200		SEG
Parks	-40,800	-40,800	-1.00	GPR
Facilities and Lands	-50,000	-50,000		SEG
<b>Air and Waste</b>				
Air Management	-57,600	-57,600	-1.00	PR
Waste Management	-82,100	-82,100		SEG
Remediation and Redevelopment	160,500	160,500		SEG
<b>Enforcement and Science</b>				
Law Enforcement	-44,800	-44,800	-1.00	SEG
Integrated Science Services	12,000	12,000		SEG
<b>Water</b>				
Watershed Management	-160,500	-160,500		SEG
<b>Conservation Aids</b>				
Wildlife Damage Aids	-37,000	-37,000	-1.00	SEG
<b>Administration and Technology</b>				
Legal Services	92,500	92,500	1.00	SEG
Administrative and Field Services	40,800	41,300	1.00	GPR
	35,800	35,800		SEG
Enterprise Information, Technology and Applications	-200	-200		FED
	-6,800	-1,800		GPR
	-88,100	-88,100	-1.00	SEG

<u>Program/Subprogram</u>	<u>1999-00</u>	<u>2000-01</u>	<u>Positions</u>	<u>Fund</u>
<b>Customer Assistance and External Relations</b>				
<b>Relations</b>				
Customer Service and Licensing	200	200		FED
	400	400		GPR
	176,900	176,900	3.00	SEG
Cooperative Environmental Assistance	57,600	57,600	1.00	PR
Communication and Education	-12,000	-12,000		SEG
Community Financial Assistance	82,100	82,100		SEG
CAER Program Management	6,400	900		GPR
	<u>-88,800</u>	<u>-88,800</u>	<u>-1.00</u>	SEG
Total (All Funds)	\$0	\$0	0.00	

## 9. ADMINISTRATIVE SYSTEMS AUTOMATION [LFB Paper 656]

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
SEG	\$350,000	-\$40,000	\$310,000

**Governor:** Provide \$150,000 in 1999-00 and \$200,000 in 2000-01 from the conservation fund, split-funded between eight accounts, to allow the Department to undertake a comprehensive study of its finance, personnel, budgeting and other administrative systems to determine their compatibility with other DNR and state government systems and begin implementation of the findings of the study by automating systems and making them more compatible.

**Joint Finance/Legislature:** Provide an additional \$40,000 in 1999-00 and delete \$80,000 in 2000-01 to reflect DNR's original budget request (\$190,000 in 1999-00 and \$120,000 in 2000-01). Specify that the funding be provided on a one-time basis.

## 10. FACILITIES AND LANDS OPERATIONS

SEG	\$300,000
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**Governor/Legislature:** Provide \$200,000 in 1999-00 and \$100,000 in 2000-01 for LTE staff and supplies for management, operations and maintenance of DNR properties. Funding would be provided for the Willow Flowage (Oneida County), the Menominee River property (Marinette County) and the Spread Eagle Barrens State Natural Area (Florence County) as well as for other state natural areas and wildlife areas. Funding would be split among the fish and wildlife, forestry and parks accounts of the conservation fund.



**11. STATE LAB OF HYGIENE COSTS**

PR	\$17,400
SEG	<u>168,500</u>
Total	\$185,900

**Governor/Legislature:** Provide \$87,200 (\$8,700 PR and \$78,500 SEG) in 1999-00 and \$98,700 (\$8,700 PR and \$90,000 SEG) in 2000-01 to fund the increased costs of services provided by the State Laboratory of Hygiene. Program revenue would come from three appropriations in the Air and Waste Division. Segregated funding would come from the following sources:

<u>Source</u>	<u>1999-00</u>	<u>2000-01</u>
Environmental Management Account	\$64,400	\$75,900
Fish and Wildlife Account	8,200	8,200
Nonpoint Account	3,200	3,200
Petroleum Inspection Fund	2,300	2,300
Other Conservation Fund Accounts	<u>400</u>	<u>400</u>
TOTAL	\$78,500	\$90,000

**12. NATURAL RESOURCES MAGAZINE [LFB Paper 657]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
SEG	-\$150,000	\$150,000	\$0

**Governor:** Modify the uses of the natural resources magazine appropriation to allow for expenditures for educational and informational activities related to conservation and the environment (in addition to the production, handling and distribution of the magazine). Allocate \$75,000 annually from the continuing natural resources magazine appropriation for these purposes. Also, delete \$75,000 annually from the conservation fund, split among eight accounts, from the general program operations appropriation for the Bureau of Communication and Education.

**Joint Finance/Legislature:** Delete provision.

**13. DNR/DOT RADIO COMMUNICATIONS MERGER**

	<b>Funding</b>	<b>Positions</b>
SEG	\$98,800	- 7.00

**Governor/Legislature:** Provide \$44,100 in 1999-00 and \$54,700 in 2000-01 and delete 7.0 positions annually from the conservation fund, split-funded between eight accounts, to implement a radio communications merger between the Departments of Natural Resources and Transportation. As part of the merger, 7.0 positions currently assigned to DNR's radio communications workload would be transferred to DOT. Specify that the incumbents in the positions would be transferred, that the

incumbents would have the same rights and status within DOT as they did in DNR, and that no employe who has attained permanent status would be required to serve a probationary period.

The associated funding would be maintained within DNR to pay DOT for radio communication services. Additional funding would be provided for pay plan costs and supplies for the transferred positions and additional LTE salaries. Specify that, if DOT provides radio services to DNR in the 1999-2001 biennium, DNR shall make payments to DOT for these services from the DNR equipment pool operations and general administrative program appropriations on the first day of each quarter of the fiscal year. The first payment, however, would be made on July 31, 1999, or ten days after the effective date of the bill, whichever occurs later.

(Additional information on this provision is under "Transportation -- State Patrol.")

[Act 9 Sections: 336, 9136(5) and 9150(6)]

**14. TOURISM SUPPORT [LFB Paper 658]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$50,000	-\$50,000	\$0

**Governor:** Provide \$25,000 annually from the conservation fund, split-funded between eight accounts, to provide support for the Chicago Travel Information Center operated by the Department of Tourism, as provided for in a memorandum of understanding between DNR and Tourism. Funding would be used for salary and supplies support for staff and the costs associated with credit card processing and issuance fees for licenses sold at the center.

**Joint Finance/Legislature:** Delete funding. In addition, prohibit DNR from expending any funding from its appropriations to pay for a program operated, or an activity conducted, by the Department of Tourism.

**Veto by Governor [B-66]:** Delete Joint Finance prohibition.

[Act 9 Vetoed Section: 684m]

**15. NATURAL RESOURCES LAND ENDOWMENT FUND**

**Governor/Legislature:** Create a separate, nonlapsible trust fund designated as the natural resources land endowment fund, consisting of all gifts, grants, and bequests made to the fund and all interest or other income generated from these gifts, grants or bequests. Allow DNR to convert any noncash gift, grant or bequest into cash for deposit into the fund. The fund assets would be managed by the Wisconsin Investment Board. Create a sum-sufficient appropriation from the fund for preserving, developing, managing and maintaining land (including buildings,

facilities or other structures located on the land) under the jurisdiction of the Department. Specify that, unless the Natural Resources Board determines otherwise, that only the income from gifts, grants or bequests in the fund are available for expenditure. Allow the Natural Resources Board to authorize expenditures only for preserving, developing, managing and maintaining land under the jurisdiction of DNR that is used for any of the statutory purposes for which the Department can acquire land.

[Act 9 Sections: 309, 664, 698, 702 and 703]

#### **16. GRAVEL PIT RECLAMATION APPROPRIATION**

**Governor/Legislature:** Create a segregated appropriation within the conservation fund for all moneys received by the Department from fees paid by towns, counties and state agencies to obtain gravel, sand, fill dirt or other fill material needed for road purposes from DNR-owned gravel pits or similar facilities to be used to reclaim gravel pits and similar facilities on property under DNR jurisdiction. Currently, revenue from these fees is deposited in the conservation fund but is not earmarked for any specific purpose.

[Act 9 Section: 308]

#### **17. CONSOLIDATION OF STATE AGENCY VEHICLE FLEET OPERATIONS [LFB Paper 149]**

**Governor:** Require that the Department of Administration submit to the Co-chairpersons of the Joint Committee on Finance for consideration at the 4th quarterly meeting of the Committee in 1999, under section 13.10, an implementation plan for consolidating the vehicle fleet management functions of DNR with the corresponding functions of DOA. Specify that the plan submitted may include provision for the transfer of any of the following related to vehicle fleet management functions from DNR to DOA on the effective date specified in the plan: (a) assets and liabilities; (b) tangible personal property, including records; (c) authorized positions; (d) incumbent employees; (e) contracts which are in effect on the effective date of the plan; (f) rules promulgated or orders issued which are in effect on the effective date of the plan; and (g) any pending matters.

Specify that Joint Finance may approve, or modify and approve, the plan submitted by DNR. Provide that DOA may implement the plan on the effective date as specified in the plan if Joint Finance approves the plan. Prohibit DOA from implementing the plan if it is not approved by Joint Finance. Require DNR to submit information for the 2001-03 biennial budget to reflect any savings realized from consolidation of vehicle fleet management functions as the result of implementation of any plan approved. Require DNR to fully cooperate with DOA in implementing any approved plan.

(Similar vehicle fleet transfer plans would apply to the Department of Transportation and the University of Wisconsin-Madison. Additional information on this provision is under "Administration.")

**Joint Finance:** Delete provision. Instead, direct DOA to conduct a study of the possible consolidation of the fleets of DNR, DOT and UW-Madison or other changes in fleet operations, including estimated possible savings from such consolidation, and submit the results of the study and suggested legislation to the Joint Committee on Finance upon completion of the study.

**Assembly/Legislature:** Delete Joint Finance provision. Instead, restore Governor's provision.

**Veto by Governor [E-1]:** Delete the requirement that DOA submit the implementation plan for consideration at the fourth quarterly meeting of the Committee in 1999 under s. 13.10. Instead, direct DOA to submit the plan at the first quarterly meeting of the Committee in 2000 under s. 13.10.

[Act 9 Section: 9158(1d)]

[Act 9 Vetoed Section: 9158(1d)]

## 18. VEHICLE FLEET PURCHASES

**Assembly/Conference Committee:** Estimate a reduction in expenditures of \$92,900 SEG in 1999-00 and \$92,200 SEG in 2000-01 from equipment pool operations appropriation for the purchase of vehicles for the DNR- operated fleet. The estimated savings reflect the purchase of 55 four-cylinder sedans and station wagons instead of six-cylinder sedans and station wagons.

**Veto by Governor [E-2]:** Delete provision.

[Act 9 Vetoed Section: 9201(3m)]

## 19. MAZOMANIE UNIT OF THE LOWER WISCONSIN STATE RIVERWAY

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR	-\$150,000	\$150,000	\$0

**Joint Finance:** Delete \$75,000 annually in LTE enforcement funding in the Bureau of Facilities and Lands for the Mazomanie Unit of the Lower Wisconsin State Riverway.

**Assembly:** Require DNR to close and prohibit persons from entering, the Mazomanie Unit of the Lower Wisconsin State Riverway from April 1 to September 15 annually. Specify

that the prohibition on public use applies to land owned or leased by the state, located in sections 28 through 32 of township 9 north, range 6 east, under the jurisdiction of DNR, and designated the Mazomanie Unit. Provide the following exceptions to the public use prohibition provided any appropriate permits for the activities have been obtained: (a) non-recreational activities, such as scientific research by permit; (b) training hunting dogs or conducting dog trials by permit; (c) use of islands and sandbars of the Mazomanie Unit between 6 a.m. and 9 p.m.

Require DNR to post notice of the closure of the Mazomanie Unit in a manner sufficient to give public notice of the closure. Set the penalty for violating the public use prohibition at a forfeiture of not less than \$100 and not more than \$1,000.

**Senate:** Restore the \$75,000 annual reduction made by Joint Finance in the Bureau of Facilities and Lands for LTE enforcement funding for the Mazomanie Unit of the Lower Wisconsin State Riverway. Also, provide an additional \$50,000 annually for these purposes.

**Conference Committee/Legislature:** Restore the \$75,000 annual reduction made by Joint Finance.

## 20. DISTRIBUTION OF NATIONAL FOREST INCOME PAYMENTS

**Joint Finance:** Require that, if permitted under federal law, funding received by the state as federal payments in lieu of taxes on national forest lands be distributed to school districts in accordance with the number of acres of national forest land within the district's boundaries.

**Conference Committee/Legislature:** Correct the Joint Finance provision to specify that funding received by the state from receipts on national forest lands (rather than payments in lieu of taxes on national forests) be distributed to school districts in accordance with the number of acres of national forest land within the district boundaries. (Joint Finance intended to shift these payments from towns to school districts in order to maximize overall federal payments received by local governments for federal land ownership.)

[Act 9 Sections: 78t, 318x and 1576m]

## 21. COMPREHENSIVE LOCAL PLANNING GRANT ASSESSMENTS

**Joint Finance:** Authorize the Secretary of DOA to annually assess the Department \$250,000 to be paid from the agency's GPR general operations appropriations to fund a local planning grant program administered by the Department of Administration that is created under the bill. The assessments (charged to six agencies) would be for grants to counties, cities, villages, towns or regional planning commissions to finance the local cost of planning activities and the cost of program delivery.

**Assembly:** Delete provision.

**Senate:** Modify Joint Finance provision to instead specify that the assessments could be made against any of the agency's appropriations for general program operations, rather than only the agency's GPR-funded general program operations appropriations.

**Conference Committee/Legislature:** Delete provision.

## 22. ASSISTANCE TO NONPROFIT CONSERVATION ORGANIZATIONS

	Legislature (Chg. to Base)	Veto by Gov. (Chg. to Leg.)	Net Change
SEG	\$350,000	-\$200,000	\$150,000

**Assembly/Legislature:** Provide an additional \$175,000 annually from the conservation fund, split-funded from the forestry and water resources accounts, and require DNR to provide a \$250,000 annual grant to a nonstock, nonprofit corporation. (Gathering Waters is provided \$75,000 annually under current law).

Specify that the members of the corporation's board of directors represent, to the greatest extent practicable, all geographic areas of the state. Specify that, in addition to current law uses of the grant, the corporation receiving the grant: (a) assist nonprofit conservation organizations (NCOs) in acquiring property for conservation purposes and in managing property acquired for conservation purposes; and (b) acquire a property for conservation purposes where no other NCO exists that is willing to assist or is capable of effectively assisting in the transfer of the property or that can adequately manage the property after it is acquired.

Require the corporation to prepare an annual report detailing the activities for which the grant is expended, describing any property acquired by the corporation and explaining how the acquisition of that property furthers the goal of conservation in the state. Specify that the report be submitted to DNR and the appropriate standing committees of the Legislature.

In addition, require DNR to submit a comprehensive report between January 1, 2004, and July 1, 2004, describing the cost of and accomplishments achieved by, activities funded with the grants beginning with the grants provided in 1999-00. Require the report to evaluate how grants have furthered the goal of encouraging private resource conservation and the extent to which grants complement the resource conservation goals of the Department. Require the report to contain a recommendation to the Legislature as to whether the grant program should be continued, eliminated or revised. Require the report to be distributed to the appropriate standing committees of the Legislature.

**Veto by Governor [B-50]:** Delete \$100,000 annually, split-funded from the forestry and water resources accounts, and the requirement that DNR provide the grant. Under Act 9 provisions, DNR may provide a grant of \$150,000 annually (\$112,500 from the water resources account and \$37,500 from the forestry account).

[Act 9 Sections: 318o, 665rd and 665rf thru 665rh]

[Act 9 Vetoes Sections: 172 (as it relates to s. 20.370(5)(aw)), 665rc and 665re]

**23. ASSISTANCE FOR PRIVATE CONSERVATION ACTIVITIES**

SEG	\$85,000
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**Assembly/Legislature:** Provide \$85,000 beginning in 2000-01, split-funded from the forestry and water resources accounts of the conservation fund, for an annual grant to a nonstock, nonprofit corporation that is: (a) described under section 501 (c)(3) or (4) of the Internal Revenue Code; (b) organized in the state; (c) exempt from taxation under section 501 (a) of the Internal Revenue Code; and (d) created to accept and utilize private contributions made to protect and enhance the state's natural resources.

Specify that a corporation that receives a grant must use it to do all of the following: (a) encourage private corporations and other private entities to undertake activities, including the contribution of money, that encourage management and restoration of the state's endangered wild animals, wild plants and natural communities; (b) encourage private corporations and other private entities to engage in land management practices that protect and preserve natural resources; and (c) provide grants to nonprofit and other groups to encourage education, restoration and management activities to enhance the state's natural resources.

The grant is intended for the Natural Resources Foundation of Wisconsin.

[Act 9 Sections: 318o and 665ri]

**24. DNR SUPPORT TO NONPROFIT CONSERVATION ORGANIZATIONS AND THE FEDERAL GOVERNMENT**

**Assembly:** Prohibit DNR from providing financial assistance or other support to nonprofit conservation organizations (NCOs) or to a federal agency for the purchase or acquisition of an interest in land for a project of more than 5,000 acres unless one of the following occurs: (a) the majority of the elected body of a city, village, town or county where the land is located approves DNR involvement; or (b) the Governor approves a DNR request for involvement. Require the Governor to maintain a list of all requests submitted by DNR and whether the requests were approved or denied. Specify that gubernatorial approval allowing DNR to provide assistance or information shall not be construed as support of a project.

Further, specify that, if funds from the reauthorized stewardship program are used by an NCO to acquire land where public access exists on the effective date of the bill, that the NCO ensure adequate and appropriate public access continue to exist. DNR would determine whether the NCO maintains adequate and appropriate access.

**Conference Committee/Legislature:** Delete provision.

## 25. APPOINTMENT OF DNR SECRETARY

**Senate:** Specify that the Secretary of the Department of Natural Resources be appointed by the Natural Resources Board and serve at the Board's pleasure, rather than be appointed by the Governor with the advice and consent of the Senate under current law. Specify that the DNR Secretary holding office on the effective date of the bill continue to serve until he or she vacates the office or is removed from office by the Natural Resources Board.

**Conference Committee/Legislature:** Delete provision.

## 26. BLACK POINT ESTATE

**Senate:** Delete the provisions of 1997 Act 27 related to the Black Point Estate in Walworth County. That act enumerated a project to adapt the property for public use. DNR is required to make a grant of \$1.8 million SEG from the recreational boating projects aids appropriation to a nonprofit conservation organization formed for the preservation of the estate. In addition, \$1.6 million in general obligation bonding is authorized to allow DOA to fund various improvements to the property. In addition, \$21,700 GPR in 1999-00 and \$135,100 GPR in 2000-01 related to estimated debt service payments on the Black Point bonding would also be deleted.

**Conference Committee:** Sunset the 1997 Act 27 provisions related to the Black Point Estate if a substantially complete application for zoning approval for the project is not submitted by December 1, 1999, and zoning approval for the project based on that application is not subsequently granted. If the zoning approval is not granted, \$1.6 million in bonding could not be released by the Building Commission and an estimated \$156,800 GPR of associated debt service would not be incurred in the biennium. Further, the \$1.8 million SEG would again be available for recreational boating projects.

[Act 9 Section: 665vm]

## 27. CHIEF WARDEN AUTHORITY

**Assembly:** Within 180 days of the effective date of the bill, require the DNR Secretary to designate a conservation warden as the chief warden and to designate one or more deputy chief wardens. Require the chief warden to: (a) direct, supervise and control conservation wardens in the performance of their duties; (b) designate an internal affairs officer to investigate complaints against conservation wardens when he or she determines an investigation is necessary; (c) designate a complaint officer to resolve complaints against conservation wardens.

**Conference Committee/Legislature:** Delete provision.



**28. PUBLIC RELATIONS TRAINING**

**Assembly/Legislature:** Require DNR to offer an in-service training course at least once every biennium on the topic of natural resources and public relations. Allow the Department to offer the training course in one or more sessions during the biennium. Specify that DNR model the course on a similar course offered by UW-Stevens Point.

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

[Act 9 Vetoed Section: 672p]

**Fish and Wildlife**

**1. HUNTING AND FISHING LICENSE FEES [LFB Paper 166]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
SEG-REV	\$3,508,400	-\$3,508,400	\$0

**Governor:** Increase the fees for certain hunting and fishing licenses as shown in the following table.

	<u>Current</u>	<u>Proposed</u>	<u>Change</u>			<u>Current</u>	<u>Proposed</u>	<u>Change</u>		
	<u>Fee</u>	<u>Fee</u>	<u>Amount</u>	<u>%</u>		<u>Fee</u>	<u>Fee</u>	<u>Amount</u>	<u>%</u>	
<b>Resident Hunting</b>						<b>Hunting Stamps</b>				
Deer	\$20.00	\$21.00	\$1.00	5.0%	Pheasant	\$7.25	\$7.00	-\$0.25	-3.4%	
Archer	20.00	21.00	1.00	5.0	Wild Turkey	5.25	7.00	1.75	33.3	
Bonus Deer Permit	12.00	13.00	1.00	8.3	<b>Resident Fishing</b>					
Class A Bear	41.00	45.00	4.00	9.8	Annual	\$14.00	\$15.00	\$1.00	7.1%	
Class B Bear	8.00	10.00	2.00	25.0	Husband and Wife	24.00	26.00	2.00	8.3	
Small Game	14.00	15.00	1.00	7.1	<b>Nonresident Fishing</b>					
<b>Nonresident Hunting</b>						<b>Individual:</b>				
Deer	\$135.00	\$140.00	\$5.00	3.7%	Annual	\$34.00	\$37.00	\$3.00	8.8%	
Archer	135.00	140.00	5.00	3.7	Fifteen Day	20.00	22.00	2.00	10.0	
Bonus Deer Permit	20.00	22.00	2.00	10.0	Four Day	15.00	17.00	2.00	13.3	
Class A Bear	201.00	220.00	19.00	9.5	<b>Family:</b>					
Class B Bear	100.00	110.00	10.00	10.0	Annual	52.00	56.00	4.00	7.7	
Annual Small Game	75.00	80.00	5.00	6.7	Fifteen Day	30.00	34.00	4.00	13.3	
Five Day Small Game	43.00	45.00	2.00	4.7	<b>Other Fishing</b>					
Furbearing Animal	150.00	155.00	5.00	3.3	Duplicate Fishing	\$7.00	\$8.00	\$1.00	14.3%	
<b>Duplicate Hunting</b>						Sturgeon Spearing	10.00	12.00	2.00	20.0
Class A Bear	\$13.75	\$16.00	\$2.25	16.4%	<b>Fishing Stamps</b>					
Non-Deer/Class A Bear	7.00	8.00	1.00	14.3	Inland Waters Trout	\$7.25	\$7.00	-\$0.25	-3.4%	
					Great Lakes Trout & Salmon	7.25	7.00	-0.25	-3.4	

The fees for licenses and stamps not shown in the table, such as the conservation patron and sports licenses, would not be increased under the bill. The fees in the table include the applicable wildlife damage surcharge and issuing fee.

The administration estimates that the bill would generate additional fish and wildlife account revenues of approximately \$680,500 in 1999-00 and \$2,827,900 in 2000-01. While the bill would increase the fees upon enactment, the revenue estimates are based on an April 1, 2000, implementation.

**Joint Finance/Legislature:** Delete provision.

**2. FISH AND WILDLIFE ACCOUNT FUNDING -- TRIBAL GAMING REVENUES [LFB Paper 166]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
SEG-REV	\$4,000,000	\$1,000,000	\$5,000,000

**Governor:** Transfer \$2,000,000 annually from tribal gaming revenue allocations to the fish and wildlife account of the conservation fund. (Additional information on the proposed use of tribal gaming revenues can be found under "Administration -- Division of Gaming.")

**Joint Finance/Legislature:** Transfer an additional \$500,000 annually from tribal gaming revenue allocations to the fish and wildlife account. A total of \$2.5 million would be transferred each year.

[Act 9 Section: 550]

**3. FISH AND WILDLIFE ACCOUNT FUNDING -- GENERAL FUND TRANSFER**

	<b>Legislature (Chg. to Base)</b>	<b>Veto (Chg. to Leg.)</b>	<b>Net Change</b>
GPR-REV	-\$500,000	\$500,000	\$0
SEG-REV	\$500,000	-\$500,000	\$0

**Senate/Legislature:** Transfer \$500,000 GPR annually to the fish and wildlife account of the conservation fund beginning in 2000-01.

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

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.370(8)(mc)) and 334m]

#### 4. FISH AND WILDLIFE ACCOUNT ADMINISTRATIVE FUNDING LIMIT

**Assembly:** Prohibit DNR from expending more than 10% of funding from the fish and wildlife account of the conservation fund in any fiscal year for administrative purposes. Require the Department to submit a request to the Joint Committee on Finance under s. 13.10 by April 1, 2000, detailing how this requirement has been implemented, including: (a) a breakdown of authorized administrative expenditures by appropriation and purpose; and (b) budgeted funding and associated position authority that should be deleted or reallocated for non-administrative purposes in order to meet the requirement. This provision would allow DNR administrative expenditures of approximately \$6.3 million annually from the fish and wildlife account.

Related to this requirement, delete \$5 million SEG annually from the fish and wildlife account from the following divisions: (a) \$2,075,300 from Administration and Technology; (b) \$1,606,700 from Customer Assistance and External Relations; (c) \$566,100 from Land; (d) \$423,100 from Water; and (e) \$328,800 from Enforcement and Science.

In addition, transfer \$1.2 million GPR and 17.0 GPR conservation warden positions annually to the fish and wildlife account.

**Conference Committee/Legislature:** Delete provision. Rather, prohibit DNR from expending more than 16% from the fish and wildlife account for administrative purposes, including department administration and support services, division administration, bureau administration and licensing (as identified in a July, 1998, review by the Legislative Audit Bureau). Require DNR to submit a request to Joint Finance under s. 13.10 by April 1, 2000, detailing how the requirement will be implemented, including: (a) a breakdown of authorized administrative expenditures by appropriation and purpose; and (b) budgeted funding and associated position authority that should be deleted or reallocated for non-administrative purposes in order to meet the requirement. This provision would limit specified DNR administrative expenditures from the fish and wildlife account to approximately \$10 million annually.

**Veto by Governor [B-53]:** Delete bureau administration and licensing from the definition of administrative purposes with respect to the 16% limit.

[Act 9 Sections: 702g and 9136(10v)]

[Act 9 Vetoed Section: 702g]

#### 5. BEAVER CONTROL APPROPRIATION LAPSE [LFB Paper 665]

**Governor:** Lapse \$352,000 from the continuing balance of the beaver control appropriation to the overall balance of the fish and wildlife account of the conservation fund.

While the Executive Budget Book indicates that the funding should be lapsed from the beaver control appropriation, the bill directs that the funding be lapsed from the recreational boating projects aids appropriation. A technical correction would be needed to accomplish the Governor's intent.

**Joint Finance/Legislature:** Make the technical correction to lapse the funding from the beaver control appropriation.

[Act 9 Section: 9236(1)]

**6. CAPTIVE WILDLIFE FEES [LFB Paper 666]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$184,000	\$50,000	\$234,000

**Governor:** Increase the annual fees for the following captive wildlife licenses:

<u>License</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Change</u>	
			<u>Amount</u>	<u>%</u>
Pheasant and quail farm	\$20	\$100	\$80	400%
Game bird and animal farm	10	25	15	150
Deer farm	25	100	75	300
Wildlife exhibit	10	25	15	150
Bird and game farm late fee	10	20	10	100

In addition, create the following surcharges for specific license activities:

- a. \$25 for a license for a game bird and animal farm on which there are bear;
- b. \$75 for a license for a game bird and animal farm on which the licensee permits an individual to hunt game birds for a fee;
- c. \$25 for a license for a game bird and animal farm on which the licensee permits an individual to hunt grouse for a fee;
- d. \$25 for a license for a game bird and animal farm on which the licensee sells game animals and grossed \$10,000 or more in revenue from such sales in the prior year; and
- e. \$25 for a license for a wildlife exhibit at which the licensee exhibits a bear or a cougar.

The administration estimates that these changes will increase revenue to the fish and wildlife account of the conservation fund by approximately \$92,000 annually.

**Joint Finance/Legislature:** Reestimate revenues from the provision to be \$117,000 annually (a \$25,000 increase over the administration's estimate).

[Act 9 Sections: 767 thru 772 and 9336(1)]

**7. LAC DU FLAMBEAU TRIBAL LICENSING PAYMENTS [LFB Paper 158]**

PR	\$200,000
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**Governor/Legislature:** Provide \$100,000 annually from tribal gaming revenue allocations to make payments to the Lac du Flambeau band of the Lake Superior Chippewa for those fishing and sports licenses sold by agents other than the band at locations within the band's reservation. Specify that any payments to the band be made first from the tribal gaming program revenue appropriation, with any additional amounts needed beyond that to be paid from the appropriation from the fish and wildlife account of the conservation fund currently used for this purpose. Tribal gaming revenues are expected to be sufficient to fully fund these payments in the 1999-01 biennium. (Additional information on the proposed use of tribal gaming revenues can be found under "Administration -- Division of Gaming.")

[Act 9 Sections: 337, 338, 568 and 729]

**8. ELK REINTRODUCTION [LFB Paper 167]**

	<b>Governor (Chg. to Base)</b>		<b>Jt. Finance/Leg. (Chg. to Gov)</b>		<b>Veto (Chg. to Leg)</b>		<b>Net Change</b>	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$250,000	0.50	\$0	0.50	-\$50,000	-0.50	\$200,000	0.50

**Governor:** Provide \$250,000 and 0.5 position beginning in 2000-01 from tribal gaming revenue allocations to allow the Department, effective July 1, 2000, to manage the elk reintroduction program in the state. Funding would be used for continued elk studies, elk herd monitoring and management and transporting additional elk into the state. (Additional information on the proposed use of tribal gaming revenues can be found under "Administration -- Division of Gaming.")

**Joint Finance/Legislature:** Provide an additional \$50,000 in 1999-00 and delete \$50,000 in 2000-01 and provide an additional 1.0 position in 1999-00 and 0.5 position in 2000-01 from tribal gaming revenue allocations related to elk reintroduction. In total, \$50,000 would be provided in 1999-00 and \$200,000 in 2000-01 with 1.0 position.

**Veto by Governor [F-23]:** Delete \$22,400 in 1999-00 and \$27,600 in 2000-01 and 0.5 position annually by deleting the amounts in the schedule and writing in the lower appropriation amounts (\$27,600 in 1999-00 and \$172,400 in 2000-01). Further, delete the July 1,

2000, effective date for the elk management appropriation to allow funding to be provided in 1999-00.

[Act 9 Sections: 307 and 565]

[Act 9 Vetoes Sections: 172 (as it relates to s.20.370(1)(hk)) and 9436(6)]

**9. TREATY FISHERIES -- TRIBAL GAMING REVENUES**  
[LFB Paper 158]

	Funding	Positions
GPR	-\$219,400	- 2.00
PR	<u>219,400</u>	<u>2.00</u>
Total	\$0	0.00

**Governor/Legislature:** Convert \$109,700 and 2.0 positions annually from GPR to PR from tribal gaming revenue allocations for management of the state's fishery resources in the area where federally-recognized American Indian tribes or bands hold treaty-based, off-reservation rights to fish. (Additional information on the proposed use of tribal gaming revenues can be found under "Administration -- Division of Gaming.")

[Act 9 Sections: 318 and 564]

**10. DEER MANAGEMENT POPULATION ASSESSMENT**

SEG	\$175,000
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**Governor/Legislature:** Provide \$75,000 in 1999-00 and \$100,000 in 2000-01 from the fish and wildlife account of the conservation fund to expand the Department's deer herd monitoring capabilities, conduct audits of the Sex-Age-Kill (S-A-K) methodology for estimating deer population and expand outreach and public involvement on deer population monitoring.

**11. AQUATIC AND TERRESTRIAL RESOURCES INVENTORY (ATRI) IMPLEMENTATION**

SEG	\$159,200
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**Governor/Legislature:** Provide \$49,600 in 1999-00 and \$109,600 in 2000-01, split equally between the water resources and fish and wildlife accounts of the conservation fund, to implement and maintain the ATRI, a system that links and presents aquatic and terrestrial data sources. The funding would be used for computer equipment purchases, service maintenance and support and salary-related costs for a data review coordinator (a position would be reallocated for this purpose). Base funding for ATRI is \$150,000 annually, funded equally from the water resources and fish and wildlife accounts.

12. FUTURE OF HUNTING AND FISHING [LFB Paper 681]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$100,000	0.50	-\$100,000	- 0.50	\$0	0.00

**Governor:** Provide \$50,000 and 0.5 position annually from the fish and wildlife account of the conservation fund to implement a program to promote the future of hunting and fishing in Wisconsin. Funding would be used to develop promotional materials and educational programs and to conduct skills workshops. The half-time position would be stationed at the Sandhill Wildlife Area Skills Center (Wood County) to coordinate the statewide program and help administer the Center.

**Joint Finance/Legislature:** Delete provision.

13. AUTOMATED LICENSE ISSUANCE SYSTEM [LFB Paper 667]

SEG	\$1,813,800
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**Governor:** Provide \$916,100 in 1999-00 and \$897,700 in 2000-01 from the fish and wildlife account of the conservation fund for operation of the Automated License Issuance System (ALIS), including transaction charges, systems maintenance, master lease costs for license terminals and training and support costs. Funding was provided in the 1995-97 and 1997-99 biennial budgets for planning and development costs related to ALIS.

In addition, make a technical correction to eliminate the authority of county clerks to issue back tags to holders of Class B bear licenses, consistent with statutory changes adopted in 1997 Act 27 related to the authority of county clerks under ALIS.

**Joint Finance:** Specify that, if the federal government enacts another system of maintaining a database of persons for child support enforcement that does not involve the collection of social security numbers, that the Department shall request that the Legislative Reference Bureau prepare legislation that allows compliance with that system and eliminates the requirement that people provide their social security numbers for the sale of hunting and fishing licenses. Require DNR to submit the proposed legislation to the standing committee of each house of the Legislature with jurisdiction over fish and wildlife matters.

**Conference Committee/Legislature:** Allow DNR (along with other state licensing agencies) to issue a license if the applicant does not have a social security number if the applicant submits a sworn affidavit to the agency stating that the individual does not have a social security number, subject to penalty for false swearing. Further, any license issued by DNR in reliance on a false statement under this provision would be invalid. Require the Department of Workforce Development to develop a form for this purpose.

[Act 9 Sections: 722u thru 722ut and 727]

**14. CUSTOMER SERVICE AND LICENSING OPERATIONS**

SEG	\$211,200
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**Governor/Legislature:** Provide \$105,600 annually from the conservation fund to cover operational costs in the Bureau of Customer Service and Licensing as follows: (a) \$54,000 for credit card discount fee costs; (b) \$38,600 for administrative costs related to the nonresident snowmobile trail use sticker; and (c) \$13,000 for front-line staff training. Funding would be split between eight of the accounts in the conservation fund.

**15. HANDLING FEES RETAINED BY AGENTS [LFB Paper 668]**

**Governor:** Allow the Department to allow any agent appointed to sell hunting and fishing licenses to collect and retain all, or a portion of, the handling fee that the Department is now authorized to charge for the handling costs (such as credit transaction fees, mailing costs and personnel costs) that are necessary to process licenses purchased by mail, telephone or electronic means. The Department currently charges a \$3 handling fee for licenses ordered (primarily by out-of-state residents) with a credit card by phone or by mail from the DNR Madison office.

**Joint Finance/Legislature:** Modify the Governor's recommendation to allow the Department to appoint only the agent it is contracting with to operate the Automated License Issuance System to collect and retain all, or a portion of, the handling fee. Further, allow DNR and any sales agent to collect and retain all, or a portion of, the handling fee only for those purchases made in person using a credit card.

[Act 9 Sections: 722v, 725 and 733 thru 738]

**16. BONUS DEER HUNTING PERMIT ISSUING FEE [LFB Paper 669]**

SEG-REV	-\$132,600
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**Governor:** Establish an issuing fee for resident and nonresident bonus deer hunting permits of 75¢. Require that the Department or an agent appointed to issue licenses collect the fee in addition to the base fee for the permit. Allow an agent to retain 50¢ of each issuing fee to compensate for services provided in issuing the permit. Specify that any issuance fee collected by the Department be earmarked for wildlife damage programs, as are all revenues from the bonus deer hunting permits under current law. Under the bill, the fee for a bonus deer hunting permit would be \$13 for a resident and \$22 for a nonresident (compared to \$12 and \$20, respectively, under current law). In 1997-98, DNR sold approximately 184,000 bonus deer permits (including 5,100 to nonresidents).



**Joint Finance/Legislature:** Modify the Governor's recommendation to establish an issuing fee for bonus deer permits of 75¢, effective April 1, 2000, but maintain the current overall fee for the permits at \$12 for a resident and \$20 for a nonresident. Estimate decreased revenues for wildlife damage programs of \$132,600 annually.

**Veto by Governor [B-60]:** Delete the April 1, 2000, effective date.

[Act 9 Sections: 322, 726, 728, 737 thru 739, 753, 754, 779, 780 and 9336(2)]

[Act 9 Vetoed Section: 9436(9d)]

**17. DEER HUNTING BACK TAG RESERVATION FEE [LFB Paper 670]**

SEG-REV	\$180,000
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**Governor:** Require the Department to establish a system under which a person who pays a \$5 reservation fee can reserve a deer hunting back tag number. Allow DNR to limit the number of back tag numbers that can be reserved under this system. Require the Department to issue the same back tag number to a particular person each year upon payment of the reservation fee.

Allow the Department to do any of the following under the system: (a) directly reserve the numbers; (b) appoint, as an agent of the Department, the clerk of one or more counties to reserve the numbers; (c) appoint, as an agent of the Department, persons who are not DNR employees to reserve the numbers. Allow a county clerk to accept the appointment. Allow DNR to promulgate rules regulating the activities of county clerks and non-DNR employees under the system.

Establish two parts to the overall \$5 reservation fee: (a) a \$4.50 base fee; and (b) a 50¢ issuing fee. Allow a county clerk or non-DNR employee appointed to reserve numbers to retain the 50¢ issuing fee for each number reserved as compensation for services in making the reservation. No estimate of revenue is provided.

**Joint Finance/Legislature:** Estimate increased revenues to the fish and wildlife account of the conservation fund of \$90,000 annually as a result of these provisions.

[Act 9 Sections: 723 thru 725, 740, 777, 778 and 781]

**18. WARDEN OPERATING EXPENSES**

SEG	\$283,700
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**Governor/Legislature:** Provide \$123,500 in 1999-00 and \$160,200 in 2000-01 from the conservation fund for warden operating costs, including telephone, postage, printing, uniforms, law enforcement equipment, travel, rental space and other supplies and

services. Funding in both years would be split equally between the fish and wildlife, snowmobile and boat registration accounts.

**19. CAR-KILLED DEER**

GPR	\$80,600
SEG	<u>80,600</u>
Total	\$161,200

**Governor/Legislature:** Provide \$52,000 in 1999-00 and \$109,200 in 2000-01, funded 50% from GPR and 50% from the fish and wildlife account of the conservation fund, for the costs of contracting for the removal of car-killed deer and payment of fees to private agents to tag deer for motorists. Base funding of \$520,000 is available for this purpose.

**20. MOBILE DATA COMPUTER NETWORK**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$80,000	\$29,500	\$109,500

**Governor:** Provide \$46,000 in 1999-00 and \$34,000 in 2000-01 from the boat registration account of the conservation fund for the purchase of hardware, software, training, access and maintenance related to the mobile data computer network. The network will allow state law enforcement officers to communicate, access and share data and develop reports through laptop computers. In the 1997-99 biennium, \$165,000 from the fish and wildlife account of the conservation fund was provided to begin development of the system and purchase of computers.

**Joint Finance/Legislature:** Provide an additional \$28,000 in 1999-00 and \$1,500 in 2000-01 from the boat registration account for additional funding for warden training related to the network.

**21. SPEARFISHING ENFORCEMENT AIDS [LFB Paper 158]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$20,000	\$0	-\$20,000
PR	<u>20,000</u>	<u>-20,000</u>	<u>0</u>
Total	\$0	-\$20,000	-\$20,000
GPR-Lapse	\$0	\$37,000	\$37,000

**Governor:** Delete \$10,000 GPR annually and provide \$10,000 PR annually from tribal gaming revenue allocations for spearfishing enforcement aids. (Additional information on the

proposed use of tribal gaming revenues can be found under "Administration -- Division of Gaming.")

In addition, require the Department to lapse to the general fund an amount equal to the unencumbered balance in the GPR spearfishing aids appropriation on the day before the effective date of the bill. While not included in the bill, the lapse is estimated to be approximately \$37,000.

**Joint Finance/Legislature:** Delete \$10,000 PR annually from tribal gaming revenue allocations for these aids. Maintain the current GPR appropriation for the aids, but with no funding appropriated. In addition, incorporate the \$37,000 lapse into the bill.

[Act 9 Section: 9236(2)]

## 22. CRANE DAMAGE STUDY AND WHOOPING CRANE REINTRODUCTION

	Jt. Finance/Leg. (Chg. to Base)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$277,300	1.00	-\$81,100	-0.50	\$196,200	0.50

**Joint Finance/Legislature:** Provide \$55,000 in 1999-00 and \$60,000 in 2000-01 from tribal gaming revenue allocations to DNR as one-time funding for a study of crop damage caused by cranes to be done by the University of Wisconsin and the International Crane Foundation. Require the study to be completed before July 1, 2001.

Also, provide \$75,300 in 1999-00 and \$87,000 in 2000-01 and 1.0 wildlife biologist position from tribal gaming revenue allocations related to the reintroduction of whooping cranes in Wisconsin.

**Veto by Governor [F-24]:** Delete \$37,600 in 1999-00 and \$43,500 in 2000-01 and 0.5 position annually by deleting the amounts in the schedule (\$130,300 and \$147,000) and writing in the lower amounts (\$92,700 in 1999-00 and \$103,500 in 2000-01).

[Act 9 Sections: 308k, 308L, 565m, 9136(10m) and 9436(8m)]

[Act 9 Vetoed Section: 172 (as it relates to s. 20.370(1)(Lk))]

**23. MEAD WILDLIFE AREA PUBLIC INTERPRETIVE CENTER**

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
BR	\$112,000	-\$112,000	\$0

**Joint Finance/Legislature:** Provide \$112,000 in general obligation bonding for construction of a public interpretive center at the Mead Wildlife Area in Portage, Marathon and Wood Counties. Specify that expenditures from the bonding authorization be made in a manner that, for every \$2 received by DNR from private grants, gifts or bequests for the project, \$3 be expended from the appropriation. (Information on position authority for educational and informational activities at the Center is provided under "University of Wisconsin System.")

**Veto by Governor [B-58]:** Delete provision.

[Act 9 Vetoed Sections: 633m and 671h]

**24. BECOMING AN OUTDOORS-WOMAN STATEWIDE COORDINATOR**

SEG	\$77,000
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**Joint Finance/Legislature:** Provide \$33,000 SEG in 1999-00 and \$44,000 SEG in 2000-01 from the fish and wildlife account of the conservation fund to allow DNR to provide funding to contract for a coordinator position at the University of Wisconsin-Stevens Point for the Becoming an Outdoors-Woman (BOW) program, which provides training to persons in the outdoor skills needed by women to hunt, fish, camp, canoe and undertake other outdoor recreation activities. Specify that DNR may not provide any funding unless the BOW program first demonstrates that it has received an equal amount of outside support in the form of money or in-kind support. (Information on position authority is provided under "University of Wisconsin System.")

[Act 9 Sections: 292m, 309e and 782m]

**25. WALLEYE SURVEYS**

SEG	\$100,000
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**Joint Finance/Legislature:** Provide \$50,000 annually from the fish and wildlife account of the conservation fund for walleye surveys in the ceded territories.

**26. LADYSMITH FISHERIES BIOLOGIST**

	Jt. Finance/Leg. (Chg. to Base)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$75,300	1.00	-\$75,300	-1.00	\$0	0.00

**Joint Finance/Legislature:** Provide \$32,300 in 1999-00 and \$43,000 in 2000-01 and 1.0 position annually from the fish and wildlife account of the conservation fund for a fisheries biologist position at the Ladysmith Service Center.

**Veto by Governor [B-61]:** Delete the amounts in the schedule (\$13,170,600 in 1999-00 and \$13,181,300 in 2000-01) and write in the lower appropriation amount (\$13,138,300 annually) in order to delete this provision. Further, the Governor's veto message requests the DOA Secretary to not allot the funds or authorize the position authority.

[Act 9 Vetoed Section: 172 (as it relates to s. 20.370(4)(mu))]

**27. MEDFORD RANGER STATION**

	Jt. Finance/Leg. (Chg. to Base)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$42,000	0.75	-\$42,000	-0.75	\$0	0.00

**Joint Finance/Legislature:** Provide \$18,000 in 1999-00 and \$24,000 in 2000-01 and 0.75 position annually split-funded from eight accounts of the conservation fund for a program assistant in the Bureau of Customer Service and Licensing at the Medford Ranger Station (Taylor County).

**Veto by Governor [B-61]:** Delete the amounts in the schedule (\$10,882,600 in 1999-00 and \$10,808,300 in 2000-01) and write in the lower amounts (\$10,821,900 in 1999-00 and \$10,733,500 in 2000-01) in order to delete this provision. Further, the Governor's veto message requests the DOA Secretary to not allot the funds or authorize the position authority.

[Act 9 Vetoed Section: 172 (as it relates to s. 20.370(9)(mu))]

**28. CORPORATE TAX CHECK-OFF FOR ENDANGERED RESOURCES PROGRAM**

**Joint Finance:** Beginning in tax year 2000, allow corporate income taxpayers to donate a portion of their tax refund or, if taxes are due, include an additional amount with their tax payment for the endangered resources program, consistent with provisions allowing individual taxpayer donations. In 1997-98, the endangered resources tax check-off generated \$535,200.

**Assembly/Legislature:** Delay the effective date for implementation of the endangered resources check-off on corporate income and franchise tax returns from tax year 2000 to tax year 2001.

[Act 9 Sections: 306m, 594k, 702, 1748b and 9343(2g)]

## **29. ENDANGERED RESOURCES PLATE FOR DAMAGE PAYMENTS**

**Joint Finance:** Specify that 3% of the amount generated by the endangered resources plate in each fiscal year be allocated for wildlife damage control and payments of claims for damage associated with endangered or threatened species. Specify that the total amount from the endangered resources plate and tax check-off used for wildlife damage purposes may not exceed \$100,000.

**Senate:** Delete provision.

**Conference Committee/Legislature:** Include Joint Finance provision.

[Act 9 Section: 306m]

## **30. ELIGIBILITY FOR DAMAGE CAUSED BY GRAY WOLVES**

**Joint Finance/Legislature:** Specify that damage caused by gray wolves is eligible for payment under the endangered resources wildlife damage program, regardless of whether gray wolves are listed as an endangered or threatened species. Approximately \$16,100 in wolf damage payments were made in 1997-98 and \$19,800 in 1998-99.

[Act 9 Section: 1720m]

## **31. BEAR HUNTING**

**Joint Finance/Legislature:** Establish a system of awarding Class A bear hunting licenses under which a person may apply to DNR for either a license or a preference point. Specify that an applicant who is selected to receive a license would lose any preference points once selected to receive the license. Provide that an unsuccessful applicant would receive a preference point for the next application cycle. Allow an applicant applying for a preference point to pay the required fees and automatically receive a preference point for the next application cycle.

Also, move to delete the current law provision prohibiting DNR from authorizing the pursuit of bear with dogs or the training of dogs to track bear, trail bear or engage in any other activity that contributes to locating bear in any area of the state where DNR has not authorized the use of dogs to hunt bear.

[Act 9 Sections: 726c thru 726p and 777g]

### 32. TURKEY HUNTING LICENSES

**Joint Finance/Legislature:** Create a new preference category in the cumulative preference system for turkey hunting licenses for qualified nonresident landowners (defined consistent with qualified resident landowners). Specify that this category would be the fourth preference category, after all other resident applicants and before nonresidents who are not qualified landowners.

[Act 9 Sections: 725g, 725r and 9336(9c)]

### 33. FALCONRY PERMITS

**Joint Finance/Legislature:** Allow DNR to promulgate rules to establish fees for falconry permits. Specify that revenue from the permit fees would be deposited in the fish and wildlife account of the conservation fund.

In addition, specify that nonresidents may take raptors from the wild to be used for falconry only if the person: (a) holds an approval issued by the Wisconsin DNR that authorizes the taking of raptors for use in falconry; (b) holds an approval from the state, province or country of which he or she is a resident that authorizes the taking of raptors for use in falconry; and (c) the state, province or country of which the person is a resident allows residents of Wisconsin to take raptors from the wild in that state, province or country.

[Act 9 Section: 730f]

### 34. PAYMENT OF VENISON PROCESSING COSTS

**Joint Finance/Legislature:** Allow DNR to pay participating counties, from wildlife damage program funds, an amount equal to the cost of processing deer taken anywhere in the county during a deer herd control season established by the Department to abate deer damage, when such deer are donated to food pantries or other charitable organizations. Specify that such costs be paid after other wildlife damage program expenditures, and that DNR prorate payments if funding is not available to fully reimburse counties.

[Act 9 Sections: 322, 722t, 730m, 784m and 785d]

**35. GROUP FISHING LICENSE FOR THE DEVELOPMENTALLY DISABLED**

**Assembly/Legislature:** Create a one-day group fishing license for groups of no more than twelve individuals with developmental disabilities and their caregivers. Set the overall fee for the license at \$25 (\$24.25 base fee and 75¢ issuing fee). Specify that the provisions take effect on the first day of the 7th month after publication of the bill.

[Act 9 Sections: 722tg, 727m, 760m and 9436(10n)]

**36. MARATHON COUNTY WILDLIFE BIOLOGIST**

	Jt. Finance/Leg. (Chg. to Base)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$75,300	1.00	-\$75,300	-1.00	\$0	0.00

**Senate/Legislature:** Provide \$32,300 in 1999-00 and \$43,000 in 2000-01 and 1.0 position annually from the fish and wildlife account of the conservation fund for a wildlife biologist position in Marathon County.

**Veto by Governor [B-61]:** Delete the amounts in the schedule (\$7,907,700 in 1999-00 and \$7,954,400 in 2000-01) and write in the lower amount (\$7,875,400 in 1999-00 and \$7,911,400 in 2000-01) in order to delete the provision. Further, the Governor's veto message asks the DOA Secretary to not allot the funds or authorize the position.

[Act 9 Vetoed Section: 172 (as it relates to s. 20.370(1)(mu))]

**37. STUDY OF PHEASANT GAME FARMS**

**Senate/Legislature:** Require DNR to evaluate the impact of pheasant game farms licensed by the Department on the survival of wild hen pheasants in the vicinity of the farms. Require DNR to submit the results of the evaluation, including recommendations to protect and enhance wild pheasant populations in the vicinity of pheasant game farms, to the appropriate standing committees of the Legislature by October 1, 2000.

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

[Act 9 Vetoed Section: 784g]

**38. GROUP DEER HUNTING**

**Senate:** Specify that a group all using bows and arrows be included in the definition of group deer hunting party.



**Conference Committee/Legislature:** Modify the Senate provision to include antlerless deer only and to be effective from April 1, 2000, to March 31, 2002 (for the 2000 and 2001 bow hunting seasons).

**Veto by Governor [B-59]:** Delete provision.

[Act 9 Vetoed Sections: 730h and 730j]

## Recreational Programs

### 1. RECREATIONAL BOATING PROJECTS AIDS -- FUNDING LEVEL [LFB Paper 701]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$1,500,000	\$300,000	-\$1,200,000

**Governor:** Delete \$900,000 in 1999-00 and \$600,000 in 2000-01 from the recreational boating projects aids appropriation. The appropriation, funded from the water resources account of the conservation fund, has base level funding of \$5,147,000 annually.

**Joint Finance/Legislature:** Provide \$300,000 in 1999-00 from the water resources account for recreational boating projects aids. Funding of \$4,547,000 annually would be appropriated.

### 2. RECREATIONAL BOATING PROJECTS AIDS -- EARMARKED PROJECTS

**Joint Finance:** Require DNR to provide funds from the recreational boating projects aids appropriation for the following purposes:

a. 80% of the project cost or \$727,200, whichever is less, to Oconto County for a grant for a boat landing and breakwall in Oconto County Park 2. Specify that the amount expended be considered an expenditure for a Great Lakes project.

b. up to \$250,000 to the McDill Inland Lake Protection and Rehabilitation District for the dredging of McDill Lake in Portage County. Require the District to provide a 50% match to the grant. Specify that the grant be subtracted from the overall allocation prior to determining the percentage split for recreational boating projects based on location.

c. up to \$25,000 annually in the 1999-01 biennium only for DNR informational and educational activities related to zebra mussels and other aquatic nuisance species. Specify that

the funding be subtracted from the overall annual allocation prior to determining the percentage split for recreational boating projects based on location.

Specify that none of these projects need to be placed on the recreational boating project priority list.

**Assembly:** Require DNR to provide \$300,000 from the recreational boating projects aids appropriation to the Southeastern Wisconsin Fox River Commission to be used for any of the authorized activities of the Commission.

**Senate:** Require DNR to provide funding for the following projects from the recreational boating projects aids appropriation:

a. \$350,000 to the City of Janesville from inland projects for development of the Riverfront Parkway including a marina, boat launch and transient boat slips;

b. 50% of project costs not to exceed \$212,000 to Milwaukee County from Great Lake projects for a channel dredging project inside the South Shore breakwater in Milwaukee Harbor; and

c. \$50,000 to Kenosha County for an erosion control study at Kemper Center along Lake Michigan.

**Conference Committee:** Include the provisions of both houses. Also, require DNR to provide \$2.4 million in 1999-00 and \$2.0 million in 2000-01 from the recreational boating projects aids appropriation for development of Milwaukee Lakeshore State Park, with \$400,000 of the 1999-00 allocation to be provided to the Milwaukee Art Museum for construction of a breakwater.

**Veto by Governor [B-55 and B-56]:** Delete the specification that the grant to the McDill Inland Lake Protection and Rehabilitation District be subtracted prior to determining the percentage split. As a result, the project would be subtracted from the available allocation for inland lake projects.

Also, delete the earmark for the grant to Kenosha County for the erosion control study at Kemper Center.

[Act 9 Sections: 319g thru 319j, 671mn, 793p, 793q, 9107(1)(f)5m, 9136(9c),(9d) thru (9g)&(10z) and 9436(5vw)&(5vx)]

[Act 9 Vetoed Sections: 9136(9d)&(9s)]

### 3. RECREATIONAL BOATING PROJECTS AIDS -- LAKE SUPERIOR HARBOR

**Joint Finance/Legislature:** Repeal the current law provisions allowing DNR, with the approval of the Waterways Commission, to pay up to 100% of the eligible costs for the construction of a harbor of refuge on the Lake Superior shoreline effective January 1, 2000.

[Act 9 Sections: 649p, 867xm and 9436(6t)]

### 4. RECREATIONAL BOATING PROJECTS AIDS -- PORTAGE LEVEE

**Joint Finance:** Expand the purposes for which moneys from the recreational boating projects aids appropriation earmarked for repair and renovation of the City of Portage Levee in the Portage Levee system may be expended to include the Portage Canal.

**Senate:** Delete provision.

**Conference Committee/Legislature:** Include Joint Finance provision.

[Act 9 Sections: 319g, 319h, 867y, 867z and 9436(5x)]

### 5. RECREATIONAL BOATING PROJECTS AIDS -- EURASIAN WATER MILFOIL

**Assembly:** Specify that projects that use chemicals to remove Eurasian water milfoil are eligible for funding from the recreational boating projects aids appropriation.

**Conference Committee/Legislature:** Adopt the Assembly provision but place a \$75,000 annual limit on the amount that can be expended from the appropriation for such projects.

[Act 9 Sections: 867xg and 867xj]

### 6. LOCAL BOATING ENFORCEMENT AIDS

**Governor:** Provide \$100,000 annually from the boat registration account of the conservation fund and delete \$100,000 annually from the water resources account of the conservation fund for local boating enforcement aids. Under the bill, funding of \$800,000 from the boat registration account and \$300,000 from the water resources account would be available for this purpose.

**Joint Finance:** Provide an additional \$50,000 annually from the boat registration account and delete an additional \$50,000 from the water resources account for local boating enforcement aids. Funding of \$850,000 from the boat registration account and \$250,000 from the water resources account would be available for this purpose.

**Assembly/Legislature:** Provide an additional \$250,000 annually from the boat registration account and delete an additional \$250,000 annually from the water resources account for local boating enforcement aids. These aids would be funded entirely from the boat registration account at a level of \$1.1 million annually.

[Act 9 Section: 320m]

**7. BOAT REGISTRATION FEES [LFB Paper 675]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
SEG-REV	\$0	\$4,200,000	\$4,200,000

**Governor:** Effective April 1, 2000, increase the boat registration cycle from two to three years and change the fee schedule to maintain the same annualized cost of registration. Fees under the current and proposed cycle are shown in the table below.

	<u>Current Two-Year Fee</u>	<u>Proposed Three-Year Fee</u>
<b>Nonfleet Boats</b>		
Nonpowered sailboat	\$10.00	\$15.00
Motorboats, under 16 feet	11.00	16.50
Motorboats, 16 to 26 feet	16.00	24.00
Motorboats, 26 to 40 feet	30.00	45.00
Motorboats, over 40 feet	50.00	75.00
Voluntarily registered boats	6.50	9.75
<b>Fleet Boats</b>		
Fleet fee	\$18.00	\$27.00
Nonpowered sailboat	5.00	7.50
Motorboats, under 16 feet	5.50	8.25
Motorboats, 16 to 26 feet	8.00	12.00
Motorboats, 26 to 40 feet	15.00	22.50
Motorboats, over 40 feet	25.00	37.50
Voluntarily registered boats	3.25	4.88
<b>Other Fees</b>		
Dealer/manufacturer fee	\$50.00	\$75.00
Ownership transfer issuance	2.50	3.75

**Joint Finance:** Estimate a one-time revenue increase from this provision of \$2.0 million in 1999-00 and \$2.2 million in 2000-01. Also, place \$200,000 from the boat registration account for the Bureau of Customer Service and Licensing in one-time funding in 2000-01 related to anticipated cost-savings in 2001-02 from this provision.

Further, require the Department to establish a surcharge to the nonfleet boat registration fee in administrative rule based on the horsepower of the boat's engine effective beginning April 1, 2000. Specify that, for boats under 16 feet in length, the surcharge be limited to 100% of the registration fee for such boats. In addition, require DNR to submit a request to the Joint Committee on Finance no later than the 2nd quarterly meeting under s. 13.10 in 2000-01 (December, 2000) for additional boating safety education to be funded from the surcharge.

**Assembly/Legislature:** Delete the Joint Finance provision requiring DNR to establish a surcharge to the nonfleet boat registration fee in administrative rule based on the horsepower of the boat's engine.

[Act 9 Sections: 856 thru 865, 9336(5) and 9436(3)]

**8. SNOWMOBILE PROGRAM FUNDING FROM TRIBAL GAMING REVENUES [LFB Paper 158]**

	Funding Positions	
GPR	-\$1,000,000	- 5.00
PR	1,288,000	6.00
SEG	<u>-288,000</u>	<u>-1.00</u>
Total	\$0	0.00

**Governor/Legislature:** Delete \$500,000 GPR and 5.0 GPR positions annually, delete \$169,000 SEG in 1999-00 and \$119,000 SEG in 2000-01 and 1.0 SEG position from the snowmobile account and provide \$669,000 PR in 1999-00 and \$619,000 PR in 2000-01 and 6.0 PR positions annually to shift the costs of snowmobile enforcement from GPR and snowmobile SEG to tribal gaming revenue allocations. In addition, create a program revenue appropriation within DNR for snowmobile enforcement operations from the tribal gaming revenue. (Additional information on the proposed use of tribal gaming revenues can be found under "Administration -- Division of Gaming.")

1997 Act 27 shifted funding for five snowmobile law enforcement positions from snowmobile SEG to GPR. 1997 Act 237 created a conservation warden position funded by snowmobile SEG. These six positions would be affected by this provision.

[Act 9 Sections: 312, 313, 566 and 2808 thru 2810]

**9. SNOWMOBILE PROGRAM FUNDING [LFB Papers 676 and 678]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	\$250,000	\$250,000
SEG	<u>-394,200</u>	<u>55,900</u>	<u>-338,300</u>
Total	-\$394,200	\$305,900	-\$88,300

**Governor:** Delete \$223,800 in 1999-00 and \$170,400 in 2000-01 from the snowmobile account of the conservation fund for the following: (a) delete \$250,000 annually from the local snowmobile trail and project aids appropriation; (b) delete \$1,900 in 1999-00 and provide

\$56,500 in 2000-01 related to the snowmobile fuel tax transfer; (c) provide \$20,600 annually for the general increase in the per mile maintenance rate of snowmobile trail grooming for state park and southern forest properties; and (d) provide \$7,500 in 1999-00 and \$2,500 in 2000-01 for the purchase of snowmobiles used for trail inspections.

Base funding for snowmobile trail aids is \$6,657,800. Under the bill, trail aids would be funded at \$6,405,900 in 1999-00 and \$6,464,300 in 2000-01.

**Joint Finance/Legislature:** Reestimate the motor fuel tax transfer to delete \$28,000 SEG in 1999-00 and provide \$83,900 SEG in 2000-01. Further, provide \$125,000 GPR annually for snowmobile trail aids.

As a result of these provisions and a reestimate of nonresident trail use sticker revenues, \$6,115,400 in 1999-00 (\$5,990,400 SEG and \$125,000 GPR) and \$6,473,200 in 2000-01 (\$6,348,200 SEG and \$125,000 GPR) would be available for snowmobile trail aids.

[Act 9 Sections: 319b and 2811]

**10. NONRESIDENT SNOWMOBILE TRAIL USE STICKER REVENUE FOR SUPPLEMENTAL TRAIL AIDS [LFB Paper 677]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$0	-\$587,500	-\$587,500

**Governor:** Delete \$700,000 annually from the local snowmobile trail and project aids appropriation and provide an equal amount in a newly-created continuing appropriation primarily for supplemental snowmobile trail aids from a portion of the revenue generated by the \$13 nonresident snowmobile trail use sticker. Beginning in fiscal year 1999-00, require the Department to calculate an amount equal to the number of trail use stickers issued in the previous fiscal year multiplied by \$10 and then credit that amount to the new appropriation. Require the Department to use the revenue in this appropriation first for supplemental aids, and then for any other snowmobile trail or project aid.

A county or DNR is eligible for supplemental trail aid payments if actual eligible costs exceed the maximum per mile payment of \$250 per year and, of the costs incurred, actual trail grooming costs exceed \$130 per mile per year. Supplemental snowmobile trail aids are currently funded from the 40% multiplier of the snowmobile fuel tax transfer formula.

**Joint Finance/Legislature:** Delete provision. In addition, delete \$387,500 in 1999-00 and \$200,000 in 2000-01 as a result of reestimating revenue from the trail sticker. (Revenue from the sticker is estimated at \$312,500 in 1999-00 and \$500,000 in 2000-01.)

**11. NONRESIDENT SNOWMOBILE TRAIL USE STICKER EXPIRATION DATE**

**Governor:** Specify that the expiration date for the nonresident snowmobile trail use sticker is March 31 of each year, rather than being valid for one year as under current law.

**Joint Finance/Legislature:** Specify that the expiration date for the sticker is June 30 (consistent with snowmobile registrations).

[Act 9 Sections: 2807 and 9336(4)]

**12. MANDATORY SNOWMOBILE EDUCATION [LFB Paper 168]**

	Funding	Positions
PR	\$212,000	1.00
SEG	61,000	0.00
Total	\$273,000	1.00

**Governor/Legislature:** Provide \$81,000 PR in 1999-00 and \$131,000 PR in 2000-01 and 1.0 PR position annually from tribal gaming revenue allocations and \$30,500 SEG annually from the conservation fund (the education and safety programs appropriation created under the bill) to implement a mandatory snowmobile education program. The request includes 1.0 conservation warden position and educational materials, advertisements, radio and television announcements, room rental for classes and other materials related to the program. (Additional information on the proposed use of tribal gaming revenues can be found under "Administration -- Division of Gaming.")

Further, effective January 1, 2001, require that any person born after January 1, 1985, must hold a valid snowmobile safety certificate in order to operate a snowmobile. (As under current law, no person under the age of 12 may operate a snowmobile unless the person is accompanied by a parent, a guardian or a person over 18 years of age.) Require that any person required to hold a snowmobile safety certificate while operating a snowmobile carry the certificate on the snowmobile and display the certificate to a law enforcement officer on request. Allow persons enrolled in a safety certification program approved by DNR to operate a snowmobile in an area designated by the instructor.

As under current law, these provisions would not apply to the operation of snowmobiles upon lands owned or leased by the operator's parent or guardian. Leased lands do not include lands leased by an organization of which the operator or operator's parent or guardian is a member.

[Act 9 Sections: 2796 thru 2801, 2803 and 9436(1)]

**13. ALL-TERRAIN VEHICLE PROGRAM FUNDING [LFB Paper 676]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$120,600	\$205,100	\$325,700

**Governor:** Provide \$55,800 in 1999-00 and \$64,800 in 2000-01 from the all-terrain vehicle (ATV) account of the conservation fund for the following: (a) \$20,000 annually to increase funding for county ATV enforcement aids; (b) \$20,000 annually to increase funding for state ATV trail maintenance to fund increases in the allowable seasonal maintenance rate per mile for winter and summer trails; and (c) \$15,800 in 1999-00 and \$24,800 in 2000-01 related to the ATV fuel tax transfer.

**Joint Finance/Legislature:** Reestimate the motor fuel tax transfer to provide an additional \$64,300 in 1999-00 and \$140,800 in 2000-01 for ATV trail aids.

**14. ATV ACCOUNT TRANSFER TO GENERAL FUND**

	Legislature (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR-REV	\$625,000	-\$625,000	\$0
SEG-REV	-\$625,000	\$625,000	\$0

**Assembly:** Transfer \$500,000 from the all-terrain vehicle (ATV) account to the general fund.

**Conference Committee/Legislature:** Transfer \$625,000 in 1999-00 from the ATV account to the general fund. ATV account appropriations of approximately \$1.7 million annually would not be affected.

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

[Act 9 Vetoes Section: 9236(4c)]

**15. SAFETY EDUCATION COURSE FEES [LFB Paper 679]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$315,000	-\$238,000	\$77,000

**Governor:** Provide \$195,500 annually from the conservation fund for the all-terrain vehicle (ATV), boat, snowmobile and hunter education programs administered by the Department. Also, delete \$35,000 annually from the boat enforcement and safety appropriation and \$3,000 annually from the ATV enforcement and safety appropriation related to education course expenditures.

In addition, standardize the operation of the education programs, effective January 1, 2000, as follows: (a) require the Department to establish in administrative rule a fee for each of



the safety programs; (b) require the instructors conducting the programs to collect the instruction fee from each person who receives instruction; (c) allow the Department to determine the portion of the fee, not to exceed 50%, that the instructors of the courses may retain to defray expenses incurred in conducting the programs; and (d) require the instructors to remit the remainder of the fee to DNR.

Create an continuing appropriation within DNR into which all of the money remitted to the Department for ATV, boat and snowmobile education courses and 50% of the money remitted for the hunter education courses would be deposited, for expenditures related to the education courses. The remaining 50% of hunter education course fee revenue would be available for general fish and wildlife account expenditures.

Allow DNR to publish emergency rules, without the finding of an emergency, to implement these provisions. Allow the rules to remain in effect until January 1, 2000, or the date on which permanent rules take effect, whichever is sooner.

**Joint Finance/Legislature:** Delete an additional \$112,000 from the fish and wildlife account and \$7,000 from the ATV account annually related to education course expenditures. (The remaining \$38,500 annually would be reallocated within the snowmobile account for mandatory snowmobile education.) Further, specify that the provision become effective on the first day of the second month after publication of the bill, with emergency rule authority effective through April 1, 2000, or upon promulgation of permanent rules, whichever is earlier.

[Act 9 Sections: 314, 682, 773, 782, 866, 2802, 9136(1) and 9436 (1)&(2)]

#### 16. BOAT, SNOWMOBILE AND ATV REGISTRATION

SEG	\$200,000
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**Governor/Legislature:** Provide \$100,000 annually from the conservation fund (\$68,000 from the boat registration account, \$24,000 from the snowmobile account and \$8,000 from the all-terrain vehicle account) for operation of the integrated, on-line boat, snowmobile and ATV registration processing system. Funding would be used to install additional user locations, provide information services support and for computer processing and disk storage charges. One-time funding was provided from the Information Technology Investment Fund in the 1995-97 biennium and from the conservation fund in the 1997-99 biennium for system development.

#### 17. EXPEDITED RECREATIONAL VEHICLE REGISTRATION

**Governor/Legislature:** Establish an expedited registration service under which a person is able to renew all-terrain vehicle (ATV), boat and snowmobile registration certificates and certificates of number (under the federal identification numbering system) for boats in person and with only one appearance at the site where certificates are renewed. Allow the Department to do any of the following for the issuance and renewal of ATV and snowmobile certificates and

the renewal of boat certificates: (a) directly issue the certificates; (b) appoint, as an agent of the Department, the clerk of one or more counties to issue the certificates; or (c) appoint persons who are not employes of the Department to issue the certificates as agents of the Department. Allow the county clerks to accept the appointment. Allow the Department to promulgate rules regulating the activities of persons appointed to issue certificates.

Require agents to collect an issuing fee of \$3 for each original ATV or snowmobile registration certificate the agent issues. Require agents to remit \$2 of each issuing fee to DNR. Allow the Department to authorize a supplemental renewal fee of \$3 for each ATV, boat or snowmobile renewal issued by an agent or by the Department using the expedited service. Require agents to remit \$2 of each supplemental fee to DNR. Revenue remitted by agents would be deposited in the conservation fund appropriation for the issuing and renewing of certificates.

[Act 9 Sections: 339, 674 thru 681, 854, 855, 2793, 2805 and 2814]

**18. CALL CENTER TOLL-FREE TELEPHONE NUMBER [LFB Paper 680]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$318,900	-\$318,900	\$0

**Governor:** Provide \$189,800 in 1999-00 and \$129,100 in 2000-01, split-funded from eight accounts in the conservation fund, for an effort to improve agency communication with its recreational customers. Funding would be used as follows: (a) \$100,000 in 1999-00 for a study of the Department's communication needs and of how technology can be used to serve customers; and (b) \$89,800 in 1999-00 and \$129,100 in 2000-01 to plan, design and implement a toll-free 800 number to provide general, standardized recreational information to customers through a menu-driven system.

**Joint Finance/Legislature:** Delete provision.

**19. URBAN FAMILY OUTDOORS SKILLS PROGRAM [LFB Paper 681]**

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$200,000	0.00	-\$200,000	0.00	\$150,000	1.00	\$150,000	1.00

**Governor:** Provide \$100,000 annually, split equally between the fish and wildlife, forestry and parks account of the conservation fund, for an outdoor skills education program targeted to

urban families and other nontraditional outdoor recreational groups. The program would focus on teaching the skills needed for natural resource-based outdoor recreation.

**Joint Finance:** Delete provision.

**Senate:** Provide \$75,000 and 1.0 position annually from the fish and wildlife account for an outdoor skills program targeted to urban families and other nontraditional outdoor recreational groups.

**Conference Committee/Legislature:** Adopt the Senate provision but provide the funding from the parks account.

## 20. SNOWMOBILE OPERATION BY LAW ENFORCEMENT OFFICERS

**Governor/Legislature:** Allow a law enforcement officer to operate a snowmobile on a highway in performance of his or her official duties if the snowmobile is equipped with a flashing, oscillating or rotating blue light.

[Act 9 Section: 2795]

## 21. MOTORCYCLE RECREATION ACCOUNT [LFB Paper 659]

SEG	- \$195,000
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**Joint Finance/Legislature:** Delete \$97,500 annually from the motorcycle recreation account of the conservation fund from the motorcycle trail aids appropriation to more closely reflect agency expenditures.

## 22. MACKENZIE ENVIRONMENTAL EDUCATION CENTER

**Joint Finance/Legislature:** Direct DNR to reallocate 1.0 position within the Division of Customer Assistance and External Relations to provide for a facilities repair worker at the MacKenzie Environmental Education Center in Poynette (Columbia County).

**Veto by Governor [B-61]:** Delete provision.

[Act 9 Vetoed Section: 671n]

## 23. HEARING PROCEDURE FOR OBJECTIONS TO LOCAL BOATING REGULATIONS

**Joint Finance:** Allow any local entity or any boating organization organized as a nonstock corporation whose primary purpose is to promote boating activities to object to an ordinance related to the operation of boats on rivers on the grounds that the ordinance is not necessary for public health, safety, welfare or the public's interest in preserving the state's

natural resources. Specify that the hearing procedure would be the same as that for local entities objecting to ordinances that are contrary or inconsistent with statutory boating regulations.

Senate: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 9 Sections: 867j thru 867x]

## Forests and Parks

### 1. FIRE DEPARTMENT PARTNERSHIPS [LFB Paper 685]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
FED	\$0	-3.00	\$0	0.00	\$0	0.00	\$0	0.00	\$0	-3.00
SEG	<u>1,874,000</u>	<u>3.00</u>	<u>- 654,000</u>	<u>0.00</u>	<u>448,800</u>	<u>0.00</u>	<u>- 448,800</u>	<u>0.00</u>	<u>1,220,000</u>	<u>3.00</u>
Total	\$1,874,000	0.00	-\$654,000	0.00	\$448,800	0.00	-\$448,800	0.00	\$1,220,000	0.00

**Governor:** Provide \$937,000 SEG and 3.0 SEG positions annually from the forestry account of the conservation fund and delete 3.0 FED positions annually related to the Department's partnerships with local fire departments. The funding would be used as follows: (a) \$525,000 SEG to reauthorize the local fire department equipment grant program; (b) \$327,000 SEG and 3.0 SEG positions and -3.0 FED positions to shift federal positions (two foresters and one forestry technician) to state funding and reallocate the federal funding to the equipment grant program; and (c) \$85,000 SEG for LTE funding to administer the equipment grant program and for contracting and LTE funding related to the Department's involvement in the Federal Excess Personal Property (FEPP) program. In addition, delete the June 30, 1999, sunset on the equipment grant program.

The fire department equipment grant program was created in the 1997-99 budget as a pilot program funded at \$525,000 annually to fund grants for forest fire fighting equipment for local departments that agree to assist DNR in suppression of forest fires. The bill would reauthorize the program on an ongoing basis at a level of \$852,000 (\$525,000 of state funds and \$327,000 of federal funds).

**Joint Finance:** Delete \$327,000 SEG annually from the forestry account related to the local fire department equipment grant program. The program would be funded at a level of \$525,000 annually (\$198,000 of state funds and \$327,000 in federal funds).

**Conference Committee/Legislature:** Provide an additional \$224,400 annually from the forestry account for LTE funding related to DNR's involvement in the FEPP program.

**Veto by Governor [B-64]:** Delete the additional \$224,400 annually provided for the FEPP program by deleting the amounts in the schedule (\$29,425,800 in 1999-00 and \$29,053,400 in 2000-01) and writing in the lower amounts (\$29,201,400 in 1999-00 and \$28,829,000 in 2000-01).

[Act 9 Sections: 319 and 719]

[Act 9 Vetoed Section: 172 (as it relates to s. 20.370(1)(mu))]

**2. RANGER STATION REPLACEMENT**

SEG	\$1,294,600
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**Governor/Legislature:** Provide \$513,800 in 1999-00 and \$780,800 in 2000-01 in one-time funding from the forestry account of the conservation fund to construct ranger stations at Augusta (Eau Claire County) and Webster (Burnett County). These projects would be the third and fourth of seven ranger stations recommended to be replaced through 2005. The 1997-99 budget provided funding, on a one-time basis from the forestry account, for the first two stations at Wausaukee (Marinette County) and Lake Tomahawk (Oneida County).

[Act 9 Section: 9107(1)(f)5]

**3. FOREST INVENTORIES [LFB Paper 686]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$1,139,000	-\$315,000	\$824,000

**Governor:** Provide \$412,000 annually from the forestry account of the conservation fund to contract with the U.S. Forest Service for a statewide forest inventory program that would allow a complete inventory every five years (20% each year) at a level more accurate than that required by the federal government. Further, provide an additional \$315,000 from the forestry account in 2000-01 to further increase the accuracy of forest inventories on approximately 450,000 acres of state forest lands.

**Joint Finance/Legislature:** Delete \$315,000 in 2000-01 from the forestry account related to the inventory of state forest lands.

**4. INTEGRATED FOREST WILDLIFE POSITIONS [LFB Paper 687]**

**Governor:** Convert \$435,400 SEG and 8.0 SEG wildlife biologist positions annually from the fish and wildlife account to the forestry account of the conservation fund for forestry-related wildlife management on state land and other forested areas.

**Joint Finance/Legislature:** Modify the Governor's recommendation to create a separate appropriation in the Bureau of Wildlife Management funded from the forestry account for the positions.

[Act 9 Section: 308m]

**5. FOREST FIRE SUPPRESSION SUPPORT**

SEG	\$800,300
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**Governor/Legislature:** Provide \$439,000 in 1999-00 and \$361,300 in 2000-01 from the forestry account of the conservation fund to support the Department's fire control and suppression activities. Funding would be provided for staffing and equipment as follows:

<u>Component</u>	<u>1999-00</u>	<u>2000-01</u>
Aerial fire suppression initiative	\$270,000	\$250,000
Wet-ground fire suppression vehicle master lease	27,100	54,300
Fire dispatch center LTE staffing	23,800	24,000
Map digitization and printing	30,000	30,000
Fire simulation training system and maintenance	49,500	3,000
Communication pagers for fire suppression staff	29,000	
Emergency back-up generators	9,600	
Total	\$439,000	\$361,300

**6. FORESTRY OPERATIONS SUPPORT**

SEG	\$728,300
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**Governor/Legislature:** Provide \$386,400 in 1999-00 and \$341,900 in 2000-01 from the forestry account of the conservation fund for the following:

<u>Component</u>	<u>1999-00</u>	<u>2000-01</u>
Annual forest inventory and aerial photo projects	\$139,300	\$94,800
New vehicles for field staff use (one-time)	80,000	80,000
Fleet charges	67,200	67,200
LTE salary increase at nurseries	63,900	63,900
Black River/NHAL State Forest facility operations	12,200	12,200
Snowmobile trail maintenance on state forests	11,900	11,900
Sandhill-Meadow Valley forester support	6,400	6,400
Viroqua field office rent	<u>5,500</u>	<u>5,500</u>
Total	\$386,400	\$341,900

**7. FORESTRY BASIN EDUCATORS [LFB Paper 688]**

SEG	\$602,600
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**Governor/Legislature:** Provide \$311,300 in 1999-00 and \$291,300 in 2000-01 from the forestry account of the conservation fund to contract with the University of Wisconsin Extension for forestry basin educators for ecosystem management and forestry education in the state. The funding would provide for four educators, four half-time program assistants and one-time and ongoing supplies and services funding for the positions. The 1997-99 budget provided \$80,000 annually from the forestry account to allow the Department to contract with the University of Wisconsin-Madison for a cooperative forest landscape ecology position.

**8. STATE SOIL MAPS [LFB Paper 195]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Veto (Chg. to Leg.)</b>	<b>Net Change</b>
SEG	\$400,000	-\$134,800	\$0	\$265,200
SEG-Lapse	\$0	\$0	\$265,200	\$265,200

**Governor:** Provide \$200,000 annually in unallotted reserve from the forestry account of the conservation fund to be provided under assessment authority granted to the Department of Administration to support costs associated with completing and digitizing soil maps statewide and conducting soil surveys in nine northwestern counties over the next four years. (Further information on the initiative can be found under "Administration.")

**Joint Finance/Legislature:** Delete \$67,400 annually from the forestry account as a result of spreading the project costs over six years, rather than four years. In addition, transfer the authority to assess the funding from DOA to the Land Information Board.

**Veto by Governor [B-26]:** Delete the authority of the Land Information Board to assess funding for the project. Under Act 9, the funding would remain in unallotted reserve and no agency would have the authority to make assessments related to the project.

[Act 9 Sections: 114m, 527 and 9401(2zu)]

[Act 9 Vetoed Sections: 114m, 172 (as it relates to s. 20.505(1)(kt)), 527, 527e and 9401(2zu)]

**9. FOREST TAX LAW SOFTWARE [LFB Paper 689]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$210,000	-\$75,000	\$135,000

**Governor:** Provide \$210,000 in 1999-00 from the forestry account of the conservation fund to upgrade and reprogram the computer application software used by the Department to support the forest tax law program for tracking various forest management activities under the program.

**Joint Finance/Legislature:** Delete \$90,000 in 1999-00 and provide \$15,000 in 2000-01 from the forestry account to reflect reestimated costs for the project.

**10. MILLENNIUM TREE PROJECT [LFB Paper 690]**

SEG	\$100,000
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**Governor/Legislature:** Provide \$100,000 in 1999-00 from the forestry account of the conservation fund for Wisconsin's participation in the Millennium Tree project, related to Wisconsin's being designated to provide the Christmas tree for the U.S. Capitol in 1999 for the start of the national millennium celebration. Funding would be used to promote the state's forests, provide educational resources related to forestry and for other forestry-related activities associated with the project.

**11. COUNTY FOREST ADMINISTRATOR GRANT PROGRAM**

SEG	\$100,000
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**Governor/Legislature:** Provide \$30,000 in 1999-00 and \$70,000 in 2000-01 from the forestry account of the conservation fund to fully fund anticipated grants under the county forest administrator grant program. DNR currently provides counties with land entered as county forest land grants for 50% of the salary and fringe benefit cost of a county forest administrator or assistant county forest administrator. Base funding for the program is \$605,000 annually.

**12. COUNTY FOREST WILDLIFE HABITAT AIDS**

SEG	\$8,700
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**Governor/Legislature:** Provide \$4,200 in 1999-00 and \$4,500 in 2000-01 from the forestry account of the conservation fund to fully fund anticipated payments under the county forest wildlife habitat aids program. Under this program, any county with



land entered as county forest land may apply to DNR for payments of up to 10 cents per acre of county forest land for wildlife habitat and management activities on the land. Base funding for the program is \$230,000 annually.

**13. PROPERTY TAX EXEMPTION FOR COMPUTERIZED EQUIPMENT [LFB Paper 856]**

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
SEG-REV	-\$100,000	\$100,000	\$6,000	-\$6,000	\$0

**Governor:** Provide a property tax exemption for fax machines, copiers, cash registers and automatic teller machines (ATMs). Specify that the creation of this exemption takes effect on January 1 of the year following enactment of the bill. Estimate decreased state forestry tax collections at \$100,000 in 2000-01. (Additional information on this provision can be found under "Shared Revenue and Property Tax Relief.")

**Joint Finance:** Delete provision. (Under the Department of Revenue's interpretation of the existing exemption for computers and related equipment, ATMs would continue to be exempt from taxation.)

**Senate:** Delay the property tax exemption for computers and related equipment from assessments as of January 1, 1999, to assessments as of January 1, 2002. Modify the exemption to exclude ATMs. Estimate increased state forestry tax collections by \$505,900 in 1999-00 and \$573,800 in 2000-01.

**Conference Committee/Legislature:** Delete provisions. Rather, exclude ATMs from the property tax exemption for computers as of January 1, 2000. Estimate increased state forestry tax collections of \$6,000 in 2000-01.

**Veto by Governor [F-35]:** Delete provision.

[Act 9 Vetoed Sections: 1653b and 9343(23c)]

**14. TIMBER SALE SURETIES**

**Governor/Legislature:** Allow the Department to require that a person purchasing products or standing timber under a timber sale contract provide surety for the proper performance of the contract, either directly or through a bond furnished by a surety company authorized to do business in Wisconsin. Create an appropriation within the conservation fund for all monies received by DNR from these sureties to be used to repair damage and recover costs related to the improper performance of timber sales contracts and to reimburse persons

who provide such sureties upon satisfactory completion of the contract requirements.

[Act 9 Sections: 306 and 722]

**15. WISCONSIN CONSERVATION CORPS**

**Governor/Legislature:** Allocate \$321,700 in 1999-00 and \$428,800 in 2000-01 from the forestry account of the conservation fund to provide funding for five additional WCC crews. (The fiscal effect of this item is shown under "Workforce Development.")

**16. PLANT PROTECTION FUNDING**

**Governor/Legislature:** Allocate \$75,000 in 1999-00 and \$81,000 in 2000-01 from the forestry account of the conservation fund for plant protection activities in the Department of Agriculture, Trade and Consumer Protection, including nursery regulation and control of plant pests. (The fiscal effect of this item is shown under "Agriculture, Trade and Consumer Protection.")

**17. SHIFT STEWARDSHIP DEBT SERVICE TO FORESTRY ACCOUNT [LFB Paper 693]**

	<b>Jt. Finance (Chg. to Base)</b>	<b>Legislature (Chg. to JFC)</b>	<b>Net Change</b>
GPR	- \$4,000,000	- \$2,000,000	- \$6,000,000
SEG	<u>4,000,000</u>	<u>2,000,000</u>	<u>6,000,000</u>
Total	\$0	\$0	\$0

**Joint Finance:** Shift \$2 million GPR annually to the forestry account of the conservation fund for the payment of principal and interest related to the acquisition and development of state forests under the current and reauthorized stewardship program.

**Assembly:** Shift an additional \$1 million GPR annually to the forestry account. A total of \$3 million annually would be shifted from GPR to the forestry account for stewardship debt service.

**Senate:** Specify that the shift by Joint Finance of \$2 million GPR annually to the forestry account be on a one-time basis in the 1999-01 biennium, rather than ongoing.

**Conference Committee/Legislature:** Shift a total of \$3 million GPR each year on a one-time basis in the 1999-01 biennium only to the forestry account for stewardship debt service.

[Act 9 Sections: 333b, 333bc, 333f, 333h, 628, 628b and 9436(11z)]

**18. FORESTER POSITIONS**

**Joint Finance/Legislature:** Provide \$161,300 in 1999-00 and \$215,000 in 2000-01 from the forestry account of the conservation fund for 5.0 forester positions.

	Funding	Positions
SEG	\$376,300	5.00

**19. FOREST MANAGEMENT PLANS**

**Joint Finance:** Provide \$150,000 each year in the 1999-01 biennium only from the forestry account of the conservation fund to allow DNR to contract with private foresters to prepare management plans for the entry of land into the Managed Forest Land (MFL) program.

SEG	\$300,000
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**Senate:** Delete provision.

**Conference Committee/Legislature:** Include Joint Finance provision.

**20. URBAN LAND CONSERVATION GRANT**

**Joint Finance/Legislature:** Provide \$75,000 annually from the forestry account of the conservation fund to provide a grant to a nonstock, nonprofit corporation organized for urban land conservation purposes.

SEG	\$150,000
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Require DNR to provide one grant of \$75,000 in each fiscal year, beginning in 1999-00, to a nonstock, nonprofit corporation that meets the following requirements: (a) the corporation is organized in this state; (b) the corporation is described under section 501 (c)(3) or (4) of the Internal Revenue Code and is exempt from taxation under section 501 (a) of the Internal Revenue Code; (c) the corporation has a board of directors or an advisory council or both with members who represent one or more urban or urbanizing areas and who collectively have an interest or expertise in all of the following: (1) nonprofit organizations; (2) business; (3) social services; (4) land development; (5) architecture; (6) landscape architecture; and (7) conservation; and (d) the corporation contributes \$25,000 in funds annually to be used with the grant.

Specify that a corporation receiving a grant may use the grant for urban forest protection, water resource enhancement or other urban open space objectives and must do all of the following with the grant: (a) provide technical assistance to interested groups, especially in the areas of urban open space real estate transactions; reclaiming and restoring the natural values of urban parks, urban forests and open space areas; designing and constructing amenities in open space areas; cultivating citizen participation in acquiring, developing and maintaining open space areas; and securing public financing for open space areas; (b) conduct conferences on these topics; (c) assist community groups, nonprofit organizations and local governmental units in acquiring urban property for open space purposes and in restoring urban property acquired for conservation, recreation and other open space purposes; and (d) prepare a report in each

fiscal year detailing the purposes for which a grant is expended and require that the report be submitted to DNR and to the appropriate standing committees of the Legislature.

Provide that a corporation receiving a grant may acquire urban property for conservation, recreation and other open space purposes.

[Act 9 Sections: 318r and 665rm]

**21. ICE AGE TRAIL GRANT**

SEG	\$150,000
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**Joint Finance/Legislature:** Provide \$75,000 from the forestry account of the conservation fund to provide a grant to a nonstock, nonprofit corporation organized for the purposes of establishing, maintaining and promoting the Ice Age Trail.

Require DNR to provide one grant of \$75,000 in each fiscal year, beginning in 1999-00, to a nonstock, nonprofit corporation that meets the following requirements: (a) the corporation is organized in this state; (b) the corporation is described under section 501 (c)(3) or (4) of the Internal Revenue Code and is exempt from taxation under section 501 (a) of the Internal Revenue Code; (c) the corporation has a board of directors or an advisory council or both with members who represent different geographic areas of the Ice Age Trail, including at least one-third who are current or past Ice Age Trail volunteers and who have an interest or expertise in all of the following: (1) recruiting and training volunteers; (2) land conservation; (3) trails and outdoor recreation; (4) tourism; (5) Wisconsin's glacial geology; (6) Wisconsin's cultural history; and (d) the corporation contributes \$25,000 in funds annually to be used with the grant.

Specify that a corporation receiving a grant may use the grant to support activities related to the development, maintenance, protection and promotion of the Ice Age Trail and must do all of the following with the grant: (a) support the work of volunteers who develop, maintain and promote the trail; (b) build partnerships for the trail with local units of government and nonprofit organizations; (c) promote the protection of a corridor for the trail through the acquisition of land and interests in land; (d) strengthen community support for the trail by recruiting and training volunteers and by coordinating the activities of interests groups; and (e) promote tourism related to the trail; and (f) prepare a report each fiscal year detailing the purposes for which a grant is expended and require that the report be submitted to DNR and to the appropriate standing committees of the Legislature.

[Act 9 Sections: 318m and 672m]

**22. SHORELAND VEGETATION EDUCATIONAL MATERIALS**

	<b>Jt. Finance (Chg. to Base)</b>	<b>Senate/Leg. (Chg. to JFC)</b>	<b>Net Change</b>
SEG	\$150,000	-\$150,000	\$0

**Joint Finance:** Provide \$75,000 each year in 1999-01 only from the forestry account of the conservation fund to allow DNR to provide or contract to provide educational materials dealing with shoreland vegetation.

**Senate/Legislature:** Delete provision.

**23. PUBLIC SALE OF STUMPAGE**

**Joint Finance/Legislature:** Change the value of stumpage or cut forest products from state, county or community forests that are subject to public sale requirements from \$1,000 to \$3,000. In addition, change the value of stumpage or cut forest products from state or county forests that must be approved by the DNR Secretary from \$2,500 to \$3,000.

[Act 9 Sections: 722e thru 722s and 9336(9d)]

**24. NORTHERN HIGHLAND-AMERICAN LEGION STATE FOREST LEASE**

**Joint Finance/Legislature:** Allow DNR to lease land in the Northern Highland-American Legion State Forest on Statehouse Lake in the town of Manitowish Waters (Vilas County) for the North Lakeland Discovery Center for terms not to exceed 30 years.

[Act 9 Sections: 718g and 718r]

**25. URBAN FORESTRY GRANT PROGRAM -- MILWAUKEE TREE PLANTING PROJECT**

**Joint Finance/Legislature:** Earmark \$50,000 annually in 1999-01 only from the urban forestry grant program for a tree planting demonstration project in Milwaukee. Urban forestry grants are funded at \$529,900 annually. A similar earmark was included in the 1997-99 biennial budget.

[Act 9 Section: 9136(10d)]

**26. URBAN FORESTRY GRANT PROGRAM -- ELIGIBLE RECIPIENTS**

**Senate:** Include counties, towns and nonprofit conservation organizations (in addition to cities and villages under current law) as eligible recipients of urban forestry grants. Base

funding of \$529,900 from the forestry account of the conservation fund is available for these grants.

**Conference Committee/Legislature:** Delete provision.

**27. URBAN FORESTRY GRANT PROGRAM -- ST. CROIX RIVER SCENIC DEVELOPMENT**

	Legislature (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
SEG	\$10,000	\$0	\$10,000
SEG-Lapse	\$0	\$10,000	\$10,000

**Senate/Legislature:** Provide \$10,000 in 1999-00 from the forestry account of the conservation fund under the urban forestry grant program and require DNR to provide that amount of funding to the City of Hudson for scenic development along the St. Croix River adjacent to the City's wastewater treatment plant along State Highway 35.

**Veto by Governor [B-63]:** Delete the requirement that DNR provide \$10,000 to the City of Hudson and request that the DOA Secretary place the \$10,000 provided for the grant in unallotted reserve to lapse to the forestry account.

[Act 9 Vetoed Section: 9136(11d)]

**28. DIVISION OF FORESTRY**

	Positions
SEG	1.00

**Senate/Legislature:** Create a Division of Forestry in DNR. Provide 1.0 unclassified position annually for a division administrator (funded from the existing forestry account general operations appropriation) and increase the number of unclassified division administrator positions authorized in DNR from six to seven. Under the current DNR organization, Forestry is one of five bureaus in the Division of Land.

[Act 9 Sections: 37h, 2361d and 9136(11g)]

**29. UW FORESTRY COOPERATIVES**

**Assembly:** Require DNR to provide \$50,000 annually from Forestry's general program operations appropriation to a program revenue biennial appropriation in the UW-Madison Center for Cooperatives to award grants to persons to form forestry cooperatives that consist primarily of private, nonindustrial forest owners.

**Senate/Legislature:** Allocate \$50,000 SEG from the forestry account of the conservation fund in an annual appropriation to the UW-Madison Center for Cooperatives to award grants to persons to form forestry cooperatives that consist primarily of private, nonindustrial forest owners. (The fiscal effect of this item is shown under "University of Wisconsin System.")

**30. MILWAUKEE LAKESHORE STATE PARK [LFB Paper 269]**

	Governor/Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
PR	\$2,000,000	\$0	\$2,000,000
SEG	0	1,000,000	1,000,000
Total	\$2,000,000	\$1,000,000	\$3,000,000

**Governor:** Require DNR to expend from the general property development component of the Warren Knowles-Gaylord Nelson stewardship program the funding necessary for the following for a state park to provide access to Lake Michigan from the City of Milwaukee: (a) studies and plans for the establishment and development of the state park; and (b) development of the state park. Prohibit the Department from expending more than \$500,000 for the studies and plans.

In addition, create a continuing appropriation in DNR to receive grants from the Department of Transportation estimated at \$1,000,000 annually from federal interstate cost estimate substitute funds for the purpose of constructing pedestrian and bicycle facilities along Lake Michigan in the City of Milwaukee. Specify that funding received by DNR can be used for the acquisition of land, construction or development of facilities. (Additional information on the federal transportation funds is summarized in a separate entry under "Transportation -- Local Transportation Projects.")

Also, specify that a portion of the land that the state deeded to the City of Milwaukee on which the park is proposed to be located may be used for public park purposes (in addition to harbor and fisheries purposes currently).

**Joint Finance:** Delete the stewardship provisions. Instead specify that development of the park is a priority for property development funding under the reauthorized stewardship program.

**Assembly:** Delete Joint Finance provision. Instead, require DNR to expend \$500,000 from the property development category of the original stewardship program and \$500,000 from the property development and local assistance subprogram of the reauthorized stewardship program for development of Milwaukee Lakeshore State Park.

**Conference Committee/Legislature:** Adopt the Assembly provision. In addition:

a. Require DNR to expend an additional \$1.0 million from the property development and local assistance subprogram of the reauthorized stewardship program for development of the park;

b. Require DNR to allocate \$2.4 million in 1999-00 and \$2.0 million in 2000-01 from the recreational boating projects aids appropriation for development of the park, with \$400,000 of the 1999-00 allocation to be provided to the Milwaukee Art Museum for construction of a breakwater; and

c. Provide \$1.0 million from the parks account of the conservation fund in 2000-01 for development of the park.

Total funding under the act for development of Milwaukee Lakeshore State Park is \$9.4 million (\$2 million from federal transportation funds, \$2 million from stewardship, \$1 million from the parks account and \$4.4 million from recreational boating).

[Act 9 Sections: 319g thru 319j, 334, 347, 671mn, 3244 thru 3248, 9107(1)(f)2, 5m&6 and 9150(3)]

**31. PARKS AND SOUTHERN FORESTS OPERATIONS SUPPORT**

SEG	\$1,254,500
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**Governor/Legislature:** Provide \$643,500 in 1999-00 (\$399,400 from the parks account of the conservation fund and \$244,100 from the forestry account of the conservation fund) and \$611,000 in 2000-01 (\$392,200 from the parks account and \$218,800 from the forestry account) for the following items:

	<u>1999-00</u>	<u>2000-01</u>
Trail Operations	\$170,000	\$150,000
Computer Support	143,000	143,000
Utility Costs	105,000	105,000
Building Operations	85,900	85,900
Fleet Charges	47,000	47,000
Southern Forest Productivity	53,000	40,500
Willow River Dam Monitoring	20,000	20,000
Employe Testing	12,400	12,400
Devil's Lake Ecosystem Restoration	<u>7,200</u>	<u>7,200</u>
Total	\$643,500	\$611,000

**32. PARKS AND SOUTHERN FORESTS STAFFING**

**Governor/Legislature:** Provide \$173,900 and 5.0 SEG positions (\$115,300 and 3.75 positions from the parks account and \$58,600 and 1.25 positions from the forestry account) in

	Funding	Positions
FED	\$0	- 1.00
SEG	<u>382,500</u>	<u>5.00</u>
Total	\$382,500	4.00



1999-00 and \$208,600 and 5.0 SEG positions (\$150,000 and 3.75 positions from the parks account and \$58,600 and 1.25 positions from the forestry account) in 2000-01 and delete 1.0 FED position annually to: (a) increase staffing levels to make several seasonal parks positions year-round, and (b) convert funding for a federal natural resources educator position from the federal Ice Age National Scientific Reserve grant to the forestry account.

**33. PARKS AND SOUTHERN FORESTS BUILDING OPERATIONS**

SEG	\$371,600
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**Governor/Legislature:** Provide \$185,800 annually (\$146,800 from the parks account and \$39,000 from the forestry account) for utility and maintenance costs for newly-constructed facilities at twelve parks, three southern forests and three trails, as shown in the following table.

<u>Facility</u>	<u>Amount</u>
<b>Parks</b>	
Buckhorn	\$12,000
Council Grounds	7,000
Devil's Lake	5,500
Governor Dodge	10,600
Harrington Beach	7,100
Interstate	7,100
Kinnickinnic	7,000
Kohler-Adrae	7,100
Peninsula	16,600
Potawatomi	12,900
Wyalusing	14,200
Yellowstone	21,200
<b>Trails</b>	
Chippewa River	9,500
Glacial Drumlin	4,200
Red Cedar	4,800
<b>Southern Forests</b>	
Bong	10,600
Kettle Moraine -- Southern Unit	7,100
Kettle Moraine -- Lapham Peak	<u>21,300</u>
<b>TOTAL</b>	<b>\$185,800</b>

**34. WISCONSIN DELLS STATE NATURAL AREA OPERATIONS [LFB Paper 691]**

**Governor:** Shift \$73,000 in 1999-00 and \$77,000 in 2000-01 and 1.0 position annually from the endangered resources account to the parks account of the conservation fund to reflect the transfer of management and operation of the Wisconsin Dells State Natural Area from the

Bureau of Endangered Resources to the Bureau of Parks and Recreation. The Department indicates that the management practices at the property would remain consistent with those of a natural area.

**Joint Finance/Legislature:** Require a parks admission sticker for motor vehicle entrance to the Wisconsin Dells State Natural Area.

[Act 9 Section: 720d]

**35. CAMPGROUND RESERVATION SYSTEM [LFB Paper 692]**

Funding Positions		
SEG	\$14,400	1.00

**Governor/Legislature:** Provide \$7,200 and 1.0 position annually from the parks account of the conservation fund to manage the contract and the daily operations and reporting requirements of the Parks Automated Reservation and Reporting Centralized System (PARRCS). (Base funding would be reallocated within the parks account to cover the full cost of the position.)

**36. BASE PARKS OPERATIONS FUNDING [LFB Paper 694]**

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR-REV	\$1,000,000	\$1,130,000	-\$1,000,000	\$1,130,000
SEG-REV	-\$1,000,000	-\$1,130,000	\$1,000,000	-\$1,130,000

**Joint Finance:** Transfer \$1 million from the parks account of the conservation fund to the general fund in 1999-00. In addition, specify that DNR may seek additional funding for parks maintenance projects and year-round parks operations costs of up to \$1.4 million from the parks account during the 1999-01 biennium under s. 13.10 without the finding of an emergency.

**Assembly:** Transfer an additional \$1 million annually from the parks account to the general fund. Also, delete the Joint Finance provision allowing DNR to seek additional funding for parks costs of up to \$1.4 million under s. 13.10 without the finding of an emergency.

**Conference Committee/Legislature:** Transfer a total of \$1,630,000 in 1999-00 and \$500,000 in 2000-01 from the parks account to the general fund. (Parks general operations appropriations of approximately \$5 million GPR and \$7.7 million SEG annually would not be affected.) Also, delete the Joint Finance provision allowing DNR to seek additional funding for parks costs of up to \$1.4 million under s. 13.10 without the finding of an emergency.

**Veto by Governor [B-51]:** Reduce the 1999-00 transfer to \$630,000 by striking the "1,".

[Act 9 Section: 9236(3fx)]

[Act 9 Vetoed Section: 9236(3fx)]

**37. HANK AARON STATE TRAIL**

SEG	\$280,000
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**Joint Finance/Legislature:** Provide \$140,000 annually from the parks account of the conservation fund for operation of the Hank Aaron State Trail. Also, require DNR to expend an additional \$670,000 from the Warren Knowles-Gaylord Nelson stewardship program (\$400,000 from urban rivers, \$200,000 from stream bank protection and \$70,000 from urban green space) for development of the trail. In addition, standardize all statutory references to the trail to "Hank Aaron State Trail."

[Act 9 Sections: 663c, 663d, 663m thru 663r]

**38. AZTALAN STATE PARK**

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
PR	\$75,000	-\$75,000	\$0

**Joint Finance/Legislature:** Provide \$75,000 in program revenue authority in 1999-00 to allow DNR to receive funding earmarked from Tourism's tribal gaming marketing appropriation for completion of Phase II of upgrading at Aztalan State Park, which would include developing an overall public education and research strategy as well as a long-term interpretive and management plan. Further, require the Historical Society to work with the management at Aztalan State Park to achieve this upgrade in a timely fashion. Specify that the management plan includes an interpretive and visitor's center, opening other portions of the site to the public and using visual effects to enhance the visitor's experience at the site.

**Veto by Governor [F-21]:** Delete the requirement that Tourism provide \$75,000 to DNR for Aztalan State Park. Further, the Governor's veto message requests that DNR provide funding for this project from the segregated parks general program operations appropriation.

[Act 9 Vetoed Sections: 343 and 9149(1to)]

**39. STATE PARK CAMPSITES**

**Joint Finance/Legislature:** Specify that a maximum of 25% of campsites at state parks have electric receptacles and that a minimum of 25% of campsites at state parks be rustic, as defined by the Department in rule.

[Act 9 Sections: 720g thru 720r]

**Water Quality**

**1. WISCONSIN WATERS INITIATIVE [LFB Paper 702]**

	<b>Governor (Chg. to Base)</b>		<b>Jt. Finance/Leg. (Chg. to Gov)</b>		<b>Net Change</b>	
	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>
GPR	\$166,500	2.00	-\$166,500	-2.00	\$0	0.00
PR	50,000	0.00	166,500	2.00	216,500	2.00
SEG	<u>1,087,500</u>	<u>5.00</u>	<u>0</u>	<u>0.00</u>	<u>1,087,500</u>	<u>5.00</u>
Total	\$1,304,000	7.00	\$0	0.00	\$1,304,000	7.00

**Governor:** Provide \$455,100 in 1999-00 (\$77,700 GPR, \$150,400 SEG from the nonpoint account of the environmental fund and \$227,000 SEG from the water resources account of the conservation fund) and \$848,900 (\$88,800 GPR, \$50,000 PR, \$446,100 nonpoint SEG and \$264,000 water resources SEG) and 7.0 positions annually (2.0 GPR positions and 5.0 water resources SEG positions) for water regulation and zoning staff and technology.

The funding from the nonpoint account would be utilized for information access to provide water-related site information electronically or from DNR offices and provide technology for DNR staff to access and deliver information. The GPR and water resources account funding would be used to provide seven water regulation and zoning specialists and engineers to process permits and provide assistance to local governments

The program revenue funding in 2000-01 would result from allowing DNR to charge a fee for providing any information concerning the waters of the state (including maps and other water resource management information) that it maintains in a format that may be accessed by computer. The Department would determine the amount of the fee and deposit revenues in a continuing appropriation.

**Joint Finance/Legislature:** Shift \$77,700 in 1999-00 and \$88,800 in 2000-01 and 2.0 positions annually from GPR to water regulation and zoning fee program revenues.

[Act 9 Sections: 317 and 673]

**2. RIVER AND LAKE PROTECTION GRANT PROGRAMS [LFB Paper 703]**

	<b>Governor (Chg. to Base)</b>		<b>Jt. Finance/Leg. (Chg. to Gov)</b>		<b>Veto (Chg. to Leg.)</b>		<b>Net Change</b>	
	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>
SEG	\$800,000	0.00	\$543,500	1.00	-\$93,500	-1.00	\$1,250,000	0.00
SEG Lapse	\$0		\$0		\$300,000		\$300,000	

**Governor:** Provide \$250,000 annually from the water resources account of the conservation fund and \$150,000 annually from the nonpoint account of the environmental fund to expand the current lake management and classification grant program to include a river protection grant program. As part of the program, require the Department to develop and administer a financial assistance program to provide river protection grants for planning projects and management projects. Total funding for lake and river grants would be \$2,453,300 annually.

a. *Amount of grants.* Specify that a grant for a planning project may be made for up to 75% of the cost of the project up to \$10,000 per grant and that a grant for a management project may be made for up to 75% of the cost of the project up to \$50,000 per grant.

b. *Eligible recipients.* Specify that local governmental units, river management organizations and nonprofit conservation organizations are eligible for grants. Require the Department to promulgate rules to establish the qualifications that a river management organization must meet to qualify for a grant.

c. *Eligible planning activities:* Require DNR to promulgate rules to designate activities that are eligible for grants for planning projects. Require the rules to include the following as eligible activities: (1) data collection; (2) assessments of water quality and of fish and aquatic life and their habitat; (3) assessments of the uses of a river and the uses of the land surrounding the river; (4) nonpoint source pollution evaluation; (5) programs and materials to assist persons in forming river management organizations or other groups to protect or improve rivers and natural riverine ecosystems; and (6) informational or educational programs and materials. Specify that the informational and educational materials may be provided on any of the following: (1) protecting or improving the ways in which rivers are used; (2) protecting or improving the quality of water in rivers; (3) protecting or improving the quality of natural riverine ecosystems; and (4) protecting or improving fish populations, aquatic life or fish habitat in rivers.

d. *Eligible management activities.* Require DNR to designate activities that are eligible for grants for management projects. Require the rules to include the following as eligible activities: (1) the purchase of land or of a conservation easement, if the recipient enters into a contract with the Department and if the purchase will substantially contribute to the protection or improvement of the river's water quality or its natural ecosystem; (2) the restoration of in-stream or shoreline habitat; (3) the development of local regulations or ordinances that will protect or improve the river's water quality or its natural ecosystem; (4) an activity that is approved by DNR and needed to implement a recommendation made as a result of a plan to protect or improve the river's water quality or its natural ecosystem; and (5) installation of pollution control practices.

e. *Other provisions.* Require the Department to promulgate rules establishing the types of natural riverine ecosystems that are eligible for grants under this section. At the completion of a planning project, upon request of the recipient of the grant for the planning project, the Department may approve as eligible activities for a management project grant the recommendations that were made as a result of the project. Specify that river includes a stream or a flowage and that the same contractual provisions required for lake management project grant purchases also apply to river protection grant purchases.

**Joint Finance:** Provide an additional \$367,700 in 1999-00 and \$175,800 in 2000-01 and 1.0 two-year project position from the water resources account related to the following changes in river and lake protection grants.

a. *Funding and Appropriation Structure.* Delete \$100,000 annually from the water resources account related to river protection grants. A total of \$300,000 annually would be available for river protection grants. Merge the lake management and classification grant program and lake management planning grant program into a single lake protection grant appropriation. Provide that unencumbered funding in the river protection grants appropriations be transferred at the end of each fiscal year to the lake protection grant appropriation. Also, provide an additional \$200,000 SEG in 1999-00 from the water resources account for lake protection grants.

b. *Staffing.* Provide \$42,700 in 1999-00 and \$50,800 in 2000-01 and 1.0 two-year project financial assistance specialist to provide staff support for the river protection grant program.

c. *River Protection Grant to Nonstock, Nonprofit Corporations.* Provide \$75,000 annually to DNR for one or more contracts to nonstock, nonprofit corporations that provide organizational and technical assistance to community-based river protection groups. Specify that a corporation must be described under Section 501 (c) (3) or (4) of the Internal Revenue Code, organized in this state, and meet all of the following requirements: (a) the corporation is exempt from taxation under Section 501 (a) of the Internal Revenue Code; (b) the corporation provides support to nonprofit conservation organizations; (c) the corporation has a board of directors that has a majority of members who are representatives of nonprofit conservation organizations; and (d) the corporation contributes \$25,000 in funds to be used with the grant

under this subsection. Specify that a corporation under contract must do all of the following: (a) assist in the establishment of nonprofit conservation organizations; (b) provide technical assistance to nonprofit conservation organizations; and (c) conduct conferences on these topics.

d. *Watershed Center.* Provide \$150,000 annually for DNR to contract for a Watershed Center at UW-Stevens Point, including salary funding for a center director, support staff and limited-term employees and other supplies and services funding.

**Senate:** Provide \$56,700 GPR and 1.0 position annually for a water resources management specialist to coordinate river-related functions in DNR and provide program support for the river protection grant program.

**Conference Committee/Legislature:** Delete Senate provision.

**Veto by Governor [B-49]:** Delete \$42,700 in 1999-00 and \$50,800 in 2000-01 related to 1.0 two-year project position by deleting the amounts in the schedule and writing in the lower appropriation amount. Also, delete the requirement that DNR contract for the Watershed Center and request that the DOA Secretary place the \$150,000 annually provided for the Center in unallotted reserve to lapse to the water resources account.

[Act 9 Sections: 324g thru 325p, 2547, 2548, 2551 and 2551m]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.370(9)(mu)), 684g and 890m]

### 3. LAKE MANAGEMENT PLANNING GRANT PROGRAM

**Governor/Legislature:** Make the following changes to the lake management planning grant program:

a. Expand the purposes of the program to include education on the use of lakes and natural lake ecosystems and the quality of natural lake ecosystems;

b. Expand the uses of grants under the program to include: (1) preventing pollution from entering into lakes or natural lake ecosystems; and (2) protecting or improving the quality of water in lakes or the quality of natural lake ecosystems;

c. Expand the list of eligible activities for the grants to include: (1) assessments of fish and aquatic life and habitat; (2) assessments of the uses of a lake and the uses of land surrounding the lake; and (3) informational or educational programs and materials; and

d. Specify that, for the purposes of the program, lake includes a flowage.

[Act 9 Sections: 867], 2526 thru 2537 and 2546]

#### 4. LAKE MANAGEMENT AND CLASSIFICATION GRANT PROGRAM

**Governor/Legislature:** Make the following changes to the lake management and classification grant program:

- a. Specify that the Department may award contracts (rather than grants, as under current law) for lake classification technical assistance projects to be conducted by nonprofit corporations;
- b. Specify that, for the purposes of the program, lake includes a mill pond or flowage.

[Act 9 Sections: 2538 thru 2545, 2549 and 2550]

#### 5. MUNICIPAL DAM REPAIR AND REMOVAL GRANT PROGRAM -- DAM SAFETY PROJECTS [LFB Paper 704]

**Governor/Legislature:** Modify the municipal dam repair and removal grant program to allow financial assistance to be provided for dam safety projects. Define a dam safety project as the maintenance, repair, modification, abandonment or removal of a dam to increase its safety or any other activity that will increase the safety of a dam. Allow the Department to provide financial assistance for an activity other than the maintenance, repair, modification, abandonment or removal of a dam only if the cost of the activity will be less than the cost of the maintenance, repair, modification or removal of the dam. A total of \$11,850,000 in bonding is available for municipal dam repair and removal grants for up to 50% of local costs not to exceed \$200,000, of which approximately \$10.5 million has been committed to date (1998-99 awards have not yet been made).

[Act 9 Sections: 633, 634, 868 thru 870m, 871, 872b, 872g, 874 thru 876 and 877b]

#### 6. MUNICIPAL DAM REPAIR AND REMOVAL GRANT PROGRAM -- SMALL AND ABANDONED DAMS

**Governor:** Modify the eligibility provisions for the small dam component of the municipal dam repair and removal grant program to make dams that are less than 15 feet high and that create impoundments of 100 surface acres of water or less eligible for funding. Of the bonding authorized for the program, \$250,000 is earmarked for small dam removal. The current small dams definition as those that are less than 15 feet wide and that create impoundments of 50 acre feet or less would be deleted.



**Joint Finance/Legislature:** Exempt dams under the \$100,000 program specifically for abandoned dam removal from the cost-share and municipal ownership provisions of the overall grant program. Include privately-owned dams as eligible under the small dam removal program.

[Act 9 Sections: 870m thru 870r, 872e, 873b, 876g and 877b]

**7. FISH LADDERS AND DAM INVENTORY**

**Assembly/Legislature:** Require DNR to promulgate rules specifying the rights held by the public in navigable waters that are dammed. Require the rules to include provisions on the rights held by the public that affect the placement of fishways or fish ladders in navigable waters that are dammed. Prohibit the Department from requiring that fishways or fish ladders be installed as part of a dam project until these rules are promulgated. Prohibit the Department from requiring a fish ladder as a part of any dam unless state or federal cost-sharing is available.

Also, require the Department to maintain an inventory of all dams in the state that require a dam safety project (maintenance, repair, modification, abandonment or removal of a dam or any other activity to increase the safety of a dam) to be undertaken. Specify that the inventory list the dam safety projects in the chronological order in which they are required to be undertaken. For each dam safety project on the inventory, require DNR to include a statement of which parts of the dam safety project are required to protect the rights held by the public in the navigable waters contained by the dam.

Further, require DNR to provide notice to the owner of a dam that is included on the inventory. Require DNR to establish by rule a notice and hearing process for a dam owner to object to the inclusion of the owner's dam on the list. Require DNR to use this notice and hearing process each time a dam is included on the inventory. Require the process to include a public hearing in the city, village or town in which the dam is located, a public comment period and an appeals process.

[Act 9 Sections: 867xp thru 867xt and 877d]

**8. UPPER MISSISSIPPI RIVER BASIN ASSOCIATION DUES [LFB Paper 645]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$26,000	-\$26,000	\$0

**Governor:** Provide \$13,000 annually from the water resources account of the conservation fund to pay for an increase in dues to the Upper Mississippi River Basin Association. The Association is an organization of five states adjacent to the Upper Mississippi

River (Wisconsin, Missouri, Minnesota, Iowa and Illinois) established to address multi-state environmental issues related to the river.

**Joint Finance/Legislature:** Delete provision.

#### **9. PUBLIC ACCESS TO EXPOSED SHORE BELOW THE ORDINARY HIGH-WATER MARK OF A STREAM**

**Joint Finance/Legislature:** Authorize the public use of the exposed land between the ordinary high-water mark and the edge of a navigable stream for water-related recreational activities (including swimming, fishing and boating). Specify that the public must enter this area from the stream, from a point of public access or with the permission of the owner. Prohibit a riparian owner from charging a fee for the use of an exposed shore area of a stream.

Prohibit the public from any of the following activities in the area between the ordinary high-water mark and the stream's edge: (a) use of any motorized vehicle except in a manner allowed under s. 30.29(3); (b) place any permanent structure or object; (c) cut or remove trees or woody vegetation; (d) remove or damage soil, plants or any object placed by the owner, except for normal wear and tear caused by use of the area; and (e) overnight camping.

Specify that the public does not acquire an easement by prescription as the result of any use of the area between the ordinary high-water mark and the water's edge. Provide that it is not trespass for the public to use the area below the ordinary high-water mark of a navigable stream.

Specify that these provisions apply to navigable streams and do not apply to: (a) any ditch, channel, canal or other artificial stream that has no previous stream history; (b) impoundments on navigable streams; or (c) a navigable stream at any location where there is no water in the stream.

In addition, prohibit a person from obstructing a highway right-of-way with the intention to impede or prohibit access by the public to an exposed shore area of a stream.

[Act 9 Sections: 793t and 3190t]

#### **10. STRUCTURES IN SHORELAND SETBACK AREA**

**Joint Finance:** Require counties to grant special zoning permission for the construction or placement of a structure in the shoreland setback area provided the following requirements are met: (a) the structure is located at least 35 feet landward of the ordinary high-water mark; (b) the total floor area of all of the structures other than boathouses which are located in the shoreland setback area of the property may not exceed 200 square feet; (c) the structure has no

sides or has open or screened sides; and (d) the property owner implements a plan that has been approved by the county to preserve or establish a vegetative buffer on at least 70% of the waterward half of the shoreland setback area on the property where the structure is located.

**Senate:** Delete provision.

**Conference Committee/Legislature:** Include Joint Finance provision.

[Act 9 Sections: 1579n thru 1579r]

## 11. REGULATION OF FISH FARMING

**Joint Finance:** Specify that, for the purposes of permitting for enlargement and protection of waterways, that "agricultural use" is defined to include aquaculture.

Specify that a person may obtain water from a natural body of water that is not part of a fish farm for use in a fish farm if: (a) the water is transferred directly from the natural body of water to the fish farm; (b) any water that is transferred out of the fish farm after use is transferred directly back to the natural body from which it was obtained; (c) the transfer is done by pipe, flume, ditch or pump; and (d) all flumes, pipes and ditches that are used are equipped with barriers that prevent the passage of fish to or from the farm.

**Senate/Legislature:** Delete provision.

## 12. COUNTY WETLANDS EXEMPTIONS

**Governor:** Provide that an activity shall be considered in compliance with state water quality standards that are applicable to wetlands and be exempt from any state fees, requirements, restrictions, permits, authorizations, procedures or penalties specified under statutory provisions, rules, orders and ordinances dealing with deleterious substances, navigable waters, water or sewage, pollution discharge elimination, solid waste, hazardous waste, remedial action or other general environmental provisions, if the activity meets all of the following requirements: (a) the wetland area that will be affected by an activity is less than 15 acres in size; (b) the site of the activity is zoned for industrial use and is in the vicinity of a manufacturing facility; (c) the site of the activity is within the corporate limits of a city on January 1, 1999; (d) the governing body of the city adopts a resolution stating that the exemption under this section is necessary to protect jobs that exist in the city on the date of the adoption of the resolution or is necessary to promote job creation; (e) the site of the activity is located in Trempealeau County.

Prohibit the Department from proceeding with zoning review procedures for an amendment to a local shoreland or floodplain zoning ordinance enacted that affects an activity

that meets all of the above requirements to determine whether the ordinance, as amended, fails to meet the applicable standards. These provisions are intended to apply to the City of Arcadia.

**Joint Finance:** Delete provision as non-fiscal policy.

**Assembly/Senate:** Restore provision.

**Conference Committee/Legislature:** Adopt the Trempealeau County provision. In addition, provide that the same compliance determination and exemptions apply if an activity meets all of the following requirements: (a) the wetland area that will be affected by the activity is less than 4.2 acres in size; (b) the site of the activity is zoned for technology park use and is in the vicinity of a manufacturing facility; (c) the site of the facility is within the corporate limits of a city on January 1, 1999; (d) the governing body of the city adopts a resolution stating that the exemption under this section is necessary to protect jobs that exist in the city on the date of the adoption of the resolution or is necessary to promote job creation; and (e) the site of the activity is located in Dunn County.

Require that, before engaging in any activity authorized under the Dunn County provision, an Army Corps of Engineers wetland permit which includes an approved wetland mitigation plan has been granted. Require that the mitigation plan requires the creation of 1.5 acres of wetland for each acre of wetland affected by the authorized activity. These provisions are intended to apply to the City of Menomonie.

[Act 9 Sections: 1579u, 1591k, 1876e and 2487x]

### **13. IDENTIFICATION OF ORDINARY HIGH-WATER MARK BY TOWN SANITARY DISTRICT**

**Assembly:** Require that a dispute that arises after the effective date of the budget between a town sanitary district and a riparian owner regarding the ordinary high-water mark identified by the district be resolved by an administrative process established in rule by the Public Service Commission. 1997 Act 237 specified that a town sanitary district may identify the ordinary high-water mark of a lake that lies wholly within unincorporated territory within the district.

**Conference Committee/Legislature:** Delete provision.

### **14. BULKHEAD PERMIT EXEMPTION**

**Assembly:** Exempt a riparian owner from any requirement to obtain a permit or approval from DNR to place riprap or similar material as a bulkhead and to fill the area landward from the bulkhead on the bed of a navigable lake if all of the following apply: (a) the property has been owned for at least 25 years by the same owner; (b) the area to be filled does not exceed seven acres; (c) the property is located on an inland lake in a county with a 1990 population

between 135,000 and 145,000; (d) the county seat is located on a different inland lake than the proposed property; and (e) the owner of the property has committed at least 30 acres of land to environmental or conservation purposes.

**Conference Committee/Legislature:** Delete provision.

**15. DANE COUNTY LAKES AND WATERSHED COMMISSION MEMBERSHIP**

**Senate:** Add an additional member to the nine-member Dane County Lakes and Watershed Commission who is a member of a group that exists on the effective date of the bill and whose major purpose is to support the protection or improvement of all of the following lakes in Dane County: (a) Lake Mendota; (b) Lake Monona; (c) Lake Waubesa; (d) Lake Kegonsa; (e) Mud Lake; and (f) Lake Wingra. Specify that six members (rather than five under current law) constitutes a quorum for the transaction of Commission business. Specify that the Commission meet on the petition of six members (rather than five under current law).

**Conference Committee/Legislature:** Adopt the Senate provision but specify that the additional member be from the Yahara Lakes Association.

[Act 9 Sections: 877m thru 877r]

**16. NONPOINT SOURCE WATER POLLUTION ABATEMENT PROGRAM REDESIGN**  
[LFB Paper 705]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
BR	\$16,400,000	\$24,000,000	\$10,000,000	-\$15,000,000	\$35,400,000
GPR	\$0	-\$3,720,000	-\$3,500,000	\$0	-\$7,220,000
SEG	0	-588,000	-2,881,300	-2,000,000	-5,469,300
Total	\$0	-\$4,308,000	-\$6,381,300	-\$2,000,000	-\$12,689,300

**Governor:** Provide an increase in general obligation bonding authority of \$16,400,000 for the nonpoint source water pollution abatement grant program. Bond revenues of \$12.4 million would provide cost-share grants for landowners to install pollution abatement projects in existing priority watersheds, \$2 million would provide grants to new nonpoint projects selected under the competitive scoring criteria created in the 1997-99 budget and \$2 million would provide cost-share grants for agricultural facilities to meet performance standards. Under current law, \$34,363,600 in bonding is authorized for general cost-shares and \$2 million is authorized for agricultural facilities to meet performance standards. In total, \$43.2 million would be provided under the bill for nonpoint program grants to local governments and landowners in the 1999-01 biennium (compared to \$34.8 million provided in the 1997-99 budget act).

**Joint Finance:** Delete \$1,860,000 GPR annually and provide an additional \$24 million in general obligation bonding. Allocate \$6 million BR for existing priority watershed projects under the nonpoint source water pollution abatement grant program. Delete the allocation of bonding revenue for competitive nonpoint source projects and transfer bonding recommended by the Governor for meeting nonpoint source water quality standards and for competitive nonpoint source projects (\$4 million) for existing priority watershed projects. Allocate \$15 million in general obligation bonding authority in a new appropriation for urban nonpoint cost share grants. Allocate \$3 million in general obligation bonding authority in a new appropriation for municipal flood control and riparian restoration cost share grants.

Delete \$294,000 SEG annually from the nonpoint account of the environmental fund to maintain expenditures within estimated revenues. Of existing nonpoint account funding, transfer \$2 million SEG annually to be used exclusively for the urban program grants and \$1 million SEG annually be used for municipal flood control and riparian restoration grants. Require DNR and DATCP to submit a schedule to the Joint Finance Committee for the transfer of funds from the DNR GPR appropriation for nonpoint source grants and/or the DNR SEG appropriation from the nonpoint account of the environmental fund for nonpoint source grants to the DATCP soil and water resource management GPR appropriation or soil and water resource management SEG appropriation to be used for county basic allocation staffing in priority watershed projects. Allow the Committee to transfer the funds and increase or decrease each appropriation by the amount of the transfer.

Require that DATCP provide local assistance grants for county technical staff and administration and DNR provide cost share grants to landowners for installation of pollution abatement projects for original priority watershed projects. DNR would also provide cost share and local assistance grants to urban nonpoint projects. Allow DNR to expend more than 50% of the agency's GPR funds appropriated for nonpoint source grants on local assistance. Delete the authority for DNR to transfer funds to DATCP for funding animal waste management practices. (DNR or DATCP would fund these grants from remaining appropriations). Over the biennium, \$72.1 million would be provided for DNR and DATCP nonpoint grant funding compared with \$54.4 million under the Governor's proposal and \$47.1 million in 1997-99. In addition, at least \$4 million in federal funds for local assistance (staffing) and local cost share grants is expected to be available.

*Unified Grant Submission.* Require that county land conservation committees (LCC) annually prepare a single grant request describing staffing needs and land and water resource management (LWRM) plan activities for all county activities under Chapter 92 (Soil and Water Conservation and Animal Waste Management) and s. 281.65 (Financial assistance; nonpoint source water pollution abatement), including priority watershed projects, and urban nonpoint grant requests submitted by counties. Require that DATCP review and approve or disapprove any LWRM plan submitted by an LCC. Require DATCP and DNR to create a single grant application process and set of forms for soil and water resource and nonpoint source management program grants, funding allocations and reporting and evaluations, and to

prepare a single grant to counties. Require the agencies to form an interagency clearinghouse to review the applications, determine if projects should be considered for funding through basic allocation or competitive funding and submit a coordinated grant allocation plan to the Land and Water Conservation Board (LWCB) for Board review and recommendation to the agency Secretaries. Consistent with current practice, the unified grant submission removes DATCP and DNR authority to provide grants directly to individuals who have received a notice of discharge or for compliance with a shoreland management ordinance.

*Basic Allocation Funding to Counties for Staff and Cost Sharing.* Provide basic allocation funding through DATCP to counties to (a) annually provide funding with a goal of funding an average of 3.0 employees per county at up to 100% of salary and fringe benefits for the first position, 70% for a second position and 50% for any additional staff and (b) cost shares of up to \$100,000 (or more if funds are available) per county to fund up to 70%, except in cases of economic hardship, of soil conservation and nonpoint pollution abatement practices of landowners. Require that funding be awarded to any LCC with a LWRM plan as long as the county board has resolved to match state funds granted for staff funding under (a) above with county funds. Allocate funds based on approved LWRM plans and delete the current priorities for basic allocation grant funding under the soil and water resource management program. Allow the LCC to use the grant for activities to meet compliance with farmland preservation credit requirements, and, consistent with approved LWRM plans, activities related to animal waste management and ordinances, LWRM plans, nonpoint source pollution abatement and other conservation practices determined by the county to be necessary for conservation and resource management in that county. Further, allow the LCC to use the grant for shoreland management projects, including reimbursement for the cost of fencing that a landowner installs to comply with a DATCP-approved shoreland management ordinance or the cost of providing a well for livestock, if as a result of complying with such an ordinance, the livestock does not have adequate access to drinking water. Require DATCP and DNR to work with counties to implement the above provisions. State agencies would be ineligible for basic allocation funding, but could still receive funding for a priority watershed or competitive project.

*Land and Water Resource Management Plans.* Require each LCC to prepare a LWRM plan that at a minimum includes: (a) a county-wide assessment of soil erosion conditions and water quality, including information available from DNR; (b) water quality objectives identified for each water basin, priority watershed and priority lake, and identifying the best management practices to achieve the water quality objectives and to reach current state soil erosion control goals; (c) nonpoint source and soil erosion performance standards and prohibitions required under soil and water resource management and water quality protection provisions; (d) a multiyear strategy for implementing LWRM plan-related activities and priorities, including those identified in the plan and those necessary to ensure compliance with federal laws and regulations and state animal waste and other applicable performance standards and prohibitions; (e) a system to track progress of activities identified in the plan; (f) an information and education strategy; and (g) methods for coordinating plan implementation activities with other applicable local, state or federal agencies and organizations. The land and water resource

management plans replace the DATCP identification of priority soil erosion counties. Require DNR to assist counties in LWRM plan activities, to include providing; (a) available water quality data and information; (b) training and support for water resource assessments and appraisals; and (c) related program information.

*Competitive Nonpoint Source Projects.* Allow DNR to provide grants to governmental units for competitive nonpoint source projects. Identify that the purpose of competitive nonpoint grants is to accelerate the implementation of nonpoint source pollution control to target areas that: (a) are of highest priority, including targeted water quality standards, impaired waters, outstanding and exceptional resource waters, public health threat situations and other issues of state and national importance; and (b) pollution abatement cannot be achieved through implementation of county soil and water resource and nonpoint source management programs and activities funded under basic allocation cost shares. Identify that targeted projects include projects for managing pollutants from animal feeding operations receiving a notice of discharge or notice of intent to issue a notice of discharge. Allow competitive projects to last for one to three years, unless DNR approves a one-year extension. Require that competitive grant projects selected are: (a) consistent with priorities identified by DNR on a geographic or watershed basis; (b) consistent with approved LWRM plans; and (c) from the geographic area of a watershed, subwatershed or of a single site, including animal feeding operations receiving a notice of discharge or notice of intent to issue a notice of discharge.

In addition to the stipulations above, require that DNR select projects for competitive grants based on the same criteria currently used for competitive grants under 1997 Act 27. These scoring criteria include the following: (a) the extent to which the application proposes to use cost-effective and appropriate best management practices to achieve water quality goals; (b) the existence in the project area of an impaired water body that the DNR has identified to EPA; (c) the extent to which the project will result in the attainment of established water quality objectives; (d) the local interest in and commitment to the projects; (e) the inclusion of a strategy to evaluate the progress toward reaching project goals; (f) the extent to which the application proposes to use available federal funding; and (g) the extent to which the project is necessary to enable the City of Racine to control storm water discharges as required under federal and state requirements. No funding is designated for the DNR competitive grant program. (Under the funding plan devised by the Departments, except for cost-share grants to comply with a notice of discharge, funding would not be expected to be available until 2003.)

*Urban Nonpoint Program.* Create a statutory urban nonpoint program under DNR. Remove all oversight and project selection powers from the LWCB for the urban nonpoint program. Define that an urban area is one that: (a) serves a population of 1,000 or more per square mile within its boundary according to the most recent population estimate made by the Department of Administration; (b) consists of industrial or commercial land uses; or (c) is surrounded by either (a) or (b) above. Identify that the purposes of the urban nonpoint program are to: (a) manage urban storm water discharge of pollutants and runoff from existing and developing urban areas to achieve water quality standards, minimize flooding and protect



groundwater; (b) coordinate urban nonpoint source management activities and municipal storm water discharge permits; and (c) provide for implementation of urban nonpoint source performance standards.

Require that the governmental unit with jurisdiction for the project area must ensure adequate implementation of the construction site pollutant control and post-development storm water management for new development and redevelopment for sites of one or more acres in order to receive an urban nonpoint grant. The project must also be consistent with the urban nonpoint source performance standards that are being promulgated by administrative rule under 1997 Act 27. Allow DNR to distribute a grant to a governmental unit or for activities within that governmental unit to be carried out by another governmental unit that is required to control storm water discharges relating to s. 283.33 (cities with populations over 100,000, discharge associated with an industrial activity or other discharge that DNR determines either contributes to a violation of a water quality standard or is a significant contributor of pollutants).

Provide local assistance grants for technical staff and administration of up to 70% of eligible costs with a grant recipient match of at least 30%. Define eligible local assistance activities as: (a) storm water management planning within an urban area and within a 20-year projected growth area; (b) informational and educational activities; (c) ordinance development, administration and enforcement; (d) staff training; and (e) other activities identified by DNR rule. Provide cost share grants for up to 50% of eligible costs with a grant recipient match of at least 50%. Define eligible cost share activities as: (a) structural urban best management practices, including necessary land acquisition, storm sewer rerouting, removal of structures and associated flood management, but excluding new construction activities and new development; and (b) other activities, such as improved street sweeping or stream bank and shoreland stabilization, as identified by DNR rule.

Require that DNR select projects for urban nonpoint cost sharing grants based on the same criteria currently used for competitive grants under 1997 Act 27. In addition, require that projects must specify the geographic area of a significant site, subwatershed or watershed and be consistent with priorities identified by DNR on a geographic or watershed basis.

*Municipal Flood Control and Riparian Restoration Program.* Create a municipal flood control and riparian restoration program within the urban nonpoint program to provide financial assistance to cities, villages, towns or metropolitan sewerage districts for facilities and structures, including the purchase of perpetual flowage and conservation easement rights on land within the flood way and flood proofing of public or private structures remaining in the 100 year flood plain, for the collection and transmission of storm water and ground water. Allow DNR to provide grants for up to 70% of eligible costs for construction and real estate acquisition for a DNR approved project. Allow DNR to provide municipal flood control and riparian restoration program local assistance grants for up to 70% of eligible costs, including planning and design costs.

Allow DNR to provide grants: (a) for projects affecting two or more municipalities or metropolitan sewerage districts, to one of the applicant municipalities or metropolitan sewerage districts upon application by all of the municipalities or metropolitan sewerage districts affected by the project; (b) to a municipality or metropolitan sewerage district with jurisdiction for the provision of storm water collection facilities to two or more municipalities or metropolitan sewerage districts affected by the project; or (c) for projects affecting only one municipality or metropolitan sewerage district to the applicant municipality or metropolitan sewerage district.

Require that DNR specify criteria for determining the eligibility and priority ranking of projects which include requiring: (a) no transfer of flooding down stream; (b) to the extent practical, no harm of existing beneficial functions of waterbodies and wetlands; (c) the maintenance of aquatic and riparian environments; (d) to the extent practical, the use of storm water retention and detention structures and the use of natural storage; (e) adequate opportunity for public use access for the stream and flood way; and (f) no channelization, acceleration of upstream runoff or concrete lining of natural stream beds.

*Environmental Improvement Fund Urban Storm Water Loan Program.* Create an urban storm water loan program funded from the clean water fund within the environmental improvement fund to provide financial assistance for nonpoint source pollution and urban storm water runoff projects. Direct that eligible activities under the urban storm water loan program would be practices that are eligible for urban cost share grants and other activities that are specified in administrative rules promulgated by DNR. [See "Environmental Improvement Fund" for additional information on the clean water fund and the storm water loan program.]

*Legislative Intent.* The intent of the Legislature is to enact the soil and water conservation law and the nonpoint source water pollution program to: (a) provide a mechanism for statewide coverage of soil and water conservation needs at the county level; and (b) provide for a statewide clearinghouse for county applications for state soil and water and nonpoint source local assistance. Further, clarify that the intent of the nonpoint source pollution abatement financial assistance program is to focus resources where nonpoint source related water quality problems and threats are the most severe and control is most feasible.

**Assembly:** Transfer \$3,500,000 GPR and \$2,521,300 SEG in 2000-01 from the nonpoint account of the environmental fund from DNR's nonpoint grant appropriations to DATCP's soil and water resource management GPR and SEG appropriations to be used for county basic allocation staffing in priority watershed projects. Further, delete \$500,000 GPR annually from DNR's nonpoint grant appropriation. Additionally, create three staff positions at DATCP for nonpoint program implementation and transfer \$170,000 SEG in 1999-00 and \$190,000 SEG in 2000-01 from DNR's nonpoint grant appropriation to DATCP's soil and water resource management SEG appropriation. The effect of the transfers is to reduce DNR's rural nonpoint grant SEG appropriation to zero in 2000-01 (though \$3 million SEG would remain for the DNR urban nonpoint and flood control programs). Further, transfer \$5 million BR from the urban

nonpoint program to the municipal flood control and riparian restoration program, so that \$10 million BR would be available for urban nonpoint cost share grants and \$8 million BR for municipal flood control and riparian restoration cost share grants.

Require DATCP to provide technical assistance to county land conservation committees and local units of government for the development of any local ordinance that implements agricultural performance standards. Specify that the technical assistance includes preparing model ordinances, providing data concerning these standards and reviewing draft ordinances for compliance with applicable state laws.

**Senate:** Transfer \$3,500,000 GPR and \$2,521,300 SEG in 2000-01 from the nonpoint account of the environmental fund from DNR's nonpoint grant appropriations to DATCP's soil and water resource management GPR and SEG appropriations to be used for county basic allocation staffing in priority watershed projects. Additionally, create 3.0 positions at DATCP for nonpoint program implementation and transfer \$170,000 SEG in 1999-00 and \$190,000 SEG in 2000-01 from DNR's nonpoint grant appropriation to DATCP's soil and water resource management SEG appropriation. The effect of the transfers is to reduce DNR's rural nonpoint grant SEG appropriation to zero in 2000-01 (although \$3 million SEG would remain for the DNR urban nonpoint and flood control programs).

Provide \$13 million in general obligation bonding authority for the municipal flood control and riparian restoration program within the urban nonpoint program, rather than the \$3 million in bonding approved by Joint Finance. The bonding would provide financial assistance to cities, villages, towns or metropolitan sewerage districts for facilities and structures, including the purchase of perpetual flowage and conservation easement rights on land within the flood way and flood proofing of public or private structures remaining in the 100 year flood plain, for the collection and transmission of storm water and ground water.

**Conference Committee/Legislature:** Adopt the Senate provision. Further, as recommended by the Assembly, require DATCP to provide technical assistance to county land conservation committees and local units of government for the development of any local ordinance that implements agricultural performance standards. Specify that the technical assistance includes preparing model ordinances, providing data concerning these standards and reviewing draft ordinances for compliance with applicable state laws.

**Veto by Governor [B-48]:** Delete the appropriation for \$1 million SEG annually for municipal flood control and riparian restoration grants and allow the remaining \$2 million SEG annually to be used for both urban nonpoint and municipal flood control and riparian restoration grants. Also, delete \$15 million in general obligation bonding authority designated for urban cost share grants and allow the remaining \$13 million in bonding to be used for both urban nonpoint and municipal flood control and riparian restoration grants. By deleting certain statutory references the Governor's item veto makes the remaining \$17 million for the biennium in the act available for the two urban programs.

Further, delete the requirement that DNR and DATCP submit a schedule to the Joint Finance Committee for the transfer of funds from the DNR GPR appropriation for nonpoint source grants and/or the DNR SEG appropriation from the nonpoint account of the environmental fund for nonpoint source grants to the DATCP soil and water resource management GPR appropriation or soil and water resource management SEG appropriation to be used for county basic allocation staffing in priority watershed projects. Accordingly, delete the Committee's authorization to transfer the funds and increase or decrease each appropriation by the amount of the transfer.

Finally, delete all provisions relating to the creation of a separate urban stormwater loan program under the clean water fund.

[Act 9 Sections: 1p, 188f, 322p, 323v, 331d, 331e, 333n thru 333p, 628, 628b, 631b thru 632h, 1909m thru 1926ym, 2487p thru 2487t, 2521e thru 2524s, 2525e thru 2525r and 3101m]

[Act 9 Vetoes Sections: 1r, 172 (as it relates to s. 20.370(6)(dr)&(7)(da)), 331d, 331e, 333p, 333r, 628, 628b, 632f and 632h]

**17. TRIBAL GAMING REVENUE FOR NONPOINT GRANTS [LFB Paper 159]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$2,000,000	-\$2,000,000	\$0

**Governor:** Provide \$1,000,000 PR annually from tribal gaming program revenues in a new, annual appropriation to fund nonpoint program cost-share grants to landowners. [See "Administration -- Tribal Gaming Revenue Allocations" for additional information on program revenue from tribal gaming.]

**Joint Finance/Legislature:** Delete provision.

**18. TRIBAL GAMING REVENUE FOR ONEIDA NATION  
NONPOINT GRANTS [LFB Paper 158]**

GPR	-\$240,000
PR	<u>240,000</u>
Total	\$0

**Governor/Legislature:** Provide \$120,000 PR annually from tribal gaming program revenues in a new, annual appropriation to fund nonpoint grants and local assistance to the Oneida Nation of Chippewa. Nonpoint GPR funding would be decreased by the same amount. [See "Administration -- Tribal Gaming Revenue Allocations" for additional information on program revenue from tribal gaming.]

[Act 9 Sections: 331 and 579]

**19. SPRING VALLEY WATERSHED FUNDING**

**Senate:** Provide \$51,500 GPR in 1999-00 and \$51,500 GPR in 2000-01 to provide nonpoint source water pollution abatement project funding to the Village of Spring Valley.

**Conference Committee/Legislature:** Delete provision.

**20. SOUTH FORK OF THE HAY RIVER WATERSHED FUNDING**

**Senate:** Provide \$10,000 GPR in 1999-00 and \$35,000 GPR in 2000-01 to increase cost shares for the South Fork of the Hay River priority watershed project (in Barron, Dunn, Polk and St. Croix Counties). Require DNR to allocate at least \$102,500 in anticipated cost share reimbursement amounts (ACRA) in 1999 and \$153,700 ACRA in 2000 for the project to reflect the increased funding.

**Conference Committee/Legislature:** Delete provision.

**21. TOTAL MAXIMUM DAILY LOAD STAFFING [LFB Paper 707]**

	Funding	Positions
GPR	\$231,500	1.50
SEG	231,500	1.50
Total	\$463,000	3.00

**Governor:** Provide \$111,700 GPR and \$111,700 SEG in 1999-00 and \$119,800 GPR and \$119,800 SEG from the nonpoint account of the environmental fund in 2000-01 for 3.0 regional water resource management positions to begin developing total maximum daily load (TMDL) standards for 550 waterbodies that DNR designated as impaired in 1998. TMDLs are the maximum amounts of specific pollutants a waterbody can receive each day while still meeting state-designated water quality standards and uses. Funds include \$281,200 for training, contracting, hardware, software, and sampling and monitoring equipment.

**Assembly:** Delete 1.5 regional water resource management positions and \$111,700 GPR in 1999-00 and \$119,800 GPR in 2000-01 from DNR for developing total maximum daily load (TMDL) standards for 550 waterbodies that DNR designated as impaired in 1998.

**Conference Committee/Legislature:** Delete Assembly provision.

**22. WATERSHED LAND USE MODELING**

SEG	\$50,000
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**Governor/Legislature:** Provide \$25,000 annually from the nonpoint account of the environmental fund for supplies and services to create and test a general information system model to predict the effects of different types of land use on watersheds. Funds would be used to verify that the model accurately predicts current watershed conditions and then to model the effects of different land use plans on an area.

**23. ANIMAL WASTE REGULATION [LFB Paper 708]**

Funding Positions		
SEG	\$238,300	2.00

**Governor/Legislature:** Provide \$107,700 in 1999-00 and \$130,600 in 2000-01 from the nonpoint account of the environmental fund for 2.0 regional wastewater engineer positions to regulate the animal waste discharge of large livestock operations.

**24. WASTEWATER DISCHARGE (NR101) FEES [LFB Paper 709]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$950,000	-\$475,000	\$475,000

**Governor:** Increase the maximum amount of total wastewater discharge fees that DNR may charge by \$475,000, an increase of 6.4%, from \$7,450,000 to \$7,925,000 in the annual assessment. Retain the current allocation of 50% of fees paid by municipalities and 50% paid by industries. The fees, which are known as NR 101 fees, are deposited in the general fund and support DNR activities related to wastewater and water quality programs. NR 101 fees have not been increased since 1992.

**Joint Finance:** Maintain the current statutory cap of \$7,450,000 for wastewater discharge fees in 1999-00, for fees assessed in the spring of 2000 for calendar year 1999 discharges. Increase the statutory cap to \$7,925,000 in 2000-01.

Require DNR to promulgate administrative rule changes for wastewater discharge fees for fees assessed in the spring of 2001 for calendar year 2000 discharges. Direct that the rules include all of the following provisions: (a) use the fees billed in 2000 for calendar year 1999 wastewater discharges for each discharger as the basis of the new fee system; (b) establish a fee system applicable to each discharger based on a fee per unit of discharge, utilizing a five year rolling average of the amount of discharges by the discharger; (c) establish a performance-based approach, under which if an individual discharger's amount of wastewater discharges increases from one year to the next, the amount of fees paid by the discharger would increase proportionally, and if an individual discharger's amount of wastewater discharges decrease from one year to the next, the amount of fees paid by the discharger would decrease proportionally; (d) establish that the performance-based system will not include the use of multipliers or other similar measures to increase fees above the level based on actual discharge levels; and (e) specify that the wastewater discharge fee per unit of discharge set in the rule may not be changed. Direct DNR to submit the proposed administrative rule changes to the Legislative Council staff no later than February 1, 2000, and to complete promulgation of the final rules by January 1, 2001.

Direct DNR to submit a report by February 1, 2000, to the appropriate standing committees of the Legislature and to the Joint Committee on Finance. Direct that the report include DNR's recommendation on whether any statutory changes would be needed to implement a performance-based approach to assessing wastewater discharge fees, including whether the statutory cap should be changed.

**Senate:** Increase the statutory cap for wastewater discharge fees from \$7,450,000 to \$7,925,000 in 1999-00 (as recommended by the Governor) instead of in 2000-01 (as provided under Joint Finance).

**Conference Committee/Legislature:** Retain the Joint Finance provision. In addition, delay by three months the effective date for submission to the Legislature of administrative rules and recommended statutory changes, if needed, to implement a performance-based system of imposing NR 101 fees on wastewater dischargers from February 1, 2000, to May 1, 2000.

[Act 9 Sections: 2680v thru 2681e and 9136(3x)]

**25. SEPTAGE MANAGEMENT STAFF [LFB Paper 710]**

**Governor:** Convert \$147,200 and 2.0 positions annually from GPR to SEG from the environmental management account of the environmental fund and provide an additional \$82,500 SEG in 1999-00 and \$110,100 SEG in 2000-01 with 2.0 four-year project positions for septage management activities related to the landspreading of septage from on-site wastewater systems. The project positions would work with counties that have the most severe conflicts associated with the land application of septage.

	Funding	Positions
GPR	-\$294,400	- 2.00
SEG	<u>487,000</u>	<u>4.00</u>
Total	\$192,600	2.00

**Joint Finance/Legislature:** Approve the Governor's recommendation but provide the 2.0 SEG project positions as two-year instead of four-year project positions.

**26. SEPTAGE LAND APPLICATION STUDY [LFB Paper 710]**

SEG	\$50,000
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**Governor/Legislature:** Provide \$50,000 SEG in 1999-00 from the environmental management account of the environmental fund for a study of the state's program for regulating the application of septage to land. Direct DNR to submit a report of the results of the study by September 1, 2000, to the appropriate standing committees of the Legislature, the Governor and DOA. Direct that the report include relevant data, identification of problems and recommendations to improve the septage land application program.

[Act 9 Section: 9136(7)]

27. TRIBAL GAMING REVENUE FOR DRINKING WATER STUDY [LFB Paper 269]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
PR	\$300,000	\$100,000	\$130,000	-\$130,000	\$400,000

**Governor:** Provide \$300,000 in 2000-01 as a one-time grant to the Town of Swiss in Burnett County and the St. Croix Band of Chippewa for a study to determine the best technological approaches to addressing water quality problems threatening drinking water and overall water quality problems of the St. Croix, Namekagon and Yellow rivers. The Town of Swiss and the St. Croix Band would be required to submit a report of the findings of the study to DNR and DOA no later than January 1, 2003. The appropriation would exist only in 2000-01. Funding under the bill would be provided from tribal gaming revenue provided to the state under the recently completed state-tribal gaming compact amendments. [For more information on the proposed use of tribal gaming revenues, see the summary item relating to Tribal Gaming Revenue Allocations under "Administration – Division of Gaming."]

**Joint Finance:** Approve the Governor's recommendation. Also: (a) provide an increase of \$100,000 in 1999-00 in addition to the \$300,000 in 2000-01; (b) specify that the funds be used for engineering design and feasibility activities related to construction of wastewater and drinking water treatment facilities; and (c) require the Town of Swiss and the St. Croix Band to submit a report of the findings of the drinking water and water quality study to DNR and DOA no later than January 1, 2001, instead of January 1, 2003.

**Senate/Legislature:** Provide an additional \$130,000 in 1999-00 (a total of \$230,000 in 1999-00 and \$300,000 in 2000-01) for a one-time grant to the Town of Swiss in Burnett County and the St. Croix Band of Chippewa for a drinking water study and for engineering design and feasibility activities related to construction of wastewater and drinking water treatment facilities. Delete \$130,000 PR in 1999-00 from the Commerce gaming economic development grants and loans appropriation to provide no net fiscal effect. Program revenue would be provided from the tribal gaming revenue provided to the state under the recently completed state-tribal gaming compact amendments.

**Veto by Governor [F-22]:** Reduce the appropriation for the grant by \$130,000 in 1999-00 by deleting the amount in the schedule (\$230,000) and writing in the lower amount. Remaining grant funding would total \$100,000 in 1999-00 and \$300,000 in 2000-01.

[Act 9 Sections: 329, 330, 580, 581, 9136(4) and 9436(8)]

[Act 9 Vetoed Section: 172 (as it relates to s. 20.370(6)(ck))]



**28. ENVIRONMENTAL SITE REGISTER UPGRADE**

SEG	\$100,000
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**Governor/Legislature:** Provide \$50,000 annually from the environmental management account of the environmental fund to convert the computerized environmental fee system from the Facility ID Cross Reference System constructed in 1973 to a new Environmental Site Register (ESR). ESR is a departmentwide computer system which sorts and manages information about sites with environmental concerns and was developed with a federal grant. The ongoing funds provided under the bill would be used for computer programming, system maintenance and computer time.

**29. FACTS SYSTEM**

SEG	\$20,000
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**Governor/Legislature:** Provide \$10,000 annually from the environmental management account of the environmental fund for ongoing maintenance and computer time for the FACTS system. The FACTS system is a computer information system developed with a federal grant to provide integrated information about facilities with environmental concerns. It provides information about wastewater discharge, public water supply, solid and hazardous waste, air permits and toxic release inventory programs.

**30. POLLUTION PREVENTION PROGRAM**

**Governor/Legislature:** Direct DNR, Commerce and the UW-Extension to promote a "pollution prevention" instead of a "hazardous pollution prevention" program. Direct DNR to designate an employe to serve as pollution prevention coordinator instead of as hazardous pollution prevention coordinator. [See "Commerce -- Departmentwide and Economic Development" for additional information.]

[Act 9 Sections: 891, 2670 thru 2680 and 2965 thru 2973]

## Air, Waste and Contaminated Land

### 1. AIR MANAGEMENT STAFF AND FEES [LFB Paper 711]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
PR-REV	\$3,187,300		-\$1,646,500		\$869,500		-\$608,100		\$1,802,200	
PR-Lapse	\$0		\$0		\$0		\$608,100		\$608,100	
FED	-\$1,200,000	-8.00	\$0	0.00	\$0	0.00	\$0	0.00	-\$1,200,000	-8.00
PR	919,500	5.00	-1,162,300	-8.00	1,162,300	8.00	0	0.00	919,500	5.00
Total	-\$280,500	-3.00	-\$1,162,300	-8.00	\$1,162,300	8.00	\$0	0.00	-\$280,500	-3.00

**Governor:** Delete \$600,000 FED annually with 8.0 FED positions to reflect a decrease in federal funding. Convert 5.0 of the positions to PR and provide \$370,900 PR in 1999-00 and \$370,800 PR in 2000-01 for the operation permit positions. In addition, provide \$104,800 PR in 1999-00 and \$73,000 PR in 2000-01 for permit processing software. DNR issues operation permits for sources of air emissions that are required to comply with federal Clean Air Act requirements.

Program revenue to support the new positions and 124.25 current positions (including two positions in Commerce) would be provided from emissions fees collected from owners or operators of stationary sources of air pollution for which a permit is required and a new facility fee created in the bill. Currently, stationary sources pay an emissions tonnage fee for certain air pollutants emitted by the sources in the preceding year (\$33.19 per ton will be assessed in 1998-99 for 1998 tonnages), except the fee is capped at 4,000 tons per pollutant per facility. The bill would create an annual facility fee for stationary sources that emit a total of at least five tons of the pollutants currently assessed the emissions tonnage fee. The annual fee per facility would be: (a) \$50 if the total amount of emissions is at least five tons but does not exceed 25 tons; (b) \$650 if the emissions exceeds 25 tons but does not exceed 100 tons; (c) \$2,000 if the emissions exceeds 100 tons but does not exceed 250 tons; (d) \$7,000 if the emissions exceeds 250 tons but does not exceed 4,000 tons; and (e) \$20,000 if the emissions exceeds 4,000 tons. Administration officials estimate that the facility fee would generate \$1,593,650 in annual program revenue.

**Joint Finance:** Approve the Governor's recommendation to delete \$600,000 FED annually with 8.0 FED positions. However, instead of creating a new facility fee, increase the cap for assessment of emissions tonnage fees from 4,000 tons to 5,000 tons per billable pollutant, to generate new revenues of approximately \$716,700 PR in 1999-00 and \$824,100 in 2000-01. In addition, delete \$686,000 PR in 1999-00 and \$654,100 PR in 2000-01 with 8.0 PR positions in the Air Management Bureau. While a total of 11.0 positions would be deleted, revenues are expected to be sufficient for DNR to fill five positions that are currently vacant due to lack of

funds. Further, provide \$104,800 PR in 1999-00 and \$73,000 PR in 2000-01 for permit processing software upgrades. In addition, include the following:

a. Require DNR to promulgate administrative rule changes for air emissions fees for fees assessed in 2002 for calendar year 2001 emissions. Direct that the rules include all of the following provisions: (1) use the fees billed in 2001 for calendar year 2000 emissions for each facility as the basis of the new fee system; (2) establish a fee system applicable to each facility based on a fee per unit of emissions, based on a five year rolling average of the amount of emissions by the facility; (3) establish a performance-based approach, under which if an individual facility's amount of emissions increases from one year to the next, the amount of fees paid by the facility would increase proportionately, and if an individual facility's air emissions decreased from one year to the next, the amount of fees paid by the facility would decrease proportionately; (4) establish that the performance-based system will not include the use of multipliers or other similar measures to increase fees above the level based on actual emission levels; and (5) specify that the emission fee per ton set in the rule may not be changed. Direct DNR to submit the proposed administrative rule changes to the Legislative Council staff no later than July 1, 2001, and to complete promulgation of the final rules by March 1, 2002. Require DNR to submit any statutory language changes necessary to implement the rule changes as part of the Department's 2001-03 budget submittal.

b. Request the Joint Committee on Audit to request the Legislative Audit Bureau to review the DNR's Air Management programs, including a comparison of federally required aspects of the program and aspects required only by state law.

c. Direct DNR to adopt objective performance measurements for the Air Management Bureau relating to the issuance of construction and operation permits, as well as overall bureau performance. Require that DNR form an advisory committee to develop the performance measurements and that the advisory committee include industry representatives who are knowledgeable in performance and productivity assessment in the area of environmental management, as well as other interested members of the public.

d. Require that DNR may not post on the Internet any information that is required to be reported to DNR and that relates to a facility's air emissions, including the nature and duration of specific emissions of an air contaminant source and any results of monitoring the emissions of a contaminant source or the ambient air in the vicinity of a contaminant source, unless DNR certifies that the information is accurate on the date the information is posted on the site. The provision would be effective on the first day of the third month after the effective date of the bill.

**Senate:** Delete the Joint Finance changes related to an increase in the cap for assessment of emissions tonnage fees from 4,000 tons to 5,000 tons per billable pollutant. Instead, provide \$581,200 PR in 1999-00 and \$581,100 PR in 2000-01 with 8.0 PR positions to restore the Governor's recommendation for staffing. (This would result in a net decrease of 3.0 Air

Management positions, instead of a net decrease of 11.0 positions under the Joint Finance provision.) In addition, restore the Governor's recommendation to create an annual facility fee for stationary sources that emit a total of at least five tons of the pollutants currently assessed the emissions tonnage fee.

In addition, delete the other Joint Finance provision except the requirement that DNR may not post on the Internet any information that is required to be reported to DNR and that relates to a facility's air emissions unless DNR certifies that the information is accurate on the date the information is posted on the site.

**Conference Committee/Legislature:** Adopt the Joint Finance provisions, with the following modifications: (a) effective in 2000-01 for calendar year 2000 emissions, create a \$2.86 per ton fee, which would generate approximately \$869,500 in annual program revenue beginning in 2000-01; and (b) provide 8.0 PR positions with \$581,200 PR in 1999-00 and \$581,100 PR in 2000-01 to restore the Governor's recommendation for staffing. The emissions tonnage fee in 2000-01 would be estimated at \$37.16 per ton (\$34.30 under current law plus \$2.86 under Enrolled AB 133). The increase in the cap for assessment of emissions tonnage fees from 4,000 tons to 5,000 tons per billable pollutant, in combination with the additional \$2.86 per ton fee, would generate additional revenues of approximately \$2,410,300 above current law. Maintain the Joint Finance provisions related to development of performance-based methods of establishing fees, adoption of performance measurements for the Air Management Bureau, Legislative Audit Bureau review of DNR's Air Management programs and certification of the accuracy of certain information posted on the Internet. While the Legislature's action deletes a net total of 3.0 positions, it would allow DNR to fill 13 vacant staff positions and to purchase computer upgrades. Under Enrolled AB 133, DNR would have to delay hiring some staff or implement other cost reductions in 1999-00 in order to reduce expenditures by approximately \$303,100 to meet available revenues.

**Veto by Governor [B-40]:** Delete the digit "2" in the \$2.86 emissions fee to instead create a fee of \$0.86 per ton of emissions, effective in 2000-01 for calendar year 2000 emissions. Program revenue would decrease by an estimated \$608,100 in 2000-01. The Governor's veto message requests the DOA Secretary to place \$608,100 in unallotted reserve in the PR emissions fee appropriation. As a result of the directed lapse, DNR would not be able to fill the 5.0 PR positions provided by the act in 2000-01 or pay for permit processing software and would have to reduce expenditures in 2000-01 by an additional \$164,300 PR.

[Act 9 Sections: 310, 316m, 335, 341, 2554e, 2554f, 2555n thru 2557c, 9131(2t), 9136(8tt),(8tu)&(8tv) and 9436(9c)]

[Act 9 Vetoed Section: 2557c]

2. AIR MANAGEMENT -- ASBESTOS FEES AND CITATIONS FOR VIOLATIONS [LFB Paper 711]

PR-REV	\$4,300
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**Governor:** Modify the asbestos abatement program to increase the statutory limit of \$200 per project to \$210 for the inspection of nonresidential asbestos demolition and renovation projects. It is estimated that a \$10 fee increase could generate approximately \$4,300 in annual program revenue, beginning in 2000-01. The Department would need to modify administrative rules in order to implement the higher fee. In addition, authorize DNR to issue citations for violations of asbestos abatement requirements. DNR would be required to promulgate rules, that must be approved by the Department of Justice, which specify the violations for which citations may be issued. DNR would use the same procedures for issuance of a citation and collection of a forfeiture that it currently uses for hunting and fishing violations. DNR is currently authorized to refer violations to DOJ for prosecution and refers approximately 12 out of 600 violations per year. DNR sends a letter of noncompliance or notice of violation for other violations.

**Joint Finance/Legislature:** Approve the Governor's recommendation. Further, direct DNR to submit a request under s. 16.505/515, after administrative rules are promulgated, to fund asbestos abatement and construction permit activities from available revenues.

[Act 9 Sections: 685, 687, 688, 2558, 2559, 2682 and 9136(3d)]

3. NITROGEN OXIDE EMISSIONS REGULATION OF MOTOR VEHICLE MANUFACTURING FACILITIES

**Senate:** Require that when DNR establishes nitrogen oxide emission reductions for the control of atmospheric ozone in another state pursuant to a call for a state implementation plan issued by the U.S. Environmental Protection Agency (EPA) prior to the effective date of the bill, the DNR may not, in an implementation plan, by rule or through the adoption of control strategies, regulate nitrogen oxide emissions from motor vehicle manufacturing facilities.

**Conference Committee/Legislature:** Delete provision.

4. NITROGEN OXIDE EMISSIONS REGULATION OF UTILITIES

**Conference Committee/Legislature:** Require that when DNR establishes nitrogen oxide emission reductions for the control of atmospheric ozone in another state, the Department must establish NOx emissions standards that meet certain criteria, especially for electric generating facilities. (See "Public Service Commission" for additional information.)

**5. STATEWIDE FUND EXPENDITURES [LFB Paper 723]**

**Governor:** In general, the bill would reduce program expenditures to reflect the current law sunset of the temporary recycling surcharge on most businesses for tax years that end after April 1, 1999. Appropriations from the recycling fund would be provided to DNR, Commerce, UW System and Corrections with total funding of \$23.7 million in 1999-00 and \$17.7 million in 2000-01.

**Joint Finance:** Adopt the Governor's recommendations, except retain base funding for the Recycling Market Development Board and eliminate funding provided for Corrections computer recycling. Appropriations from the recycling fund would be provided to DNR, Commerce and UW System with total funding of \$25.9 million in 1999-00 and \$19.9 million in 2000-01.

**Assembly:** Appropriations from the recycling fund would be provided to DNR, Commerce, Corrections and UW System with total funding of \$24.9 million in 1999-00 and \$22.4 million in 2000-01.

**Senate:** Appropriations from the recycling fund would be provided to DNR, Commerce, Corrections and UW System with total funding of \$53.3 million in 1999-00 and \$53.8 million in 2000-01.

**Conference Committee/Legislature:** Appropriations from the recycling fund would be provided to DNR, Commerce, Corrections, DOR and UW System with total funding of \$41.5 million in 1999-00 and \$43.0 million in 2000-01. Recycling fund appropriations for all state agencies are shown in the following table.

**Recycling Fund Appropriations, All Agencies**

Agency	<u>1998-99 Adjusted Base</u>		<u>Conf/Leg. - 1999-00</u>		<u>Conf/Leg. 2000-01</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
Administration	\$128,300	2.50	\$0	0.00	\$0	0.00
Agriculture, Trade and Consumer Protection	211,900	2.20	0	0.00	0	0.00
Commerce	2,832,300	4.00	141,800	2.00	1,141,800	2.00
Corrections	0	0.00	500,000	4.00	500,000	4.00
Natural Resources						
Municipal & County Recycling Grants	24,000,000	0.00	37,800,000	0.00	37,800,000	0.00
Other Programs	4,826,100	28.50	2,336,600	19.00	2,601,600	19.00
Revenue	334,600	2.50	123,000	1.50	245,900	1.50
University of Wisconsin System	<u>527,400</u>	<u>4.50</u>	<u>627,400</u>	<u>7.50</u>	<u>727,400</u>	<u>7.50</u>
<b>Total</b>	<b>\$32,860,600</b>	<b>44.20</b>	<b>\$41,528,800</b>	<b>34.00</b>	<b>\$43,016,700</b>	<b>34.00</b>

**Veto by Governor [B-30]:** Appropriations from the recycling fund would be provided to DNR, Commerce, Corrections, DOR and UW System with total funding of \$27.9 million in 1999-00 and \$28.3 million in 2000-01. Recycling fund revenues in 2000-01 are expected to total approximately \$20.1 million. Recycling fund appropriations for all state agencies are shown in the following table.

### Recycling Fund Appropriations, All Agencies

Agency	1998-99 Adjusted Base		Act 9 1999-00		Act 9 2000-01	
	Funding	Positions	Funding	Positions	Funding	Positions
Administration	\$128,300	2.50	\$0	0.00	\$0	0.00
Agriculture, Trade and Consumer Protection	211,900	2.20	0	0.00	0	0.00
Commerce	2,832,300	4.00	141,800	2.00	141,800	2.00
Corrections	0	0.00	500,000	4.00	500,000	4.00
Natural Resources						
Municipal & County Recycling Grants	24,000,000	0.00	24,500,000	0.00	24,500,000	0.00
Other Programs	4,826,100	28.50	2,136,600	19.00	2,426,600	19.00
Revenue	334,600	2.50	123,000	1.50	245,900	1.50
University of Wisconsin System	<u>527,400</u>	<u>4.50</u>	<u>527,400</u>	<u>4.50</u>	<u>527,400</u>	<u>4.50</u>
<b>Total</b>	<b>\$32,860,600</b>	<b>44.20</b>	<b>\$27,928,800</b>	<b>31.00</b>	<b>\$28,341,700</b>	<b>31.00</b>

## 6. REVENUE FROM A RECYCLING SURCHARGE

	Legislature (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
SEG-REV	\$40,300,000	-\$17,400,000	\$22,900,000

**Conference Committee/Legislature:** Impose a recycling surcharge on businesses. The surcharge would be calculated the same as under prior law with certain modifications. Prior law, until April, 1999, imposed a surcharge in tax year 1998 equal to 2.75% of gross tax liability for corporations (5.5% in tax years prior to 1998) and 0.2173% of net business income for nonfarm sole proprietorships, partnerships, limited liability companies (LLCs) taxable as partnerships and S corporations (0.4345% in tax years prior to 1998). Businesses with under \$4,000 in gross income, farms with less than \$1,000 of net income and members of the clergy were excluded from paying the prior surcharge. Under the bill, businesses (including farms) with \$1 million or less in gross receipts would be excluded from paying the surcharge. However, businesses with gross receipts in excess of \$1 million would be subject to the surcharge based on the business' total net income or gross tax liability. The maximum payment would be increased from \$9,800 under prior law to \$20,000. The minimum payment would remain at \$25. Farms with gross receipts in excess of \$1,000,000 would pay the \$25 minimum

payment. The recycling surcharge rate would be effective beginning with tax year 2000 and would be 3.3% of gross tax liability for corporations or 0.2607% of net business income for nonfarm sole proprietorships, partnerships, limited liability companies taxable as partnerships and S corporations. In addition DOR would be authorized to promulgate rules to define gross receipts and provisions would clarify that the surcharge is imposed on partnerships like other businesses. The recycling surcharge would generate an estimated \$10.5 million in 1999-00 and \$29.8 million in 2000-01 and thereafter on an annual basis.

**Veto by Governor [B-30]:** Modify the surcharge as follows: (a) the surcharge rate would be 3.0% for corporations and 0.2% for nonfarm sole proprietorships, partnerships, S corporations and LLCs taxed as partnerships; (b) the maximum payment would be \$9,800; and (c) nonfarm businesses with less than \$4,000,000 in gross receipts would be excluded from paying the surcharge. The act maintains the requirement in the Enrolled bill that farms with gross receipts in excess of \$1,000,000 pay the \$25 minimum payment. As vetoed the recycling surcharge would generate an estimated \$6 million in 1999-00 and \$16.9 million in 2000-01, which is \$17.4 million less during the biennium than under the Enrolled bill.

[Act 9 Sections: 1810em, 1817bb thru 1817bn, 9143(3d)&(3dm) and 9343(23em)]

[Act 9 Vetoed Sections: 1817be, 1817bf, 1817bh and 1817bi]

## 7. REVENUE FROM A RECYCLING TIPPING FEE

	Legislature (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
SEG-REV	\$15,800,000	-\$13,500,000	\$2,300,000

**Senate:** Impose a state recycling tipping fee of: (a) \$10 per ton on all solid waste except high-volume industrial waste disposed of in landfills in Wisconsin; and (b) \$2 per ton on high-volume industrial waste. Impose an environmental fund state tipping fee to offset the loss in environmental fund revenues from anticipated decreases in the number of tons of solid waste landfilled as a result of the \$10 and \$2 state recycling tipping fee. The environmental fund tipping fee would increase by: (a) 19¢ per ton on all solid waste except high-volume industrial waste; and (b) 1¢ per ton on high-volume industrial waste. The recycling and environmental fund tipping fees would be effective the first day of the first month after the effective date of the bill. Further, exclude waste disposed of by nonprofit corporations under federal Internal Revenue Service code 501 (c)(3) that provide services and programs for people with disabilities or that primarily serves low-income persons and that derives a portion of its income from the operation of recycling and reuse programs, if that waste is not comingled with waste that is subject to the tipping fee. The recycling tipping fee would be expected to generate approximately \$13.0 million in revenue in 1999-00, and annual revenues of roughly \$52 million



beginning in 2000-01 for the recycling fund. In addition, exempt state tipping fees paid by municipalities from the budget test under the expenditure restraint program.

**Conference Committee/Legislature:** Impose a state recycling tipping fee of: (a) \$2.00 per ton on all solid waste except high-volume industrial waste disposed of in landfills in Wisconsin; and (b) \$0.30 per ton on high-volume industrial waste. Impose an increase in the environmental fund state tipping fee to offset the loss in environmental fund revenues from anticipated decreases in the number of tons of solid waste landfilled as a result of the \$2.00 state recycling tipping fee. The environmental fund tipping fee would increase by 2.3¢ per ton on all waste except high-volume industrial waste. Adopt the Senate provisions to: (a) exclude from the recycling tipping fee waste disposed of by nonprofit corporations under federal Internal Revenue Service code 501 (c)(3) that provide services and programs for people with disabilities or that primarily serves low-income persons and that derives a portion of its income from the operation of recycling and reuse programs, if that waste is not comingled with waste that is subject to the recycling tipping fee; and (b) exempt state recycling tipping fees paid by municipalities from the budget test under the expenditure restraint program.

The recycling and environmental fund tipping fees would be effective for waste disposed of in landfills on or after January 1, 2000. The recycling tipping fees would be assessed quarterly, and would provide that fee payments would be due to the Department of Natural Resources (DNR) on: (a) May 1 for waste disposed of from January 1 through March 31; (b) August 1 for waste disposed of from April 1 through June 30; (c) November 1 for waste disposed of from July 1 through September 30; and (d) February 1 for waste disposed of from October 1 through December 31. The recycling tipping fee would be expected to generate revenues of approximately \$3.2 million in 1999-00 and \$12.6 million annually, beginning in 2000-01, for the recycling fund.

**Veto by Governor [B-30]:** Modify the recycling tipping fee to impose a fee of \$0.30 per ton on all solid waste except high-volume industrial waste disposed of in landfills in Wisconsin. Delete the recycling tipping fee on high-volume industrial waste and the increase in the environmental fund tipping fee. As vetoed, the recycling tipping fee would generate an estimated \$0.5 million in 1999-00 and \$1.8 million in 2000-01, which is \$13.5 million less during the biennium than under the enrolled bill. Under the act, state imposed tipping fees would remain at \$0.447 for high-volume industrial waste and would total \$1.047 per ton for most other waste (\$0.747 currently, plus \$0.30 beginning January 1, 2000).

[Act 9 Sections: 716m, 1818Lq, 2569k thru 2569L, 9343(22md) and 9436(11m)]

[Act 9 Vetoed Sections: 2569k, 2569m and 9436(11m)]

**8. TRANSFER FROM RECYCLING FUND TO GENERAL FUND**

GPR-REV	\$22,000,000
SEG-REV	-\$22,000,000

**Conference Committee/Legislature:** Transfer \$15,000,000 in

1999-00 and \$7,000,000 in 2000-01 from the recycling fund to the general fund.

[Act 9 Section: 9236(1c)]

**9. RECYCLING -- ADMINISTRATIVE FUNDING [LFB Papers 723 and 657]**

	Governor (Chg. to Base)		Conf. Comm/Leg. (Chg. to Gov)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
SEG	-\$3,055,000	-18.50	\$1,664,600	9.00	-\$175,000	0.00	-\$1,565,400	-9.50
SEG-Lapse	\$0	0.00	\$0	0.00	\$650,000	0.00	\$650,000	0.00

**Governor:** Reduce funding for recycling administration by \$1,277,500 and 10.75 positions in 1999-00 and \$1,777,500 and 18.5 positions in 2000-01 by: (a) deleting \$2,027,500 and 10.75 positions in 1999-00 and \$2,527,500 and 18.5 positions in 2000-01 from the recycling fund; (b) providing \$500,000 annually from the conservation fund; and (c) providing \$250,000 annually from the environmental fund. The components of the provisions are described as follows.

a. Delete \$300,000 and 4.0 positions in 1999-00 and \$800,000 and 11.75 positions in 2000-01 from the recycling fund for recycling administration in the waste management program. These positions include Air and Waste Division staff in the central office who perform policy development, administrative, planning, evaluation, markets directory and data management functions and regional staff in five regional offices who provide technical assistance and outreach to local governments and also process applications for the municipal and county grant program. Under the bill, \$376,600 with 5.0 recycling fund positions would remain in 2000-01 to perform these functions.

b. Delete \$352,000 and 2.0 positions annually from the recycling fund in the Administration and Technology Division related to accounting, audit of recycling grants, purchasing and other financial management recycling-related responsibilities. Under the bill, \$117,200 with 1.0 recycling fund position would remain to perform these functions.

c. Delete \$555,200 and 4.75 positions annually from the recycling fund in the Customer Assistance and External Relations Division related to informational and education functions and administration of the municipal and county recycling grant program and waste reduction and recycling demonstration grant program. Under the bill, \$366,700 with 3.0 recycling fund positions would remain to perform these functions.

d. Convert \$750,000 annually in expenditures from the recycling fund to the conservation fund (\$500,000) and environmental fund (\$250,000) for departmental rent and facilities costs.

e. Delete \$70,300 annually to eliminate use of the recycling fund for recycling activities in DNR parks and forests.

f. Maintain base funding of \$101,300 and 1.0 position annually from the recycling fund for recycling enforcement which is provided by allocating a portion of the time of environmental wardens throughout the state.

**Joint Finance:** Reduce the conversion of expenditures from the recycling fund to the conservation fund from \$500,000 annually to \$425,000 annually for departmental rent and facilities costs.

**Senate:** In addition, provide the Department of Natural Resources with: (a) one-time funding of \$325,000 in each of 1999-00 and 2000-01 for recycling computer system upgrades; (b) \$15,000 in 1999-00 to restore 0.25 position and \$480,000 in 2000-01 to restore 8.0 DNR Waste Management program staff in the regional offices for administration of recycling law provisions; and (c) \$60,000 in each of 1999-00 and 2000-01 to restore 1.0 DNR grant administration position in the Bureau of Community Financial Assistance.

**Conference Committee/Legislature:** Include the Senate provision. This would provide a total DNR recycling staffing level of 19.0 in each year. Further, provide \$199,800 annually for limited-term employees and supplies costs in the Bureau of Administrative and Field Services. This would restore funds deleted in the Governor's budget bill, as adopted by the Joint Finance Committee, to support operations in DNR service centers and administrative facilities throughout the state, including utilities, janitorial services, building and grounds maintenance, telephone costs and other operations costs.

**Veto by Governor [B-30]:** Delete the nonstatutory provision that directs DNR to remove the funding for computer upgrades from its base budget when preparing the Department's 2001-03 biennial budget request. Request the DOA Secretary to place \$325,000 in unallotted reserve in each year of the biennium (the unspent funds would lapse to the recycling fund at the end of each fiscal year). DOA indicates that it will direct DNR to treat the funding as one-time financing when it prepares its 2001-03 biennial budget request. In addition, reduce by \$175,000 in 2000-01 the appropriation for limited-term employees and supplies costs to support operations in DNR service centers and administrative facilities throughout the state (\$24,800 remains in 2000-01).

[Act 9 Vetoed Section: 172 (as it relates to s. 20.370(8)(iw)) and 9136(2g)]

**10. RECYCLING -- MUNICIPAL AND COUNTY RECYCLING GRANTS [LFB Paper 724]**

	Governor (Chg. to Base)	Conf. Comm/Leg. (Chg. to Gov)	Veto (Chg. to Leg.)	Net Change
SEG	-\$13,000,000	\$40,600,000	-\$26,600,000	\$1,000,000

**Governor:** Reduce base funding for municipal and county recycling grants by \$4,000,000 in 1999-00 and \$9,000,000 in 2000-01 from the recycling fund to provide grant funding of \$20

million in 1999-00 (calendar year 2000) and \$15 million in 2000-01 (calendar year 2001). Extend the end date for the grant program to the year 2001. The municipal and county recycling grant program provides financial assistance to responsible units for eligible recycling expenses. A responsible unit is the local unit of government responsible for implementing state-mandated recycling programs (the town, village, city, county, Indian Tribe or multiple-jurisdiction unit). Currently, the grant program has base funding of \$24 million and the program ends with year 2000 grants. 1997 Act 27 directs DNR to submit a proposal to the Legislature that, if enacted, would carry out the intent of the Legislature to continue at least through the year 2004 its practice of providing state financial assistance to municipalities, counties, other units of government, including federally recognized Indian tribes and bands in this state, and solid waste management systems for expenses relating to programs for the recycling of postconsumer waste. Current law does not include a funding source for the recycling fund after the temporary recycling surcharge expires in April, 1999. The bill would provide one additional year of grant funding in 2001 and end the program after year 2001 grants.

The bill would change the grant formula to reduce the maximum grant amount to \$8 per capita. Currently, the grant is determined by first calculating 66% of the difference between eligible expenses and avoided disposal costs or \$8 per capita, whichever is less. If the amount calculated is less than 33% of eligible expenses, the grant equals 33% of eligible expenses. Under the bill, some responsible units that currently are eligible for grant awards of more than \$8 per capita, would be capped at \$8 per capita. Under current law and the bill, counties that are responsible units for at least 75% of the population of the county are guaranteed a minimum annual grant of \$100,000 if they had eligible expenses equal to or greater than that amount (which means that some counties are and would continue to be eligible to grants equaling most or all eligible expenses). Under administrative rule NR 542, DNR administers a proration formula that maintains the minimum \$100,000 grant for eligible counties and prorates all other grants by an equal percentage.

**Assembly:** Increase funding for municipal and county recycling grants by \$2,000,000 in 1999-00 and \$5,000,000 in 2000-01 from the recycling fund to provide grant funding of \$22,000,000 in 1999-00 (calendar year 2000) and \$20,000,000 in 2000-01 (calendar year 2001). Change the grant formula so that every responsible unit of government that received a grant in 1999 would receive a grant in 2000 and 2001 equal to the same percentage of total grant funding as the responsible unit received in 1999. This would result in responsible units receiving approximately 91.67% of their 1999 grant award in 2000 and 83.33% of their 1999 award in 2001.

**Senate:** Increase funding for local recycling grants to \$48,000,000 annually. Additional funding in the biennium would total \$61,000,000 SEG, including an increase of \$28,000,000 in 1999-00 (from \$20,000,000 under Joint Finance) and of \$33,000,000 in 2000-01 (from \$15,000,000). Change the grant formula to direct DNR to distribute the grants on a per capita basis to all responsible units of local government that operate effective recycling programs. Provide that the grant amount would be \$11.45 per capita for population served by curbside collection at least once per month of more than one of the recyclable materials subject to the 1993 and 1995 landfill bans and \$5.85 per capita for population served by drop-off collection. If the

appropriated funds are insufficient to fully fund the per capita allocation, DNR would prorate the grants. Direct DNR to distribute recycling grants by February 1 of each calendar year.

**Conference Committee/Legislature:** Increase funding for municipal and county recycling grants to \$37,800,000 annually, beginning in 1999-00 for calendar year 2000 grants. This would provide an increase above Joint Finance funding levels of \$17,800,000 (from \$20,000,000 under Joint Finance) in 1999-00 and \$22,800,000 (from \$15,000,000) in 2000-01. Repeal the current sunset on recycling grants after 2000.

Direct DNR to distribute the 1999-00 grants (calendar year 2000) to every responsible unit of government that received a grant in 1999 and that operates an effective recycling program. Direct that the grant would be equal to the same percentage of the total grant funding as the responsible unit received in 1999, excluding any grant reductions made in 1999 for late applications by responsible units.

Direct DNR to distribute the grants in 2000-01 (calendar year 2001) and subsequent years on a per capita basis to all responsible units of local government that operate effective recycling programs and that provide curbside or drop-off collection that meets certain criteria. Provide that the responsible unit would receive a grant amount of \$7.90 per capita for the entire responsible unit population if 50% or more of the population is served by a curbside collection program or a grant amount of \$4.40 per capita for the entire responsible unit population if more than 50% of the population is served by drop-off collection. Define a curbside collection program as a program that: (1) collects, at least monthly, newspaper, corrugated paper, magazines, aluminum containers, steel containers, PETE and HDPE plastic containers and glass containers; and (2) is operated by the responsible unit, through a contract between the responsible unit and a hauler, or a franchise, license or ordinance that provides at least monthly collection of the specified materials. Define a drop-off collection program as a program that: (1) collects newspaper, corrugated paper, magazines, aluminum containers, steel containers, PETE and HDPE plastic containers and glass containers at a facility adequate in size and hours of operation to meet the needs of the responsible unit; and (2) provides access to a drop-off site either owned by the responsible unit or provided by a contract with another provider. Direct DNR to use information on population served by curbside or drop-off collection that was reported by the responsible unit to DNR in the previous year for the program operated by the responsible unit two years earlier to determine whether the responsible unit would be eligible for a curbside or drop-off per capita grant. (For example, for a grant made in 2000-01 for calendar year 2001, DNR would use information reported by responsible units in 2000 for calendar year 1999 to determine eligibility for a grant.) The population of the responsible unit would be determined the same as under current law, which would include the number of persons residing in a region, as determined by DNR based upon the most recent decennial or special census or the most recent, subsequent population estimate made by the Department of Administration.

Limit the grants in 2000-01 and subsequent years to the eligible costs incurred by the responsible unit two years earlier and reported to DNR in the previous year. (For example, a grant made in 2000-01 for calendar year 2001 could not exceed eligible costs incurred in calendar year 1999 and reported to DNR in 2000.) Define eligible costs the same as under current law (expenses, including capital expenses, for planning, constructing or operating an effective recycling program and complying with the 1993 and 1995 landfill bans).

Direct that if the appropriated funds are insufficient to fully fund the grants under the per capita allocation, DNR would be required to prorate the grants. Direct DNR to distribute recycling grants no later than June 1 of each year.

**Veto by Governor [B-30]:** Reduce the municipal and county recycling grant appropriation by \$13,300,000 annually to provide \$24,500,000 annually. Delete the per capita grant distribution that would have begun in 2000-01. Instead, provide a proportional distribution based on 1999 awards, beginning in 1999-00, as under the Enrolled bill, and continuing in subsequent years. While the Governor's veto message requests DNR to establish in administrative rules, a procedure for providing grants to communities that did not receive a grant in 1999, but apply for assistance in 2000 or 2001, the act retains the requirement that, in order for a community to be eligible for a grant in 2000, it must have received a grant in 1999.

[Act 9 Sections: 326m, 328m, 2560e thru 2560g, 2560i, 2562e and 2563ep thru 2563et]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.370(6)(bu)), 2560g, 2560h and 2562e thru 2563eh]

## 11. RECYCLING DEMONSTRATION GRANTS

	Governor (Chg. to Base)	Conf. Comm. /Leg. (Chg. to Gov)	Net Change
SEG-REV	\$0	\$600,000	\$600,000
SEG	-\$500,000	-\$1,000,000	-\$1,500,000

**Governor:** Delete \$500,000 in 2000-01 from the recycling fund to reduce base funding for the waste reduction and recycling demonstration grant program from \$1,000,000 in 1999-00 to \$500,000 in 2000-01. The program provides cost-share grants to municipalities, public entities, businesses and nonprofit organizations for projects that implement innovative waste reduction and recycling activities. A grant may not exceed 50% of the project's actual costs, or 75% of the actual eligible costs of a community-wide waste reduction project, or \$150,000, whichever is less. DNR may not award grants to any applicant which cumulatively total more than \$250,000.

Direct DNR to use the appropriation to provide the following grants to the Wheelchair Recycling Project, a part of the Madison chapter of the National Spinal Cord Injury Association, for the purpose of refurbishing used wheelchairs and other mobility devices and returning

them to use by persons who otherwise would not have access to needed or appropriate equipment: (a) on September 1, 1999, \$75,000; and (b) on July 1, 2000, \$50,000. The grants would not be subject to standard application procedures or grant funding limitations. In 1997 Act 237, DNR was directed to provide a grant of \$100,000 in 1998-99 to the Wheelchair Recycling Project.

**Assembly:** Delete \$1,000,000 in 1999-00 and \$500,000 in 2000-01 and eliminate the waste reduction and recycling demonstration grant program from the recycling fund. The June 30, 1999, unencumbered balance of the demonstration grant program appropriation would lapse to the recycling fund.

Provide \$175,000 in 1999-00 and \$150,000 in 2000-01 in a new annual appropriation from the recycling fund and direct DNR to provide grants from the appropriation to the Wheelchair Recycling Project. The grants would include: (1) \$75,000 on September 1, 1999, and \$50,000 on July 1, 2000 (under the Governor's recommendation, these grants would have been provided from the waste reduction and recycling demonstration grant program); and (2) \$100,000 on June 15, 2000, contingent on the project raising \$100,000 from any source by June 15, 2000 and \$100,000 on June 15, 2001, contingent on the project raising an additional \$100,000 by June 15, 2001, for the purpose of opening a Milwaukee facility.

**Senate:** Direct DNR to lapse any unencumbered grant appropriation balance exceeding \$500,000 on June 30, 1999, to the recycling fund. The \$1,000,000 provided by Joint Finance for the grant program in 1999-00 would be deleted, while the \$500,000 appropriated by Joint Finance in 2000-01 would be maintained. This would provide \$1,000,000 for demonstration grants in the biennium. Maintain the Governor's recommendation to provide grants from the program to the Wheelchair Recycling Project totaling \$75,000 on September 1, 1999, and \$50,000 on July 1, 2000.

**Conference Committee/Legislature:** Include the Senate provision to direct DNR to lapse any unencumbered grant appropriation balance exceeding \$500,000 on June 30, 1999, to the recycling fund (estimated lapse of \$600,000). Delete the \$1,000,000 provided by Joint Finance for the grant program in 1999-00, and maintain the \$500,000 appropriated by Joint Finance in 2000-01. This would provide \$1,000,000 for demonstration grants in the biennium.

In addition, direct DNR to provide grants from the demonstration grant appropriation totaling up to \$175,000 in 1999-00 and \$150,000 in 2000-01 to the Wheelchair Recycling Project, a part of the Madison Chapter of the National Spinal Cord Injury Association, for the purpose of refurbishing used wheelchairs and other mobility devices and returning them to use by persons who otherwise would not have access to or needed or appropriate equipment. The grants would include: (a) \$75,000 on the first day of the first month after the effective date of the bill and \$50,000 on July 1, 2000 (which restores the Governor's recommendation); and (b) \$100,000 on June 15, 2000, contingent on the project raising \$100,000 from any source by June 15, 2000 and \$100,000 on June 15, 2001, contingent on the project raising an additional \$100,000 by June 15, 2001, for the purpose of opening a Milwaukee facility.

[Act 9 Sections: 328, 9136(9), 9136(9cm) and 9236(4f)]

## 12. RECYCLING -- REPEAL VOLUME-BASED FEE REQUIREMENT [LFB Paper 725]

**Governor/Legislature:** Repeal the requirement that, beginning in the year 2000, the recycling program administered by a responsible unit of local government is an effective recycling program only if the responsible unit has in place a system of volume-based fees to generate revenue equal to the responsible unit's costs for solid waste management other than those reimbursed by the state, unless the responsible unit is achieving a 25% recycling rate or if it provides solid waste to specific waste-to-energy facilities and incinerators. A responsible unit must operate an effective recycling program in order to be eligible for a grant under the municipal and county recycling grant program. The volume-based fees requirement that would be repealed under the bill is one of several criteria that responsible units must meet, to receive approval by DNR as operating an effective program. Current law prohibits the disposal of certain recyclable materials in a landfill (for example, yard waste, aluminum containers, glass containers and newspapers). However, a responsible unit that operates an effective recycling program that meets certain criteria may landfill banned recyclable materials if they are "residuals" (materials remaining after other like materials have been separated for recycling).

[Act 9 Section: 2560]

## 13. RECYCLING REQUIREMENTS

**Assembly:** Effective June 30, 2001, repeal the following state recycling requirements:

a. Repeal the following bans on landfilling and incineration of certain materials: (1) the January 1, 1993, ban on the disposal of yard waste in landfills or in any other solid waste disposal facility; and (2) the January 1, 1995, ban on the disposal of certain waste materials from landfills or incinerators (with or without energy recovery), except retain the January 1, 1995, requirement that waste tires can not be landfilled or burned without energy recovery, but can be burned with energy recovery. Materials that were banned from landfills or incinerators as of January 1, 1995, include aluminum containers, corrugated paper or other container board, foam polystyrene packaging, glass containers, magazines or other material printed on similar paper, newspapers or other material printed on newsprint, office paper, plastic containers, steel containers and containers for carbonated or malt beverages made from steel and aluminum (known as "bi-metal" cans). Retain the January 1, 1991, bans on the disposal of lead acid batteries, major appliances or waste oil in a landfill or solid waste disposal facility.

b. Repeal the effective recycling program criteria that responsible units of government (in-state and out-of-state) must meet in order to: (1) be eligible for a grant under the municipal and county recycling grant program; and (2) landfill banned materials if they are "residuals" (materials remaining after other like materials have been separated for recycling).



c. Repeal the statutes related to designation of municipalities as responsible units for purposes of administering recycling statutes and duties and powers of responsible units. In addition, replace the term "responsible unit" with either "local government" or "municipality or county," as appropriate. Currently, municipalities are the responsible unit of local government for purposes of administering recycling statutes unless the county or more than one municipality act as the responsible unit.

d. Direct DNR to promulgate administrative rules that include a model recycling ordinance for municipalities and counties.

e. Repeal the current prohibition against a responsible unit that receives a county or local recycling grant imposing a restriction, tax or fee on the sale or distribution of packaging for a purpose related to the disposal of the packaging.

f. Repeal the municipal and county recycling grant program.

**Conference Committee/Legislature:** Delete provision.

**14. CONTAMINATED SITES DATABASE**

PR	\$202,400
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**Governor/Legislature:** Provide \$101,200 annually from remediated property program revenue fees (collected under NR 749 and NR 750 for remediated property activities) for ongoing support of limited-term positions to continue current activities to gather information about contaminated sites and enter the data on a geographic information system database.

**15. DATABASE OF GROUNDWATER EXCEEDENCES**

SEG	\$200,000
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**Governor/Legislature:** Provide \$100,000 in 1999-00 from the environmental fund to develop a database of properties on which groundwater standards are exceeded (including enforcement standards or preventive action limits). Provide \$100,000 in 1999-00 funded by a transfer from the petroleum inspection fund to the environmental fund to pay for the database development. The groundwater law requires that the concentration of a hazardous substance in groundwater must not exceed the enforcement standard established for the substance. A preventive action limit is a contamination limit which is more stringent than the groundwater enforcement standard and is intended as a warning level to allow action to be taken prior to violation of the enforcement standard.

In addition, authorize DNR to promulgate a rule specifying a fee for placing information concerning a property on which a groundwater standard is exceeded into a database. Any fees collected under the provision would be deposited in a program revenue appropriation that receives monies from public and private sources to be used for general program operations of

the Air and Waste Division. DNR would be authorized to promulgate emergency rules without making an emergency finding.

[Act 9 Sections: 2613 and 9136(6)]

**16. HAZARDOUS SPILL RESPONSE FUNDING**

**Governor/Legislature:** Convert \$67,400 and 1.0 position annually from PR to SEG from the environmental management account of the environmental fund for statewide hazardous spill response coordination. Currently, the program revenue is received from federal funds provided to the Department of Military Affairs, but those federal funds are being reduced.

Funding Positions		
PR	-\$134,800	- 1.00
SEG	<u>134,800</u>	<u>1.00</u>
Total	\$0	0.00

**17. BROWNFIELDS -- SITE ASSESSMENT GRANTS [LFB Paper 712]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$2,000,000	\$2,000,000	\$4,000,000
SEG	2,000,000	-\$550,000	\$1,450,000

**Governor:** Provide \$1,000,000 annually from the environmental management account of the environmental fund to create a brownfields site assessment grants program. The program would be funded from a one-time transfer of \$2,000,000 from the WHEDA Wisconsin development reserve fund to the environmental fund on the effective date of the bill. (See "WHEDA" for a description of the transfer from the WDRF backed brownfields loan guarantee program.)

*Eligibility.* Local governments would be eligible for grants at eligible sites or facilities. A local government would mean a city, village, town, county, redevelopment authority, community development authority or housing authority. An eligible site or facility would mean an abandoned, idle or underused industrial or commercial facility or site, the expansion or redevelopment of which is adversely affected by actual or perceived environmental contamination. A local government would not be eligible for a grant if it caused the environmental contamination that is the basis for the grant request. DNR could only provide a grant if the person that caused the environmental contamination is unknown, can not be located or is financially unable to pay the cost of the eligible activities under the grant program.

*Eligible Activities.* DNR could award grants to local governments for the costs of the following activities at an eligible site or facility: (a) the investigation of environmental contamination for the purpose of reducing or eliminating environmental contamination; (b) the demolition of any structures, buildings or other improvements; (c) the removal of abandoned containers; or (d) asbestos abatement activities.

*Grant Criteria.* DNR would be required to consider the following criteria when determining whether to award a grant: (a) the local government's demonstrated commitment to performing and completing necessary environmental remediation activities on the eligible site, including the local government's financial commitment; (b) the degree to which the project will have a positive impact on public health and the environment; and (c) other criteria that DNR finds necessary to calculate the grant amount.

*Grant Awards.* The local government would be required to submit an application on a form prescribed by DNR and to include any information that DNR finds necessary to calculate the amount of a grant. In any fiscal year, the total amount of all grants awarded to a local government could not exceed 15% of the total amount appropriated for the program in the fiscal year. This means that in each of 1999-00 and 2000-01, a local government could receive total grant awards that do not exceed \$150,000. The local government would be required to contribute matching funds equal to 20% of the grant amount, which could be in the form of cash or an in-kind contribution or both. If a local government receives a land recycling loan under the environmental improvement fund for the purpose of conducting activities for which a site assessment grant was awarded, the local government would be required to repay the site assessment grant to DNR, and the repayments would be deposited in the environmental fund.

*Rules.* DNR would be directed to promulgate emergency administrative rules, without the finding of an emergency, to administer the program.

**Joint Finance/Legislature:** Provide \$1,450,000 in 1999-00 in a biennial appropriation instead of \$1,000,000 annually. (No funding would be provided in 2000-01.) Increase the transfer from WHEDA from \$2,000,000 to \$4,000,000. Make the following changes to program requirements: (a) delete the requirement that a local government must repay the site assessment grant if the local government receives a land recycling loan for the purposes of conducting activities for which the site assessment grant was awarded; (b) add to the list of eligible activities, costs for the removal of underground petroleum and hazardous substances storage tanks; and (c) direct that program administrative rules may include limits on the amount of funds that may be awarded for categories of eligible activities.

[Act 9 Sections: 333, 2649 and 9136(2)]

**18. BROWNFIELDS REGIONAL STAFF [LFB Paper 713]**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$214,200	2.00	\$642,600	6.00	-\$467,100	-3.00	\$389,700	5.00
PR	0	0.00	535,500	5.00	-418,500	-3.00	117,000	2.00
Total	\$214,200	2.00	\$1,178,100	11.00	-\$885,600	-6.00	\$506,700	7.00

**Governor:** Provide \$97,100 in 1999-00 and \$117,100 in 2000-01 with 2.0 hydrogeologist two-year project positions from the environmental management account of the environmental fund for technical review for cleanup activities at brownfields sites in DNR's southeast region, particularly the City of Milwaukee.

**Joint Finance/Legislature:** Provide the 2.0 SEG positions as permanent instead of project. In addition, provide \$291,600 SEG in 1999-00 and \$351,000 SEG in 2000-01 with 6.0 SEG hydrogeologist positions and provide \$243,000 PR in 1999-00 and \$292,500 PR in 2000-01 with 5.0 PR hydrogeologist positions.

**Veto by Governor [B-33]:** Decrease the SEG appropriation by \$291,600 SEG in 1999-00 and \$175,500 SEG in 2000-01 and decrease the PR appropriation by \$243,000 PR in 1999-00 and \$175,500 PR in 2000-01. The Governor's veto message requests the DOA Secretary to not authorize 6.0 SEG and 5.0 PR positions in 1999-00 and 3.0 SEG and 3.0 PR positions in 2000-01. Under the act, there would be a net increase of 7.0 brownfields staff during the 1999-01 biennium, including: (a) \$97,100 SEG in 1999-00 with 2.0 SEG positions and \$292,600 SEG in 2000-01 with 5.0 SEG positions; and (b) \$117,000 PR in 2000-01 with 2.0 PR positions.

[Act 9 Vetoed Section: 172 (as it relates to s. 20.370(2)(dh)&(mq))]

#### **19. BROWNFIELDS -- LOCAL GOVERNMENT LIABILITY EXEMPTION [LFB Paper 714]**

**Governor:** Modify the local government liability provisions which currently exempt a local government that acquires property in specified ways, such as through tax delinquency proceedings and condemnation, from environmental liability under the hazardous substances spills law if certain requirements are satisfied. The bill would make the following changes.

a. Expand the definition of local government to include "community development authority." Currently, local governments include a city, town, village, county, county utility district, town sanitary district, public inland lake protection and rehabilitation district, metropolitan sewage district, redevelopment authority, public body designated by a municipality and housing authority.

b. Eliminate the requirement that the liability exemption from the hazardous substances spills law is not available if the discharge of a hazardous substance is from a federally-regulated underground storage tank.

c. Exempt local governments from the spills law when they acquire contaminated property through escheat (where there is no heir to the property).

d. Exempt local governments from the spills law when they acquire contaminated property using funds under the Warren Knowles-Gaylord Nelson stewardship program. This exemption would only be available if the local government enters into an agreement with DNR to ensure that the following conditions are met: (1) that the discharge was not caused by certain

local actions; and (2) that DNR has determined whether or not certain actions are necessary to address the discharge.

e. Exempt a local government from the spills law for any property that it acquires from another local government through such methods as tax delinquency proceedings in bankruptcy, condemnation, or for the purpose of slum clearance or blight elimination.

f. Apply the local government exemption to property acquired by the local government before, on, or after the effective date of the biennial budget act. The current statute does not specify the date by which the local government must have acquired the property in order to be eligible.

g. Exempt a local government from the requirement to clean up a hazardous substance that "originates from" (in addition to is "on") property acquired under one of the allowed methods. This would allow the local government to obtain the liability exemption for discharges that originated on the property and have migrated off-site.

h. Exempt a local government from the following requirements for property acquired under the local government liability exemption: (1) licensing requirements for the treatment, storage and disposal of hazardous waste on the property; (2) closure and long-term care plan requirements for unlicensed hazardous waste facilities; and (3) requirements to take corrective action to protect human health or the environment from any spill, leak or other release into the environment of a hazardous substance at a facility that stores, treats or disposes of hazardous waste.

The exemption from the hazardous waste statutes would be available only if the following occur at any time before or after the date of acquisition: (1) an environmental investigation of the property is conducted that is approved by DNR and that identifies any hazardous waste discharges that occurred on the property; (2) the hazardous waste discharges identified by the investigation are cleaned up by restoring the environment and minimizing the harmful effects from the discharges in accordance with DNR rules and any contract entered into under those rules; (3) the local government obtains certification from DNR that the property has been satisfactorily restored and that the harmful effects from the discharges have been minimized; (4) the local government maintains and monitors the property as required by DNR; (5) the local government does not engage in activities that are inconsistent with the maintenance of the property; (6) the local government has not obtained the DNR certification by fraudulent methods; and (7) the local government did not cause the discharge of any hazardous waste identified on the property.

The exemption from hazardous waste statutes would not apply to: (1) a new hazardous waste treatment, storage or disposal facility that first begins operation after the date of acquisition by the local government; (2) a licensed hazardous waste treatment, storage or disposal facility that operated on the property before the date of acquisition of the property by the local government and which continues to operate after the date of acquisition by the local

government; and (3) any hazardous waste disposal facility that has been issued a license for a period of long-term care following closure of the facility.

**Joint Finance/Legislature:** Approve the Governor's recommendation, except modify "h." to: (a) require the local government to obtain "approval" instead of "certification" from DNR that the property has been cleaned up; and (b) provide the liability exemption with respect to "hazardous waste discharges" instead of "hazardous waste" on the property.

[Act 9 Sections: 2572 thru 2581, 2602 and 2610]

## 20. BROWNFIELDS -- LOCAL GOVERNMENT COST RECOVERY [LFB Paper 715]

**Governor:** Authorize a local government to take action to recover costs it incurs in cleaning up a property on which a hazardous substance has been discharged if the local government acquired the property in one of several ways provided for under the local government liability exemption provisions, such as through tax delinquency proceedings and condemnation. Currently, persons who possess or control a hazardous substance that is discharged or who cause the discharge of a hazardous substance are required to restore the environment to the extent practicable and to minimize the harmful effects of the discharge on the environment, unless the person is exempt under one of several liability exemptions. Currently, local governments are authorized to negotiate with parties responsible for environmental pollution to share the costs of cleanup on environmentally contaminated land owned by the local government.

*Responsible Person.* Under the bill, the local government could recover the costs from a responsible person who possessed or controlled the hazardous substance at the time that the local government acquired the property or from a person who caused the discharge of the hazardous substance. A local government could not recover costs if the responsible person qualifies for an exemption under one of the following exemptions from liability under the spills law: (a) a local government; (b) off-site discharges; (c) a voluntary party; (d) a narrowly defined closed landfill acquired by a municipality; (e) a person who conducts an investigation; and (f) a lender.

*Recoverable Costs.* The local government could recover the following reasonable and necessary costs that it incurs for all of the following: (a) investigating environmental contamination on the property and planning remedial activities; (b) conducting remedial activities to restore the property for its intended future use; (c) administering the investigation or remedial activities; and (d) bringing the cost recovery action, including costs, disbursements, engineering fees and reasonable attorney fees. Recoverable costs would be reduced by the fair market value of the property after completion of the remedial activities. Recoverable costs would not be reduced by the amount of any state or federal moneys received by the local government.

*Repayment of State Assistance.* If a local government that recovers costs received any state funds for (a), (b) or (c) above, other than funds received under the state-funded response programs under the hazardous substances spills and environmental repair statute, the local government would be required to reimburse the state an amount that is the same proportion to the total recovered costs as the amount received from the state is to the total recoverable costs, as adjusted under the fair market value provision. Any reimbursements to the state would be deposited in the general fund.

*Exception.* A local government could not recover costs for remedial activities conducted on all or part of the property after DNR, Commerce or DATCP indicated that no further remedial activities are necessary on the property or portion of the property for that discharge.

*Time Limit.* A cost recovery action by the local government would have to be started within six years after the date that the local government completes the remedial activities.

**Joint Finance:** Modify the Governor's recommendation to specify that: (a) the local government recovery of costs from a responsible person who caused the discharge would be limited to the amount that bears the same proportion as the amount of environmental pollution at the site caused by the person bears to all of the environmental pollution on the property from discharges of hazardous substances; (b) the local government may recover costs from the person from whom the local government acquired the property that the local government is unable to recover from the person who caused the discharge, as limited by the proportion of costs described in (a); and (c) specify that local governments may not recover attorney's fees.

**Conference Committee/Legislature:** Make the following changes to the local government cost recovery program.

a. Specify that a local government may not recover costs under the local government cost recovery process from a responsible person if any of the following applies: (a) the person "is exempt" from liability (instead of "qualifies for" an exemption under Joint Finance) under the spills law with respect to the discharge that is the subject of the cost recovery action; (b) the person has entered into a contract with the Department of Natural Resources (DNR) under s. 292.31(8)(h) (an agreement between DNR and a responsible person regarding actions which DNR and the responsible person would take to cleanup the property), a consent order under Chapters 289 (solid waste facilities), 291 (hazardous waste management) or 292 (remedial action) or a negotiated agreement under s. 292.11(7)(d) (authority for DNR to negotiate and enter into an agreement containing a schedule for conducting required nonemergency actions with a person who possesses or controls a hazardous substance that was discharged or who caused the discharge of a hazardous substance if the discharge does not endanger public health), with respect to the discharge that is the subject of the action, and is in compliance with the contract, order or negotiated agreement; (c) the person is exempt from liability under s. 292.35(9)(e) of the current local governmental unit negotiation and cost recovery process with respect to the discharge (the responsible person establishes that his or her contribution to the environmental pollution resulting from the discharge was caused solely by an act of God, an act

of war or an act or omission of a third party); and (d) the discharge that was caused by the person and that is the subject of the action was in compliance with a permit, license, approval, special order, waiver or variance issued under Chapter 283 or 285 or under corresponding federal statutes or regulations.

b. Specify that a responsible person who, at the time that the local government acquired the property, possessed or controlled the hazardous substance that was discharged on the property, is not liable for costs that the local government is unable to recover because a person who caused the discharge of the hazardous substance on the property is exempt from liability under (a)(3) and (a)(4) above.

[Act 9 Section: 2612]

## 21. BROWNFIELDS -- VOLUNTARY PARTY LIABILITY EXEMPTION [LFB Paper 716]

**Governor:** Modify the voluntary party liability provisions which currently exempt a person who did not intentionally or recklessly cause the release of a hazardous substance on property from environmental liability under the hazardous substances spills law if certain requirements are satisfied. The bill includes the following changes.

a. Specify that the voluntary party exemption from the spills law applies only to the release of a hazardous substance which occurred prior to the date that the environmental investigation of the property was approved by DNR. Currently the exemptions apply to all hazardous substances on the property, regardless of whether the hazardous substances were released before or after the requirements are met.

b. Change the definition of "voluntary party" to mean a person who submits an application to obtain a voluntary party exemption and who pays the required fees to offset DNR costs for providing the voluntary party exemption certification. (The bill would delete the current definition of a person who did not intentionally or recklessly cause the release of a hazardous substance.)

c. Add, as a condition a voluntary party must meet to obtain the current exemption from solid and hazardous waste statutes, that if DNR requires, the voluntary party must obtain insurance to cover the costs of cleanup, in case it is discovered, after DNR issues a certification of completion of cleanup, that the cleanup fails to fully restore the environment or minimize the harmful effects from a discharge, or that the hazardous substance that is the subject of the cleanup is more extensive than known before DNR issues the certificate of completion, and that the insurance complies with DNR rules and names the voluntary party and the state as insureds.

d. Exempt a voluntary party from the same solid and hazardous waste statutes as under the voluntary party liability exemption with respect to certain additional hazardous substances discharges discovered after the environmental investigation is approved under



certain situations. To be exempt, all of the following would have to apply: (1) an initial environmental investigation of the property is conducted and approved by DNR; (2) if required by DNR, the voluntary party enters into an agreement with DNR under which the voluntary party agrees to conduct a cleanup approved by DNR; (3) the voluntary party obtains insurance to cover the cost of a cleanup of hazardous substance discharges that occurred before DNR approved the investigation and that are discovered while conducting the cleanup, the insurance complies with DNR rules and the insurance names the voluntary party and the state as insureds; (4) a hazardous substance discharge that occurred before the investigation is completed is discovered after the investigation is approved and before the cleanup is completed; (5) a second environmental investigation of the property is conducted and is approved by DNR.

e. If DNR requires a voluntary party to obtain insurance, DNR would first have to promulgate rules with which the insurance must comply. The insurance would have to name the voluntary party and the state as insureds. The Department would be authorized to contract with an insurer to provide the required insurance and could require voluntary parties to obtain coverage under the contract.

f. Delete the authority of DNR to issue prospective purchaser assurance letters certifying that a prospective purchaser is entitled to voluntary party exemption.

**Joint Finance/Legislature:** Approve the following modifications: (a) delete the addition of the authority of DNR to require the voluntary party to obtain insurance to cover the costs of cleanup, the requirement that DNR promulgate rules to provide the insurance and the authority for DNR to contract with an insurer to provide insurance (the deletion of the authority of DNR to require the voluntary party to obtain insurance would still allow DNR to require insurance under the interim liability and natural attenuation at groundwater standards exceedence liability exemptions); (b) delete the requirement that a second environmental investigation be conducted and approved by DNR before the voluntary party could receive interim liability protection; (c) require that if DNR requires the voluntary party to enter into an agreement with the Department under the interim liability provision, the voluntary party must complete the agreed upon cleanup activities approved by DNR, in addition to agreeing to conduct a cleanup; (d) require that under the interim liability provision, the environmental investigation of the property must also include an investigation of any hazardous substance discharges that have originated on or from the property; and (e) specify that when a voluntary party seeking an interim liability exemption obtains insurance to cover the costs of cleanup of contamination discovered while conducting the cleanup, that DNR would be allowed to contract with an insurer to provide insurance.

[Act 9 Sections: 2584, 2586, 2592, 2595, 2598, 2600, 2601, 2603 and 2605]

## 22. BROWNFIELDS -- OFF-SITE DISCHARGES

**Governor/Legislature:** Modify the liability provisions related to off-site discharges which currently exempt a person from environmental liability under the hazardous substances spills law for discharges that originated on another property if certain requirements are satisfied. The bill includes the following changes.

a. Exempt a voluntary party from the requirements of certain hazardous and solid waste statutes if the voluntary party is exempt from liability under the off-site discharges provision (the same exemptions as under the current voluntary party liability exemption). The exemption would apply if all of the following occur at any time before or after the date of acquisition: (1) the property is cleaned up by restoring the environment and minimizing the harmful effects from the discharges in accordance with DNR rules and any contract entered into under those rules, except for the hazardous substance originating off-site for which the voluntary party is exempt under off-site liability provisions; (2) the voluntary party obtains certification from DNR that the property has been satisfactorily restored and the harmful effects from a release have been minimized, except for the discharge originating off-site; (3) the voluntary party obtains a written determination concerning liability from DNR under current off-site liability provisions; and (4) the voluntary party continues to meet provisions under the off-site discharges liability exemption.

b. Authorize DNR to approve a partial cleanup and issue a certificate of completion related to a voluntary party's property that receives an exemption from liability for discharges that originated off-site.

c. Require that a voluntary party must, in order to obtain the voluntary party liability exemption, clean up any other property affected by a discharge originating from the property, in addition to cleaning up the property for which the voluntary party seeks the liability exemption. The certificate of completion issued by DNR would state that the environment has been restored with respect to the on-site discharges instead of that the property has been restored.

[Act 9 Sections: 2572, 2573, 2585 thru 2594, 2596 thru 2601 and 2604]

## 23. BROWNFIELDS -- OFF-SITE DISCHARGES LIABILITY EXEMPTION FOR STATE AGENCIES

**Assembly/Legislature:** Exempt state agencies that own properties from liability for hazardous discharges when the source of the contamination originated from outside the property boundaries and the agency did not cause or contribute to the contamination. This provision would treat state agencies similarly to other persons that own properties that are affected by contamination that originates from outside the property boundaries.

[Act 9 Sections: 2581r and 2581w]

## 24. BROWNFIELDS -- NATURAL ATTENUATION AT VOLUNTARY PARTY SITES

**Governor:** Exempt a voluntary party from environmental liability under the spills law if there exists a hazardous substance in groundwater on a property in a concentration that exceeds a groundwater enforcement standard and DNR determines that natural attenuation will restore groundwater quality in accordance with DNR rules. Natural attenuation would mean the reduction in the mass and concentration in groundwater of a substance, and the products into which the substance breaks down, due to naturally occurring physical, chemical and biological processes, without human intervention.

Under the bill, the exemption from liability would be available if the release of the hazardous substances occurred prior to the date DNR approves the environmental investigation of the property and if all of the following occur at any time before or after the date of acquisition: (a) an environmental investigation of the property is conducted that is approved by DNR; (b) the hazardous substances discharges identified by the investigation are cleaned up by restoring the environment and minimizing the harmful effects from the discharges in accordance with DNR rules and any contract entered into under those rules, except that the requirement does not apply with respect to the hazardous substance in groundwater that DNR has determined will be brought into compliance with DNR rules through natural attenuation; (c) the voluntary party obtains certification from DNR that the property has been satisfactorily restored and that the harmful effects from the discharges have been minimized, except with respect to the hazardous substance in groundwater that DNR has determined will be brought into compliance with DNR rules through natural attenuation; (d) if required by DNR, the voluntary party obtains insurance to cover the costs of cleanup of the hazardous substance that DNR has determined will be brought into compliance with DNR rules through natural attenuation, in case natural attenuation fails, and the insurance complies with DNR rules and names the voluntary party and the state as insureds; (e) the voluntary party maintains and monitors the property as required by DNR; (f) the voluntary party does not engage in activities that are inconsistent with the maintenance of the property; and (g) the voluntary party has not obtained the DNR certification by fraudulent methods. This provision would not exempt the property from any lien for recovery of cleanup costs incurred by DNR prior to the date that DNR issues the natural attenuation certification.

DNR would be required to promulgate emergency rules concerning natural attenuation of groundwater contamination at voluntary party sites without the finding of an emergency.

**Joint Finance/Legislature:** In addition: (a) allow the certificates of completion to be used for groundwater contamination "originating from" in addition to "on" the property; and (b) provide that if DNR requires a voluntary party who obtains a certificate of completion under the natural attenuation provision to obtain insurance, the only party named as the insured is the state, not the voluntary party and the state.

[Act 9 Sections: 2582, 2583, 2585, 2591, 2593 thru 2601, 2604 and 9136(3)]

## **25. BROWNFIELDS -- LENDER LIABILITY EXEMPTION**

**Governor/Legislature:** Modify the lender liability provisions which currently exempt a lender that acquires property through enforcement of a security interest from environmental liability under the hazardous substances spills law if certain requirements are satisfied. The bill would eliminate the requirement that the liability exemption from the hazardous substances spills law is not available if the discharge of a hazardous substance is from a federally-regulated underground storage tank. The bill would also require a lender that seeks a liability exemption to: (a) allow DNR, an authorized representative of DNR or any party that possessed or controlled the hazardous substance or caused the discharge of the hazardous substance and any consultant or contractor of the party to enter the property to respond to the discharge; (b) agree to avoid any interference with action undertaken to respond to the discharge and to avoid actions that worsen the discharge; and (c) agree to any other condition that DNR determines is reasonable and necessary to ensure that DNR or other persons can adequately respond to the discharge.

[Act 9 Sections: 2606 thru 2609]

## **26. BROWNFIELDS -- AREAWIDE CONTAMINATION AGREEMENTS**

**Governor/Legislature:** Authorize DNR to negotiate and enter into an agreement with a local government that is acting on behalf of owners of contaminated property that establishes a schedule for conducting nonemergency cleanup actions. The local government could act on behalf of owners of contaminated property within a business improvement district or an area designated by the local government that consists of two or more properties affected by a contiguous region of groundwater contamination or contains two or more brownfields properties. DNR would be authorized to promulgate administrative rules to assess and collect fees to offset its costs of negotiating and entering into an agreement. The fees would be deposited in DNR's program revenue appropriation for remediated property activities.

[Act 9 Sections: 2570 and 2571]

## **27. BROWNFIELDS -- BIENNIAL REPORT**

**Governor:** Direct DNR to prepare a report on the impact of exemptions from liability under the spills law and submit a report of its findings no later than September 15 of each even-numbered year to the Legislature, Governor and DOA. DNR would be required to include the following information in the report: (a) the number of sites for which a person is seeking to qualify for a voluntary party liability exemption; (b) the number of sites for which DNR has issued a certificate of completion under the voluntary party exemption provision; (c) the number of voluntary party sites for which a certificate of completion was issued at which it is discovered that the cleanup failed or at which additional hazardous substances are found after

the certificate of completion is issued; (d) the number of voluntary party sites at which DNR has issued a certificate of completion and at which DNR has determined that it is necessary to conduct remedial action using the state environmental fund, including the estimated costs of the remedial action; and (e) the number of voluntary party sites for which a claim was made against an insurance policy, if DNR required the voluntary party to obtain an insurance policy. DNR would be authorized to require a person to provide information necessary for DNR to compile the information for the report.

**Joint Finance/Legislature:** In addition, direct DNR, DOA, Commerce, DOR and DOT to submit an annual consolidated report on June 30 of each year to the Joint Committee on Finance and the appropriate standing committees of the Legislature that evaluates the effectiveness of the state's efforts to remedy the contamination of, and to redevelop, brownfields.

**Veto by Governor [B-36]:** Delete the following requirements: (a) that DOR and DOT participate in the annual report preparation; (b) that the report be submitted annually by June 30; and (c) that the report be submitted to the appropriate standing committees and the Joint Committee on Finance. As a result of the veto, DOA, Commerce and DNR would be required to submit a report evaluating the state's efforts to remedy the contamination of, and to redevelop, brownfields, but the statutes would not specify to whom or when the report should be submitted. The Governor's veto message requests DOA, Commerce and DNR to provide a report to the Governor and Legislature on July 1, 2002, and every four years thereafter. The Act maintains the requirement that DNR submit a biennial report on exemptions from liability.

[Act 9 Sections: 2611 and 2611d]

[Act 9 Vetoed Section: 2611d]

## **28. BROWNFIELDS -- LOCAL GOVERNMENT NEGOTIATION AND COST RECOVERY PROCESS**

**Joint Finance/Legislature:** Direct DNR to submit to the Legislature no later than January 1, 2001, proposed legislation to make the process for local government negotiation and cost recovery more efficient and clear, including all of the following: (a) provide a more efficient method of providing notice to all parties; (b) clarify the liability provisions; (c) clarify provisions related to the identification of responsible parties; (d) provide local governments with a clear method of dealing with information discovered late in the negotiation and cost recovery process; (e) require responsible parties to state the basis of their objection to a local government's offer to settle before seeking designation of an umpire; (f) require potential umpires to be environmental experts; and (g) require an umpire to submit a proposed recommendation and give parties a period for making comments before the umpire finalizes the recommendation.

[Act 9 Section: 9136(6g)]

**29. BROWNFIELDS -- AREA-WIDE ENVIRONMENTAL CHARACTERIZATION**

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
SEG	\$100,000	\$0	\$100,000
SEG-Lapse	\$0	\$100,000	\$100,000

**Joint Finance/Legislature:** Provide \$50,000 SEG annually from the environmental management account of the environmental fund and direct DNR to create a bibliography during 1999-01 that includes available information on a geographic basis that identifies all sources of general and site specific groundwater information. Direct DNR to include physical and chemical groundwater and soil data in existing geographic information systems.

**Veto by Governor [B-38]:** Delete the requirement that DNR create the bibliography of information during 1999-01. The Governor's veto message requests the DOA Secretary to place \$50,000 SEG into unallotted reserve in each of 1999-00 and 2000-01 to lapse to the environmental fund. The act maintains the general requirement that DNR include physical and chemical groundwater and soil data in existing geographic information systems.

[Act 9 Section: 662p]

[Act 9 Vetoes Section: 9136(6h)]

**30. BROWNFIELDS -- SUSTAINABLE URBAN DEVELOPMENT ZONE PROGRAM**

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
SEG	\$2,250,000	\$200,000	-\$70,000	\$2,380,000

**Joint Finance:** Provide \$2,250,000 SEG in 1999-00 from the environmental management account of the environmental fund in a biennial appropriation to DNR for use for a sustainable urban development zone pilot program. Direct DNR, in consultation and cooperation with the Departments of Health and Family Services, Transportation, Revenue, Administration and Commerce, and the Cities of Milwaukee, Green Bay, La Crosse and Oshkosh, to develop and, beginning no later than January 1, 2001, begin administering a pilot program that promotes the use of financial incentives to cleanup and redevelop contaminated properties in the listed cities. Designate that of the \$2,250,000 in total funding, the following amounts would be available as grants to the cities: (a) \$1,000,000 for the City of Milwaukee; (b) \$500,000 for the City of Green Bay; (c) \$500,000 for the City of La Crosse; and (d) \$250,000 for the City of Oshkosh. Specify that the state funds may be used to investigate environmental contamination and cleanup brownfields properties in the Cities. Create a sustainable urban development zone tax credit equal to 50% of the cost of an environmental remediation project in a zone in the four cities.

Require the Department of Commerce to certify claimants as eligible for tax credits. Direct the Department of Transportation to work with the Cities to develop transportation planning, transportation access and infrastructure improvements for inclusion in the DOT 2001-03 biennial budget request.

**Senate:** Provide an additional \$250,000 SEG in 1999-00 from the environmental management account of the environmental fund to include the City of Beloit (which would receive the \$250,000), and provide a total of \$2,500,000 in funding for the sustainable urban development zone program. The Department of Transportation would be required to work with Beloit, in addition to the four other cities to develop transportation planning, transportation access and infrastructure improvements for inclusion in the DOT 2001-03 biennial budget request.

**Conference Committee/Legislature:** Approve the Senate provision, as modified to: (a) provide \$200,000 SEG for Beloit instead of \$250,000; and (b) provide \$130,000 of the \$200,000 from the environmental management account of the environmental fund and the remaining \$70,000 from the all-terrain vehicle (ATV) account of the conservation fund.

**Veto by Governor [B-31]:** Delete the requirement that the Departments of Health and Family Services, Revenue and Transportation assist in developing the pilot program. Delete the \$70,000 appropriation from the ATV account of the conservation fund. The act appropriates \$2,380,000 SEG from the environmental management account of the environmental fund for the program, while funding designations for the five cities total \$2,450,000. The Governor's veto message requests DNR to work with the five communities to address the shortfall of funding associated with vetoing the ATV account funding. Delete the sustainable urban development zone tax credit. Delete the requirement that the Department of Transportation work with the five cities to develop proposals for transportation planning, access and infrastructure improvements for inclusion in the DOT 2001-03 biennial budget request.

[Act 9 Sections: 332e and 2649h]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.370(6)(es)), 332m, 1684d, 1709c, 1719g, 1719m, 1722bd, 1740c, 1743d, 1747m, 1748bm, 1749k, 1756h, 1760q, 1798, 2649h, 9150(3v) and 9343(22c)]

### **31. LIABILITY EXEMPTION FOR PUBLIC WORKS CONTRACTORS USING RECYCLED MATERIALS IN PUBLIC WORKS PROJECTS**

**Assembly:** Specify that a person is immune from liability for the use of special waste (defined as any solid waste that is characterized for beneficial use in public works projects by the DNR) on a public works project (defined as any work done under contract with a state agency or local governmental unit) or for damages resulting from the person's actions or omissions relating

to the use of the special waste on a public works project, provided that certain conditions apply. (See the entry under "Transportation" for additional information.)

Specify that the Department of Natural Resources may characterize solid waste as special waste by rule, by memorandum of understanding with other state agencies or local governmental units or on a case-by-case basis. Require DNR to compile and maintain a list of special wastes in a format readily available to the general public and specify that only those types of special waste may be required to be used in a public works project. Specify that special waste is not subject to regulation as solid waste when used in a public works project.

**Conference Committee/Legislature:** Include the provision, with a clarification that it is contracting agencies who can require the use of DNR-listed special waste in public works projects.

[Act 9 Section: 3113p]

### 32. MEMORANDUM OF UNDERSTANDING FOR REMEDIATION ON DOT-OWNED PROPERTY

**Governor:** Require the Secretaries of DNR and DOT to submit to the Secretary of DOA, by January 1, 2000, a memorandum of understanding (MOU) which establishes the respective responsibilities of DNR and DOT for hazardous substances discovered on any property under the jurisdiction of DOT. Specify that any actions to restore the environment or to minimize the harmful effects of the hazardous substances on the property shall be based on the risk to public health and the environment and shall, to the greatest extent practicable, rely on natural processes of attenuation without human intervention. Require the MOU to establish a means of resolving disputes between the agencies arising under the MOU. Specify that the MOU does not take effect unless the Secretary of DOA approves it in writing to the Secretaries of DOT and DNR.

**Joint Finance:** Delete provision as non-fiscal policy.

**Assembly:** Restore provision.

**Conference Committee/Legislature:** Delete provision.

### 33. LANDFILL CLEANUP STUDY

	Legislature (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
SEG	\$200,000	-\$200,000	\$0

**Senate:** Provide \$200,000 SEG in 1999-00 in one-time funds from the environmental management account of the environmental fund and require DNR to enter into a contract for a



study of the landfill cleanup issue in the state. Require that the study identify all closed landfills owned by cities, villages, towns and counties and to estimate the cost of remedial action at all of those landfills. Require DNR to identify potential mechanisms for funding the remedial action, including mechanisms used successfully in other states. Direct DNR to report the results of the study to the Legislature no later than January 1, 2001.

**Conference Committee/Legislature:** Approve the provision, as modified to: (a) provide the \$200,000 in 1999-00 from the segregated recycling fund instead of the environmental fund; and (b) require that the study identify all closed landfills owned by private parties, in addition to closed landfills owned by cities, villages, towns and counties, and to estimate the cost of remedial action at all of the identified closed landfills.

**Veto by Governor [B-30]:** Delete provision.

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.370(2)(hr)), 311h and 9136(2e)]

**34. VEHICLE ENVIRONMENTAL IMPACT FEE**

SEG-REV	\$2,200,000
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**Joint Finance/Legislature:** Repeal the June 30, 2001, sunset on the \$5 per vehicle environmental impact fee. In addition, increase the fee from \$5 to \$6 on the first day of the second month after the effective date of the bill. This would generate additional revenues of approximately \$800,000 in 1999-00 and \$1,400,000 in 2000-01, which would be deposited in the environmental management account of the environmental fund. (The increased revenue is appropriated to Commerce for the brownfields grant program.)

**Veto by Governor [B-34]:** Retain the current June 30, 2001, sunset of the fee.

[Act 9 Section: 2734hg]

[Act 9 Vetoed Section: 2734hg]

**35. HAZARDOUS WASTE GENERATOR FEE**

SEG-REV	\$500,000
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**Joint Finance/Legislature:** Increase the amount of the hazardous waste generator fee by an amount necessary to generate revenues of \$250,000 annually, effective with the fees assessed in May, 2000. The base fee would increase from \$125 to \$210, the fee per ton of hazardous waste would increase from \$12 to \$20 and the maximum fee would increase from \$10,000 to \$17,000. The fees are deposited in the environmental management account of the environmental fund.

[Act 9 Sections: 2569n and 9336(1k)]

### 36. TRANSFER FROM GENERAL FUND TO ENVIRONMENTAL FUND

**Senate:** Transfer \$320,000 from the general fund to the environmental management account of the segregated environmental fund in 1999-00 in order to maintain environmental management account expenditures within available revenues.

**Conference Committee/Legislature:** Delete provision.

### 37. DRY CLEANERS -- INTERIM ACTION AWARDS

**Governor:** Increase co-payments and maximum awards for interim action awards under the dry cleaner environmental response program. The program was created in the 1997-99 biennial budget to provide financial assistance awards for reimbursement of certain eligible costs of investigation and remedial action of contamination from dry cleaning solvents at former dry cleaning facilities. The bill would require that the recipient of an interim action award must provide a 50% co-payment (instead of the current 0%) and increase the maximum reimbursement for preliminary site screening and interim remedial equipment from \$15,000 to \$20,000, of which \$3,000 (rather than the current \$2,500) may be for the cost of preliminary site screening. Currently, an owner or operator that meets certain criteria is eligible for an interim remedial equipment award for 100% of the costs of preliminary site screening and installation of equipment to begin the cleanup of discharges of dry cleaning solvent from dry cleaning facilities before the completion of a full site investigation and remedial action plan.

**Joint Finance/Legislature:** In addition, include the following:

a. Provide reimbursement for interim remedial equipment to owners and operators for dry cleaning facilities that closed prior to the date that the owner or operator applies for an interim remedial equipment award, in addition to reimbursement for dry cleaning facilities that are operating at the time the owner or operator applies for assistance.

b. Require that in order for an owner or operator of a dry cleaning facility to be eligible for an interim remedial equipment award, the owner or operator must certify that all perchloroethylene which is delivered to the dry cleaning facility is delivered through a closed loop system. A closed loop system would be defined as system that transfers perchloroethylene directly from the delivery vehicle to the dry cleaning machines.

[Act 9 Sections: 2645m thru 2646]

### 38. DRY CLEANERS -- IMMEDIATE ACTION

**Governor/Legislature:** Allow the removal of contaminated soils and recovery of free dry cleaning solvent to be considered as immediate action activities for the purpose of payment priority under the dry cleaner environmental response program. Currently, the first payment

for payments under the program is for immediate action activities taken within a short time after a discharge of dry cleaning solvent occurs or is discovered. Under current law, costs for removal of contaminated soils and recovery of free dry cleaning solvent are not eligible for immediate action awards but are eligible for cleanup awards.

[Act 9 Section: 2621]

**39. DRY CLEANERS -- AWARDS FOR PAST COSTS** [LFB Paper 717]

SEG	\$300,000
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**Governor:** Retain the current first priority for paying awards for immediate action activities under the dry cleaner environmental response program, but change the second priority for paying awards. Instead of the current second priority of paying awards for eligible costs incurred between January 1, 1991, and October 14, 1997, before reimbursing cleanup costs incurred after that date, the bill would provide the following reimbursement structure: (a) in the program year beginning July 1, 1999, provide 75% for eligible costs incurred before October 14, 1997, and 25% for eligible costs incurred on or after October 14, 1997; (b) in the year beginning July 1, 2000, provide 50% for eligible costs incurred before October 14, 1997, and 50% for eligible costs incurred on or after October 14, 1997; and (c) in the year beginning July 1, 2001, and every year thereafter, provide at least 70% for eligible costs incurred on or after October 14, 1997. [October 14, 1997, is the date of enactment of the 1997-99 budget which included the dry cleaner environmental response program.]

**Joint Finance/Legislature:** Approve the Governor's recommendation, except convert the dry cleaner financial assistance appropriation from annual to biennial. Further, provide an additional \$300,000 SEG for dry cleaner financial assistance during the biennium by increasing financial assistance in 1999-00 from \$1,600,000 SEG to \$2,450,000 SEG and by decreasing financial assistance in 2000-01 from \$1,600,000 SEG to \$1,050,000 SEG

[Act 9 Sections: 332 and 2622]

**40. DRY CLEANERS -- DEFINITION OF OWNER AND OPERATOR** [LFB Paper 718]

**Governor:** Change the definition of owners and operators who are eligible for reimbursement under the dry cleaner environmental response program. Under the bill, an owner would mean: (a) a person who owns, or has possession or control of, or who receives or received direct or indirect consideration from the operation of a dry cleaning facility licensed by DOR or a dry cleaning facility that has ceased operation but, if it ceased operation on or after October 14, 1997, was licensed by DOR before it ceased operation; (b) a subsidiary or parent corporation of the person defined in (a); and (c) a person who owns the property on which is located a dry cleaning facility licensed by DOR or a dry cleaning facility that has ceased operation but that was licensed by DOR before it ceased operation. Currently, an owner is: (a) a

person who owns, or has possession or control of, a dry cleaning facility, or who receives direct or indirect consideration from the operation of a dry cleaning facility, regardless of whether the dry cleaning facility remains in operation and regardless of whether the person owns or receives consideration at the time that environmental pollution occurs; or (b) a subsidiary or parent corporation of the person defined in (a). The change in the bill means that owners of closed facilities would be eligible only if the facility was licensed before it closed.

The bill would also expand the definition of operator to include a person who operated a dry cleaning facility that ceased operating before October 14, 1997. Currently, an operator is a person (including a subsidiary or parent corporation) who holds a license from DOR for a dry cleaning facility. The change in the bill means that a person who operated a facility that closed before October 14, 1997, would be eligible but a person who later owns that facility would not be eligible (for example, a developer of an abandoned facility).

**Joint Finance/Legislature:** Modify the Governor's recommendation to specify that owner includes a person who owns, or has possession or control of, "and" (rather than "or") who receives or received consideration from the operation of a facility licensed by DOR.

[Act 9 Sections: 2615 thru 2619]

#### 41. DRY CLEANERS -- CLOSED FACILITIES

**Governor/Legislature:** Change the dry cleaner environmental response program provisions related to the award deductible and fees paid by closed dry cleaning facilities. The bill would require the owner or operator of the closed facility to pay as part of the deductible: (a) an amount equal to 30 times the average annual license fee for the year in which the award is made; (b) an amount equal to 30 times the total solvents fee collected in the year in which the award is made divided by the number of dry cleaning facilities in operation during that year; and (c) an amount equal to the average solvent inventory fee. Currently, an owner or operator of a dry cleaning facility that closed before the owner or operator applied for an award under the program, must pay annual fees for 30 years after DNR issues the award, equal to the average dry cleaning facility license fee each year, the total solvent fee divided by the number of dry cleaning facilities in operation during each year and the average solvent inventory fee.

The bill would also increase the portion of the deductible related to the portion of eligible costs above \$200,000 for closed facilities to be the same as for operating facilities. Both closed and operating facilities would pay a deductible equal to \$10,000 for eligible costs of \$200,000 or less, plus 8% of eligible costs between \$200,001 and \$400,000, plus 10% of eligible costs between \$400,001 and \$500,000. Currently, closed facilities are required to pay a deductible of \$10,000, plus an amount equal to the average annual license fee in that year, plus an amount equal to the total solvent fee divided by the number of dry cleaning facilities in operation in that year.

[Act 9 Sections: 2629 and 2637 thru 2741]

#### **42. DRY CLEANERS -- PENALTY FOR FRAUD**

**Governor/Legislature:** Impose a penalty of not less than \$10 nor more than \$10,000 on any person making a statement that is false or misleading on any document submitted under the dry cleaner environmental response program. Currently, persons who violate the requirements of the program or other Chapter 292 remedial action provisions are subject to a penalty of not less than \$10 nor more than \$5,000 for each violation.

[Act 9 Sections: 2644, 2647 and 2650 thru 2652]

#### **43. DRY CLEANERS -- FINANCING COSTS**

**Governor/Legislature:** Exclude costs of financing eligible activities from reimbursable costs under the dry cleaner environmental response program. Currently, financing costs are reimbursable unless they are for activities that are undertaken after October 14, 1997, and that are undertaken without DNR's advance written approval.

[Act 9 Sections: 2631 thru 2634]

#### **44. DRY CLEANERS -- SERVICE PROVIDER**

**Governor/Legislature:** Delete lenders from the definition of service provider under the dry cleaner environmental response program. Currently, DNR is authorized to promulgate rules under which DNR selects service providers to provide investigation or remedial action services in specified areas and limits reimbursement to the amount that the selected service provider would have charged if the owner or operator of a dry cleaning facility uses a service provider other than the one selected by DNR. After the deletion of lenders, the definition of service provider would include a consultant, testing laboratory, monitoring well installer, soil boring contractor, other contractor or any other person who provides a product or service for which an application for reimbursement has been or will be filed under the program, or a subcontractor of such a person. Under the bill, the deletion of lender means that DNR would not be authorized to select which lenders claimants must use.

[Act 9 Section: 2620]

#### **45. DRY CLEANERS -- USE OF ENVIRONMENTAL FUND**

**Governor/Legislature:** Require that if DNR funds a cleanup of a discharge of dry cleaning solvent from the environmental fund, DNR must transfer from the dry cleaner financial assistance appropriation to the environmental fund an amount equal to the amount expended from the environmental fund for the cleanup. DNR would be required to make the

transfer from the dry cleaner appropriation to the environmental fund when the Department determines that sufficient funds are available in the dry cleaner appropriation (which is appropriated \$1,600,000 annually from the dry cleaner environmental response fund). Currently, DNR is authorized to fund cleanups of hazardous substances or discharges, generally when the responsible party is not known, is unwilling or is unable to undertake the cleanup, and is appropriated \$3,321,300 SEG annually from the environmental fund for state-funded response.

[Act 9 Sections: 332, 711 and 2643]

#### 46. DRY CLEANERS -- INSURANCE CLAIMS [LFB Paper 719]

**Governor:** Require an owner or operator under the dry cleaner environmental response program to notify DNR of: (a) any insurance claims made for the costs of cleanup and to disclose the amount of any insurance proceeds received; and (b) the owner's or operator's intent to file suit against an insurance company for the purpose of recovering the proceeds of an insurance policy. An award application filed by an owner or operator would have to include a record of any insurance proceeds received for any eligible costs. The bill would also authorize DNR to sue an insurance company to recover eligible costs in an amount equal to the award under the program and to join in an action by an applicant against an insurance company to recover eligible costs. An applicant would be required to cooperate with DNR in any action taken under this provision. The bill would not require an applicant to reimburse DNR for insurance proceeds that the applicant receives. DNR would be required to deposit any insurance proceeds it collects into the dry cleaner environmental response fund.

**Joint Finance:** In addition to approving the Governor's recommendation, specify that if an owner or operator receives insurance proceeds before or after submitting a claim for reimbursement under the dry cleaner program, the insurance proceeds would have to reimburse the dry cleaner program in the amount by which the insurance proceeds exceed the sum of the deductible plus any costs that would be eligible for reimbursement but exceeded the maximum reimbursement amount, but not greater than the amount reimbursed under the program.

**Assembly:** Delete the provision that would have: (a) required an owner or operator under the dry cleaner environmental response program to notify DNR of the owner's or operator's intent to file suit against an insurance company for the purpose of recovering the proceeds of an insurance policy; and (b) authorized DNR to sue an insurance company to recover eligible costs and join in an action by an applicant against an insurance company. The change would maintain the provisions that: (a) an owner or operator must notify DNR of any insurance claim made for the costs of cleanup and to disclose the amount of any insurance proceeds received; and (b) if an owner or operator receives insurance proceeds before or after submitting a claim for reimbursement under the dry cleaner program, the insurance proceeds would have to reimburse the dry cleaner program in the amount by which the insurance proceeds exceed the

sum of the deductible plus any costs that would be eligible for reimbursement but exceeded the maximum reimbursement amount, but not greater than the amount reimbursed under the program.

**Senate:** Make a technical correction to specify that if insurance proceeds reimburse the dry cleaner environmental response program for any cleanup cost, DNR would deposit the insurance proceeds in the segregated dry cleaner environmental response fund.

**Conference Committee/Legislature:** Adopt the provisions of both houses.

[Act 9 Sections: 716, 2627, 2636, 2641g and 2641m]

**47. DRY CLEANERS -- FORMAL WEAR RENTAL FIRMS** [LFB Paper 720]

SEG-REV	- \$30,000
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**Governor:** Exempt formal wear rental firms from the annual dry cleaner facility license fee and exclude formal wear rental firms from participation under the dry cleaner environmental response program. No estimate of the revenue reduction is provided.

**Joint Finance/Legislature:** In addition to approving the Governor's recommendation, include the following: (a) define "formal wear" as tuxedos, suits and dresses, but not costumes, table linens or household fabrics; (b) define "formal wear rental firm" as a facility that rents formal wear to the general public and dry cleans only the formal wear that it rents to the general public; (c) specify that a facility that dry cleans wearing apparel and household fabrics for the general public, in addition to dry cleaning the formal wear that it has rented to the general public, is a dry cleaning facility subject to the dry cleaner facility license fee with respect to the portion of its business that is generated from dry cleaning wearing apparel and household fabrics for the general public; (d) direct the Department of Revenue to refund any past dry cleaner facility license fees paid by formal wear rental firms; and (e) exclude formal wear rental firms from participation in the dry cleaner environmental response program prior to (in addition to on or after) the effective date of the budget bill. Estimate the loss in revenue to the dry cleaner environmental response fund to be \$30,000 (\$20,000 under the Governor's recommendation and \$10,000 for the DOR refund for past dry cleaner facility license fees paid by formal wear rental firms).

[Act 9 Sections: 1818 thru 1818d, 1818L, 2614 thru 2614g and 9436(8c)]

**48. DRY CLEANERS -- STAFF** [LFB Paper 721]

	Funding Positions	
SEG	-\$9,400	- 1.00

**Joint Finance/Legislature:** Delete \$4,700 SEG annually and 1.0 SEG position in the dry cleaner environmental response program. (The bill deletes \$47,500 SEG annually for the salary and fringe benefits under standard budget adjustments.)

**49. DRY CLEANERS -- QUARTERLY FEE PAYMENTS**

SEG-REV	\$250,000
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**Joint Finance/Legislature:** Change the payment of the dry cleaning facility license fee from an annual payment due January 15 for the prior calendar year, to quarterly, with payments due January 25, April 25, July 25 and October 25 for the previous three months. In addition, specify that if the owner or operator of the dry cleaning facility does not make the required quarterly payments, the owner or operator would be subject to a penalty of \$5 for each day that the payment is late. Provide that the change would be effective for calendar year 2000 gross receipts, so that the first payment would be due April 25, 2000, for gross receipts for January 1 to March 31, 2000. Direct that the Department of Revenue would issue the license for the calendar year in which the January 25 payment is made, assuming that the three previous quarterly payments have been made. (For example, after an owner or operator makes the January 25, 2001, payment for the last quarter of calendar year 2000 gross receipts, and if the three quarterly payments have been made on April 25, July 25 and October 25 of 2000, the Department of Revenue would issue the calendar year 2001 license valid through December 31, 2001.) Estimate that the one-time increase in revenue to the dry cleaner environmental response fund due to the transition from an annual to the quarterly payment schedule would be approximately \$250,000 in 2000-01.

[Act 9 Sections: 1818d thru 1818h and 9343(23w)]

**50. DRY CLEANERS -- SOLVENT SALES**

**Joint Finance/Legislature:** Clarify that DNR shall deny reimbursement under the dry cleaner environmental response program if the dry cleaning solvent discharge is caused by a person who provides perchloroethylene to the owner or operator of a dry cleaning facility through a method other than through a closed loop delivery system. Prohibit suppliers of dry cleaning solvent from selling and delivering dry cleaning solvent to a dry cleaning facility which does not hold a valid dry cleaner facility license. Require that any person who sells dry cleaning solvent to an owner or operator in violation of this prohibition would be subject to a penalty of not more than \$500 per sale which is in violation of the section.

[Act 9 Sections: 2636g, 2681k and 2682m]

**51. CHEMICAL PRODUCTS STUDY**

**Joint Finance/Legislature:** Direct DNR to study whether changes should be made in the list of hazardous wastes under state statutes and regulations as it relates to commercial chemical products.

[Act 9 Section: 2569r]



## 52. METALLIC MINING LOCAL AGREEMENTS

**Joint Finance:** Require an agreement between a local governmental unit and the operator of a proposed mine to provide that the agreement is subject to amendment at the request of either party if additional information relevant to the issues addressed in the agreement is obtained after the agreement takes effect but before the hearing held by DNR on whether to issue a permit for the mine. Further, authorize a local government to request the mine operator to negotiate an amendment to an agreement that takes effect before enactment of the budget if DNR has not issued or denied the permit for the proposed mine. Require DNR to deny a mining permit if the applicant fails to negotiate with the local government.

**Assembly/Senate/Legislature:** Delete provision.

## 53. NONMETALLIC MINING RECLAMATION PROGRAM REQUIREMENTS

**Joint Finance/Legislature:** Exempt nonmetallic mining conducted to obtain stone, soil, sand or gravel for the construction, maintenance or repair of a highway, railroad, airport facility, or any other transportation facility from the requirements for a reclamation plan, for public notice and an opportunity for a public informational hearing and for proof of financial responsibility if the nonmetallic mining is conducted under contract with a city, village, town, county, county utility district, town sanitary district, public inland lake protection and rehabilitation district or metropolitan sewage district and the contract requires the nonmetallic mining to be conducted in accordance with the Department of Transportation's requirements concerning the restoration of the nonmetallic mining site.

[Act 9 Section: 2653d]

## 54. PCB LANDFILL DISPOSAL

**Joint Finance/Legislature:** Require that before the Department of Natural Resources approves a request by a landfill operator to dispose of dredged materials containing concentrations of less than 50 parts per million of polychlorinated biphenyls (PCBs) or heavy metals, that DNR must hold a public meeting within the municipality in which the landfill is located. Require that at the public meeting, DNR describe the nature of the requested disposal of PCBs or heavy metals in the landfill and to solicit public comment.

[Act 9 Section: 2569h]

## 55. INDEMNIFICATION AGREEMENTS FOR PCB DISPOSAL

**Governor:** Authorize DNR to enter into an agreement with Winnebago County under which the state would indemnify (make compensation to protect from damage, loss or injury) the County and its agencies, officials, employes and agents against any liability or damage resulting from the County's acceptance for disposal of sediments contaminated with polychlorinated biphenyls (PCBs), if the sediments are disposed of in a manner approved by DNR. In addition, authorize DNR to enter into an agreement with the City of Oshkosh under which the state would indemnify the City and its agencies, officials, employes and agents against any liability or damage resulting from the City's acceptance for treatment of leachate that is contaminated with PCBs and that is from a landfill that accepts sediments contaminated with PCBs, if the leachate is treated in a manner approved by DNR. If Winnebago County or the City of Oshkosh files a claim under the agreement, DNR would review the claim to determine if it is valid. DNR would be required to pay a valid claim from a sum sufficient appropriation created by the bill from the environmental management account of the environmental fund to provide indemnification under the agreements.

**Joint Finance:** Delete provision as non-fiscal policy.

**Assembly/Legislature:** Restore a modified version of the provision, as follows. Authorize DNR to enter into an agreement to indemnify a municipality and its agencies, officials, employes and agents against liability damages to persons, property or the environment attributable to PCBs (polychlorinated biphenyls) resulting from the municipality's acceptance and disposal of sediments contaminated with PCBs from remediation projects in streambeds or lakebeds in the Great Lakes basin. In addition, authorize DNR to enter into an agreement to indemnify a municipality and its agencies, officials, employes and agents against liability damages to persons, property or the environment attributable to PCBs resulting from the municipality's conveyance or treatment of leachate that is contaminated with PCBs and is from a landfill that accepts sediments contaminated with PCBs from sediment remediation projects in streambeds or lakebeds in the Great Lakes basin.

Specify that DNR may enter into an indemnification agreement only if all of the following apply: (a) the agreement is approved by the Governor, the Secretary of DNR, the Attorney General and the governing body of the municipality; (b) the agreement specifies a method for determining whether the municipality is liable for damage under the provision; (c) the agreement requires the municipality to notify DNR and the Attorney General when a claim or a lawsuit to which the agreement may apply is filed against the municipality; (d) the agreement authorizes the Attorney General to intervene on behalf of the municipality and the State in any lawsuit to which the agreement may apply; and (e) the agreement requires the operator of the solid waste disposal facility or wastewater treatment facility to operate in a manner specified by DNR in order to minimize risks related to PCBs. Authorize DNR to include in an agreement a limitation on the amount that the state will pay to a municipality under the agreement. Direct DNR to review a claim submitted under the provision to determine whether it is valid. Create a

sum sufficient appropriation from the environmental management account of the environmental fund to pay indemnification awards under the agreement.

Specify that the statutory provision and the agreement shall not be construed as a waiver of sovereign immunity of the State or consent to sue the State.

**Veto by Governor [B-41]:** Delete the requirement that the DNR Secretary and the Attorney General approve the indemnification agreement. As a result of the veto, the agreement would have to be approved by the Governor and the governing body of the municipality. In addition, delete DNR's authority to place a limit on the amount the state will pay to a municipality under an agreement.

[Act 9 Sections: 311a and 2648c]

[Act 9 Vetoed Section: 2648c]

#### **56. CLEAN SWEEP GRANTS (MENARD, INC.) TRUST FUND**

**Assembly:** Prohibit DNR from making any further expenditures from the \$500,000 received in a court-ordered agreement with Menard, Inc. for the purposes of household hazardous waste (clean sweep) grants to local governments. Require that DNR ensure that the remaining trust fund balance be paid to the Common School Fund on December 31, 2002. (The court-ordered agreement requires that the trust fund balance five years after the date of the entry of judgement of conviction be paid to the Common School Fund. The agreement was signed December 10, 1997.) DNR has expended approximately \$135,000 to date from the trust fund.

Modify Chapter 20.907 of the Statutes to require that all state agencies receive approval from the Joint Committee on Finance before collecting or receiving any moneys, other than moneys received as forfeitures imposed under state law, from any person pursuant to an agreement to settle a civil claim. In addition, require state agencies to submit a report by December 1 annually, to the Joint Committee on Finance and the Department of Administration on expenditures made by the agency during the preceding year from moneys, other than moneys received as forfeitures imposed under state law, received from any person pursuant to an agreement to settle a civil claim (in addition to money received as gifts, grants, bequests or devises currently).

**Conference Committee/Legislature:** Approve the Assembly provision, as modified to specify that DNR may not make further expenditures from the \$500,000 received in a court-ordered agreement with Menard, Inc. for the purpose of household hazardous waste grants to local governments until the Joint Committee on Finance has approved an expenditure plan for the funds.

Further, specify that a state agency may not "encumber or expend" (rather than "collect or receive") any monies obtained through a civil court action without the approval of an expenditure plan by the Joint Committee on Finance.

**Veto by Governor [B-42]:** Delete both provisions.

[Act 9 Vetoed Sections: 643p, 643s and 9136(11m)]

## Stewardship

### 1. ANNUAL OVERALL BONDING AUTHORITY [LFB Paper 261]

	Bldg. Comm. (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
BR	\$350,000,000	\$54,000,000	\$56,000,000	\$460,000,000

**Building Commission:** Allow the state to contract public debt in an amount not to exceed \$350 million for the Stewardship 2000 program. Provide that no funding from Stewardship 2000 may be obligated before July 1, 2000. The annual overall bonding authority would be established as follows:

<u>Fiscal Year</u>	<u>Bonding Authority</u>
2000-01	\$25,000,000
2001-02	25,000,000
2002-03	27,000,000
2003-04	30,000,000
2004-05	33,000,000
2005-06	36,000,000
2006-07	39,000,000
2007-08	42,000,000
2008-09	45,000,000
2009-10	<u>48,000,000</u>
Total	\$350,000,000

Authorization for the Warren Knowles-Gaylord Nelson stewardship program currently expires on June 30, 2000.

**Joint Finance:** Allow the state to contract public debt in an amount not to exceed \$404 million for a reauthorized Warren Knowles-Gaylord Nelson Stewardship 2000 program, with an annual bonding authority under the program at \$40.4 million.

**Assembly:** Allow the state to contract public debt in an amount not to exceed \$350 million for a reauthorized Warren Knowles-Gaylord Nelson Stewardship 2000 program, with an annual bonding authority of \$35 million.

**Senate:** Allow the state to contract public debt in an amount not to exceed \$600 million for a reauthorized Warren Knowles-Gaylord Nelson Stewardship 2000 program, with an annual bonding allocation of \$60 million.

**Conference Committee/Legislature:** Allow the state to contract public debt in an amount not to exceed \$460 million for a reauthorized Warren Knowles-Gaylord Nelson Stewardship 2000 program, with an annual bonding authority of \$46 million.

[Act 9 Sections: 333b, 333bc, 629m and 663u]

## 2. SUBPROGRAMS [LFB Paper 262]

**Building Commission:** Require DNR to establish subprograms for the following purposes under the reauthorized stewardship program:

- a. land acquisition for conservation and recreational purposes;
- b. property development on DNR lands and on conservation easements adjacent to DNR lands;
- c. local assistance for conservation and recreational purposes;
- d. bluff protection;
- e. land acquisition in the Baraboo Hills for conservation purposes; and
- f. state participation in the federal Conservation Reserve Enhancement Program (CREP).

Provide that the base annual bonding authority amounts for the land acquisition, property development and local assistance subprograms be calculated by multiplying the annual overall bonding authority for a fiscal year by 55 percent, 25 percent and 20 percent, respectively. Provide that any base amount set aside for the bluff protection, Baraboo Hills and CREP subprograms be subtracted from the annual overall bonding authority for the fiscal year before applying the percentages.

Specify that if there is any unused bonding authority in the land acquisition, property development or local assistance subprograms on June 30, 2010, that DNR may expend any portion of that authority for that subprogram in one or more subsequent fiscal years.

The following table summarizes the base annual overall bonding authority and subprogram base amounts under the Stewardship 2000 program. Under the bill, DNR and DATCP are required to adhere as closely as is reasonably possible to the overall totals for each of the subprograms when obligating money under Stewardship 2000.

Fiscal Year	Base Annual Overall Bonding Authority	Subprogram Base Amounts					
		Land Acquisition	Property Development	Local Assistance	Bluff Protection	Baraboo Hills	CREP
2000-01	\$25,000,000	\$5,575,000	\$2,225,000	\$2,300,000	\$1,900,000	\$5,000,000	8,000,000
2001-02	25,000,000	6,875,000	3,125,000	2,500,000	500,000		12,000,000
2002-03	27,000,000	9,075,000	4,125,000	3,300,000	500,000		10,000,000
2003-04	30,000,000	10,725,000	4,875,000	3,900,000	500,000		10,000,000
2004-05	33,000,000	18,150,000	8,250,000	6,600,000			
2005-06	36,000,000	19,800,000	9,000,000	7,200,000			
2006-07	39,000,000	21,450,000	9,750,000	7,800,000			
2007-08	42,000,000	23,100,000	10,500,000	8,400,000			
2008-09	45,000,000	24,750,000	11,250,000	9,000,000			
2009-10	48,000,000	26,400,000	12,000,000	9,600,000			
Total	\$350,000,000	\$165,900,000	\$75,100,000	\$60,600,000	\$3,400,000	\$5,000,000	\$40,000,000
Percent	100.0%	47.4%	21.5%	17.3%	1.0%	1.4%	11.4%

**Joint Finance:** Delete provision. Rather, establish two subprograms under stewardship: (a) land acquisition, funded at \$31.0 million annually; and (b) property development and local assistance, funded at \$9.4 million annually. Of the \$9.4 million, specify that up to \$8 million be spent on local assistance and that at least \$1.4 million be spent on property development annually.

**Assembly:** In addition to the land acquisition and property development and local assistance subprograms authorized by Joint Finance, require DNR to establish subprograms for the following additional purposes under the reauthorized stewardship program:

- a. Great Lakes bluff protection;
- b. land acquisition in the Baraboo Hills for conservation purposes; and
- c. state participation in the federal Conservation Reserve Enhancement Program (CREP).

The following table summarizes the base annual overall bonding authority and subprogram base amounts under the reauthorized stewardship program.

Fiscal Year	Assembly Subprogram Base Amounts				
	Land Acquisition	Prop. Dev. and Local Assist.	G.L. Bluff Protection	Baraboo Hills	CREP
2000-01	\$10,000,000	\$8,100,000	\$1,900,000	\$5,000,000	10,000,000
2001-02	13,500,000	11,000,000	500,000		10,000,000
2002-03	15,500,000	12,700,000	500,000		6,300,000
2003-04	19,000,000	15,500,000	500,000		
2004-05	19,500,000	15,500,000			
2005-06	19,500,000	15,500,000			
2006-07	19,500,000	15,500,000			
2007-08	19,500,000	15,500,000			
2008-09	19,500,000	15,500,000			
2009-10	19,500,000	15,500,000			
Total	\$175,000,000	\$140,300,000	\$3,400,000	\$5,000,000	\$26,300,000
Percent	50.0%	40.1%	1.0%	1.4%	7.5%

**Senate:** Increase the annual funding for the land acquisition subprogram to \$46 million and for the property development and local assistance subprogram to \$14 million (rather than \$31 million and \$9.4 million, respectively, under Joint Finance). Specify that up to \$9 million be spent on local assistance and at least \$5 million be used for property development (rather than \$8 million and \$1.4 million, respectively, under Joint Finance).

**Conference Committee/Legislature:** In addition to the land acquisition and property development and local assistance subprograms authorized by Joint Finance, require DNR to establish subprograms for the following additional purposes under the reauthorized stewardship program:

- a. Great Lakes bluff protection; and
- b. land acquisition in the Baraboo Hills for conservation purposes.

Specify that \$34.5 million annually be allocated to the land acquisition subprogram. In 2000-01 only, specify that \$5.0 million from the land acquisition subprogram be allocated to the Baraboo Hills subprogram and \$1.0 million from the land acquisition subprogram be allocated to the Great Lakes bluff protection subprogram (\$28.5 million would remain for general acquisition in 2000-01).

Specify that \$11.5 million annually be allocated for local assistance and property development. Provide that up to \$8 million be spent on local assistance and at least \$3.5 million be spent on property development annually.

[Act 9 Section: 663u]

### 3. LAND ACQUISITION SUBPROGRAM

**Building Commission:** Specify that the use of moneys under the land acquisition subprogram include:

- a. acquisition of land for state forests; state parks; state shooting, trapping or fishing grounds or waters; state fish hatcheries; state forest nurseries or experimental stations; state recreation areas; and state wildlife areas;
- b. acquisition of land for state trails;
- c. acquisition of land to preserve any endangered or threatened species;
- d. acquisition of land in and for the Lower Wisconsin State Riverway;
- e. acquisition of land for natural areas;
- f. acquisition of land for the Ice Age Trail;
- g. for habitat areas and fisheries; and
- h. for the stream bank protection program.

Further, specify that grants to nonprofit conservation organizations can be made for trails, natural areas, the Ice Age Trail, habitat areas and fisheries and the stream bank protection program. Specify that, if grants are awarded for these purposes, that the grant may not exceed 50% of the cost of acquisition of the property.

Require the Department to establish a higher priority for the acquisition of land within the boundaries of projects established on or before January 1, 1988 (a similar requirement exists under the current program).

**Joint Finance:** Delete provision. Rather, specify that DNR and nonprofit conservation organizations (NCOs) would be eligible for funding under this category. Require that up to \$3 million from this category be spent on trails, incorporating the current trails and Ice Age Trail components of stewardship. Of the remaining funds, the following priorities within this category would be specified: (a) acquisition of land that preserves or enhances the state's water resources, including land in or along the Lower Wisconsin State Riverway, wild lakes, wild rivers and Great Lakes shorelines; (b) acquisition of land for the streambank protection program; (c) acquisition of land for habitat areas and fisheries; (d) acquisition of land for natural areas; (e) acquisition of land for bluff protection; (f) acquisition of land for the Middle Kettle Moraine; and (g) acquisition of land for the Baraboo Hills. Require DNR to define "wild lake" in rule. Specify that the Department can acquire bluff land outside of established project boundaries.



Delete the provision requiring DNR to establish a higher priority on the acquisition of land within the boundaries of projects established on or before January 1, 1988, under the reauthorized program.

**Assembly/Legislature:** Delete the acquisition priorities for bluff protection and the Baraboo Hills. Instead, establish separate subprograms for these purposes.

[Act 9 Sections: 658m, 659m, 659t, 663u and 665r thru 665v]

#### **4. PROPERTY DEVELOPMENT AND LOCAL ASSISTANCE SUBPROGRAM [LFB Paper 263]**

**Building Commission:** Include the following provisions:

a. Specify that the use of moneys under the property development subprogram include property development on DNR lands and on conservation easements adjacent to DNR lands.

b. Extend current law provisions for the grant program for development on DNR properties to the Stewardship 2000 program. Extend eligibility for these grants to nonprofit conservation organizations. (Under current law, DNR may provide up to \$200,000 in grants to friends groups annually for property development activities on any Department-owned property, with a maximum of \$20,000 in grants for any property in a fiscal year.)

c. Specify that funding from the local assistance subprogram can be obligated for grants for urban green space, local parks and urban rivers (all of which are components of the Warren Knowles-Gaylord Nelson stewardship program). Further, require the Department to establish a program by administrative rule to provide grants to cities, villages, towns and counties for up to 50% of the cost of other recreational projects. The rules would establish the types of eligible projects and other eligibility criteria for the program.

d. Require the Department to establish a system under which \$1 million from the local assistance subprogram be set aside in each fiscal year for grants for qualifying projects that relate to brownfields redevelopment.

e. Specify that if the state receives federal funding between 2000-01 and 2009-10 from which cities, villages or towns would be eligible to receive money for the purposes of the local assistance subprogram, DNR allocate federal funding among the appropriate fiscal years for local assistance. Require the Department to reduce the annual bonding authority for the local assistance subprogram by an amount equal to the amount of federal funding received and allocated for each applicable fiscal year. Require the Department to reallocate 75% of the amount of state bonding freed up by the local assistance reduction to the land acquisition subprogram and 25% to the property development subprogram.

**Joint Finance/Legislature:** Delete "c." through "e." Rather, specify that local assistance funding can be obligated for grants to local governments and NCOs for urban rivers, urban green space, local park aids and a purchase of development rights program to be created by DNR. Specify that property development funding may be obligated by DNR and for grants to NCOs.

Require that funding in this subprogram be used for nature-based outdoor recreation. Require DNR to promulgate in rule a definition for "nature-based outdoor recreation."

Increase the amount allocated from property development funding for grants for friends groups and NCOs for development on DNR properties to \$250,000 (from \$200,000 currently) and specify that friends groups have first draw on this funding.

[Act 9 Sections: 661f, 661i, 661u, 661v, 661z, 663u, 665w thru 665z, 847m and 847p]

## 5. BLUFF PROTECTION SUBPROGRAM [LFB Paper 264]

**Building Commission:** Allocate \$500,000 annually from 2000-01 to 2003-04 for a bluff protection subprogram. Under this subprogram, allow DNR to acquire bluff land or interests in bluff land and award grants to municipalities and nonprofit conservation organizations to acquire these lands or interests.

Require that DNR transfer \$750,000 from the land acquisition subprogram and \$650,000 from the property development subprogram to the bluff protection subprogram in 2000-01. Require that the \$1.4 million transferred be used only for a pilot project under which the Department may award grants to municipalities to acquire bluff land or interests in bluff land along Lake Michigan in Ozaukee County (townships nine through 12 north) for protection purposes.

Specify that a grant awarded for bluff protection may not exceed 50% of the cost of acquisition. Require DNR to promulgate rules to administer and implement the bluff protection subprogram and pilot program. Require the rules to include standards for awarding bluff protection grants and a definition of "bluff land."

Specify that if the total amount obligated for the bluff protection subprogram on June 30, 2004, is less than \$3,400,000, that the Department allocate 75% of the unobligated amount to the land acquisition subprogram and 25% to the property development subprogram.

**Joint Finance:** Delete provisions, except for the rule requirements. Instead specify that acquisition of land for bluff protection is a priority under the land acquisition subprogram and that the Department may acquire bluff land outside of established project boundaries.

**Assembly:** Allocate \$1 million BR in 2000-01 for a bluff protection program and specify that DNR may acquire bluff lands outside of established project boundaries. Specify that bluff

protection funding for DNR acquisition and grants to nonprofit conservation organizations be limited to protection of Great Lakes bluffs. Specify that unobligated bonding authority after July 1, 2004, be transferred to the property development and local assistance subprogram.

**Conference Committee/Legislature:** Include Assembly provision, but specify that unobligated bonding authority after July 1, 2004, be transferred to the land acquisition subprogram.

[Act 9 Sections: 659p, 663u and 847g]

## 6. BARABOO HILLS SUBPROGRAM [LFB Paper 265]

**Building Commission:** Specify a base amount of \$5,000,000 to be allocated in 2000-01 for the Baraboo Hills subprogram to match the value of land acquisitions that are certified as qualifying matching land acquisitions by DNR.

Allow DNR to certify as a qualifying matching land acquisition under the subprogram an acquisition to which all of the following apply: (a) the land is being acquired for conservation purposes; (b) the land is being acquired by the federal government, a local unit of government or a nonprofit conservation organization (NCO); and (c) any federal moneys being used for the acquisition are federal nontransportation moneys.

Require DNR to set aside funding from the subprogram in amounts equal to that committed by the federal government, local units of governments or NCOs for the acquisition of land in the Baraboo Hills for conservation purposes. Require federal funding for these purposes to come from nontransportation moneys. Specify that DNR may only set aside moneys for commitments made before January 1, 2006.

Require DNR to make available for expenditure moneys in an amount that equals the value of each qualifying matching land acquisition. Provide that moneys made available for expenditure may be used by the Department to acquire land in the Baraboo Hills for conservation purposes and to award grants to local units of government and NCOs to acquire land for conservation purposes in the Baraboo Hills. Specify that a local unit of government or NCO that receives such a grant need not provide any matching funding. Specify that land acquired with moneys from such a grant may not be certified by DNR as a qualifying matching land acquisition.

Require DNR to certify which land acquisitions qualify as matching land acquisitions for the subprogram and to determine the value of these matching land acquisitions. For land that is acquired by purchase at fair market price, the value certified as qualifying matching acquisitions would be equal to the sum of the purchase price and the costs incurred by the federal government, local unit of government or NCO. For land that is acquired by gift, bequest or purchase at less than the fair market value, the value certified shall be equal to the sum of the appraised fair market value at the time of the acquisition (as determined by an appraisal

supplied by the acquiring entity) and the costs incurred by the acquiring entity in acquiring the land.

Prohibit DNR from obligating more than \$5,000,000 under this subprogram. Specify that the amount of non-federal money that may be used by local units of governments or nonprofit conservation organizations to make land acquisitions that may be certified as qualifying matching land acquisitions may not exceed \$2,500,000. Specify that land certified as a qualifying matching land acquisition or that is acquired with moneys made available under this subprogram may not be DNR land or land that is otherwise owned or under the jurisdiction of the state on the effective date of the bill.

Provide that if the moneys set aside by DNR and made available for expenditure on January 1, 2006, are less than \$5,000,000 that the Department transfer the difference to the land acquisition subprogram. Require DNR to expend any obligated amount that has not been expended by January 1, 2006, for acquisitions by the Department and for grants to local units of government and NCOs for land for conservation purposes in the Baraboo Hills.

Prohibit any money from being obligated for the Baraboo Hills subprogram before the Department of Transportation certifies to DNR that highway construction that will result in at least four traffic lanes has begun on the portion of USH 12 between the City of Middleton and the Village of Sauk City.

**Joint Finance:** Delete provisions. Instead, specify that the Baraboo Hills are a priority within the land acquisition category.

**Assembly:** Allocate \$5 million BR in 2000-01 and establish a separate subprogram under stewardship for the purposes of acquiring land in the Baraboo Hills for conservation purposes related to construction of USH 12. Restore the Building Commission's language related to the funding (such as release of funding, qualifying matching land acquisitions and deadlines for setting aside moneys to be committed).

**Senate:** Earmark \$5 million from within the land acquisition subprogram for the purposes of acquiring land in the Baraboo Hills for conservation purposes related to construction of USH 12. Restore the Building Commission provisions related to the funding.

**Conference Committee/Legislature:** Include Assembly provision.

[Act 9 Section: 663u]

**7. STATE CONSERVATION RESERVE ENHANCEMENT SUBPROGRAM [LFB Paper 266]**

**Building Commission:** Allocate funding from the Warren Knowles-Gaylord Nelson stewardship program and the reauthorized stewardship program to enable the state to

participate in the federal Conservation Reserve Enhancement Program (CREP). Under CREP, financial incentives are provided to encourage farmers to enroll in ten- to 15-year voluntary contracts to remove land from agricultural production to improve water quality, erosion control and wildlife habitat in specific geographic areas. States are expected to provide at least 20 percent of the cost of the program.

Require DNR to submit a report to DATCP before September 30, 1999, in which DNR must identify an amount greater than \$4,000,000 from the Warren Knowles-Gaylord Nelson stewardship program that can be expended by DATCP for the state conservation reserve enhancement subprogram. Require DNR to specify the components of stewardship from which the amounts identified will be taken. Prohibit DNR from committing any of the amounts identified in the report during the period from the date the report is submitted until June 30, 2000.

Require DATCP to identify the component of stewardship from which any amount committed for expenditure comes. Prohibit the sum of the amounts committed for expenditure for each component by DATCP to exceed the amounts identified by DNR. Require DATCP to commit these moneys for expenditure before July 1, 2000. Require DATCP, on or after July 1, 2000, to transfer the amount equal to the amount committed for expenditure from the state conservation reserve enhancement subprogram of the reauthorized stewardship program to the other subprograms that correspond to the purposes originally identified by DNR. After June 30, 2000, allow DNR to expend any amounts identified in the report not committed by DATCP on the identified components.

In addition, allocate the following base amounts for the state CREP subprogram: (a) \$8 million in 2000-01; (b) \$12 million in 2001-02; (c) \$10 million in 2002-03; (d) \$10 million in 2003-04. Specify that if the total amount obligated for the state CREP subprogram on June 30, 2004, is less than \$40 million that DATCP may expend the unobligated amount in one or more subsequent fiscal years.

The administration estimates that this state funding could leverage up to an additional \$200 million in federal funds for the program.

**Joint Finance:** Delete provisions. Instead, provide \$1.1 million GPR in 1999-00 and \$1.4 million in 2000-01 in a biennial appropriation to DATCP for state participation in CREP. (The fiscal effect is shown under "Agriculture, Trade and Consumer Protection.")

**Assembly:** Allocate \$26.3 million BR in addition to the GPR provided by Joint Finance and specify that DATCP would administer the CREP subprogram. Allow DATCP to transfer a portion of the available bonding authority in a given year to any of the other subprograms if the Board of Agriculture, Trade and Consumer Protection finds that: (a) insufficient moneys are available in the other subprograms for the project or activity; (b) the land involved in the project or activity covers a large area or the land is uniquely valuable in conserving the natural resources of the state; and (c) delaying or deferring all or part of the cost to a subsequent fiscal

year is not reasonably possible. Allow DATCP to transfer all or a portion of the unobligated bonding authority after July 1, 2003, if the Board finds that those three conditions apply.

**Senate/Legislature:** Provide \$40 million in general obligation bonding (outside of the stewardship program) and delete \$1.1 million GPR in 1999-00 and \$1.4 million GPR in 2000-01 to enable DATCP to participate in CREP. Require that at least 50% of the acres enrolled in the program be under permanent easements. In addition, specify that after the first 50,000 acres of land have been enrolled in CREP, if less than 50% of the acreage is under permanent easement, DNR and DATCP are required to evaluate the effectiveness of CREP to determine if the program is meeting its water quality and wildlife habitat objectives. The agencies would report the results of the review to the appropriate standing committees of the Legislature. Specify that only the minimum federal eligibility standards, with respect to production and land ownership, need to be met in order for landowners to participate in CREP. Provide that CREP be structured in such a way that greater incentives be provided for permanent easements using fair market value than for temporary contracts and for landowners who provide public access on enrolled land. Require that state funds be utilized for commitments for a period to exceed the federal CRP contract length and be at least 20 years. Prohibit a person from using land enrolled in CREP for a licensed bird, fur, deer or game farm.

In addition, specify that willing counties and nonprofit organizations coordinate negotiation of CREP contracts and easements and land management plans with the assistance of DATCP and DNR. Specify that DATCP and DNR would provide this coordination if not provided by a county. Specify that DNR and DATCP jointly hold all easements under CREP.

In addition, require that at least 30,000 acres of land enrolled in CREP (or 30% if less than 100,000 acres in total are authorized for the program) be designated as grassland wildlife habitat areas. Require the Blue Mounds Area (in Iowa, Dane and Green Counties), the Prairie Chicken Range (in Portage, Clark, Taylor and Marathon Counties) and the Western Prairie Area (in St. Croix and Polk Counties) be included as habitat areas. Specify that parcels in the identified areas need not have a riparian connection to be enrolled in CREP. Require that CREP be structured in a way so as to provide a bonus for adjacent property owners to enroll in permanent easements in the grassland project areas. Require that participants receive a bonus for choosing a CREP conservation practice that requires restoration of native tall grass prairie.

**Veto by Governor [B-1]:** Delete most statutory provisions governing the program. The act allows DATCP to expend \$40 million in general obligation bond revenues to improve water quality, erosion control and wildlife habitat through participation in the CREP program as approved by the USDA Secretary.

[Act 9 Sections: 183tm, 628, 637e and 1933gm]

[Act 9 Vetoed Section: 1933gm]

## 8. USE OF ASSESSMENT DATA [LFB Paper 267]

**Building Commission:** For land purchases under the land acquisition, bluff protection and Baraboo Hills subprograms, require DNR to report to the Governor the property tax assessments of the land for the three most recent taxable years.

In calculating the maximum 50% state match for grants to local governments or NCOs under the local assistance and bluff protection subprograms and for grants for land acquisition for habitat areas and stream bank protection, specify that the calculation must equal 50% of the average of the assessed value of land for the three most recent taxable years if any of the moneys obligated for the grant come from the Stewardship 2000 program.

**Joint Finance:** Delete provisions. Rather, specify that grants to local units of government and NCOs would be for up to 50% of the land's current fair market value and other acquisition costs as determined in rule by DNR. In addition, require local units of government and NCOs to submit two appraisals for properties where the fair market value exceeds \$200,000. For property that has been owned by the seller for less than three years, grants to local units of government and NCOs would be limited to 50% of the seller's purchase price with an adjustment increase of 7.5% per full year of ownership.

**Assembly:** In addition to the Joint Finance provision, prohibit DNR from making grants to local units of government for the purchase of property in excess of the lowest assessment of the property upon which property taxes were paid for the three tax years preceding the year in which the purchase would take place.

**Conference Committee/Legislature:** Include Joint Finance provision.

**Veto by Governor [B-46]:** Reduce the adjustment increase to 5% per full year of ownership by vetoing "7."

[Act 9 Sections: 661j, 661w, 661z, 663u, 664b, 665L, 665v, 847g and 847w]

[Act 9 Vetoed Section: 663u]

## 9. TRANSFER OF FUNDING BETWEEN FISCAL YEARS

**Building Commission:** Provide that if the funding obligated under the land acquisition, property development, local assistance, bluff protection or CREP subprograms is less than the annual bonding authority for that subprogram for a given fiscal year, that the annual bonding authority for the subprogram for the next fiscal year be increased by the unobligated amount.

Allow DNR, under the land acquisition, property development, local assistance or bluff protection subprograms, to obligate up to an additional 50% of the adjusted annual bonding authority for that subprogram for a given fiscal year for a project or activity if the Natural

Resources Board determines that all of the following apply: (a) that moneys appropriated for the subprogram to DNR do not provide sufficient funding for the activity; (b) that the land involved in the project or activity covers a large area or the land is uniquely valuable in conserving the natural resources of the state; and (c) that delaying or deferring all or part of the cost to a subsequent fiscal year is not reasonably possible.

Allow DATCP, under the state CREP subprogram, to obligate up to an additional 50% of the adjusted annual bonding authority for that subprogram for a given fiscal year for a project or activity if the Board of Agriculture, Trade and Consumer Protection determines that all of the following apply: (a) that moneys appropriated for the subprogram to DATCP do not provide sufficient funding for the activity; and (b) that delaying or deferring all or part of the cost to a subsequent fiscal year is not reasonably possible.

Specify that if any additional funding is used by DNR or DATCP under these provisions, that the annual bonding authority for the subprogram for the next fiscal year be decreased by the additional amount obligated.

Under the Warren Knowles-Gaylord Nelson stewardship program, the Department may use up to 50% of bonding authority from the next fiscal year in the current fiscal year in order to allow for large or unique purchases, where funds would otherwise be insufficient, and where delaying or deferring part of the cost into the future is not reasonably possible. The Natural Resources Board need not make any findings for the use of funding from future fiscal years, however.

**Joint Finance:** Delete provision. Rather, specify that unspent bonding authority not used in one fiscal year is available for the same purpose in the next fiscal year and that DNR would have the authority to utilize funding from the succeeding fiscal year with the approval of the Natural Resources Board if the Board determines that all of the following apply: (a) that moneys appropriated do not provide sufficient funding for the project or activity; (b) that any land involved in the project or activity is uniquely valuable in conserving the natural resources of the state; and (c) that delaying or deferring all or part of the cost to a subsequent fiscal year is not reasonably possible.

**Assembly:** In addition to the Joint Finance provision, beginning in fiscal year 1999-00, allow the Department, subject to the approval of the Governor and the Joint Committee on Finance under 14-day passive review, to obligate any amount not in excess of the total bonding authority for the land acquisition subprogram under the reauthorized stewardship program for advanced funding of land purchases. To utilize this funding, DNR would be required to sell a portion of the acquired land. All proceeds from the sale of the land up to the amount obligated would be credited to a program revenue appropriation in DNR for the payment of principal and interest costs incurred in financing the acquisition of land under these provisions. All proceeds in excess of the amount originally obligated would be deposited into the general fund.



For bonds that are retired from the proceeds of the sale of the acquired land within three years after the date that the land was acquired by the Department, DNR would adjust the available bonding authority for the subprogram for land acquisition by increasing the available bonding authority for the fiscal year in which the bonds are retired by an amount equal to the total amount of the bonds issued for the sale that have been retired in that fiscal year. For bonds that are not retired from the proceeds of the sale of the acquired land within three years after the date that the land was acquired by the Department, DNR would adjust the available bonding authority for the subprogram for land acquisition by decreasing the available bonding authority for the next fiscal year beginning after the end of that three-year period by an amount equal to the total amount of the bonds that have not been retired from such proceeds in that fiscal year and, if necessary, shall decrease for each subsequent fiscal year the available bonding authority in an amount equal to that available bonding authority or equal to the amount still needed to equal the total amount of the bonds not retired from such proceeds, whichever is less, until the available bonding authority has been decreased by an amount equal to the total of the bonds not retired.

Specify that land acquired under these provisions need not be for conservation or recreational purposes. Require the Department of Administration to monitor all transactions under these provisions to ensure compliance with federal law and to ensure that interest on the bonds is tax-exempt for the holders of the bonds.

**Senate:** Adopt the same provision as the Assembly, except specify that only Joint Finance need approve the transaction.

**Conference Committee/Legislature:** Include Assembly provision.

[Act 9 Sections: 333d, 628, 628b and 663u]

## 10. TRANSFER OF FUNDING BETWEEN SUBPROGRAMS

**Building Commission:** Specify that if the available bonding under the land acquisition, property development, local assistance or bluff protection subprograms exceeds the base bonding authority for those subprograms, DNR may transfer any portion of the difference to one or more of those subprograms if the Natural Resources Board determines that all of the following apply: (a) that moneys appropriated for the subprogram to DNR do not provide sufficient funding for the activity; (b) that the land involved in the project or activity covers a large area or the land is uniquely valuable in conserving the natural resources of the state; and (c) that delaying or deferring all or part of the cost to a subsequent fiscal year is not reasonably possible.

Require that if DNR makes such a transfer and that if the subprogram that received the transfer has available bonding greater than the base bonding authority in a subsequent fiscal year, the Department shall reimburse the subprogram from which the money was transferred for the lesser of the amount transferred or the available bonding authority.

Specify that if the available bonding under the CREP subprogram exceeds the base bonding authority for the subprogram, DATCP may transfer any portion of the difference to the land acquisition, property development, local assistance or bluff protection subprograms if the Board of Agriculture, Trade and Consumer Protection determines that all of the following apply: (a) that moneys appropriated for the subprogram to DNR do not provide sufficient funding for the activity; (b) that the land involved in the project or activity covers a large area or the land is uniquely valuable in conserving the natural resources of the state; and (c) that delaying or deferring all or part of the cost to a subsequent fiscal year is not reasonably possible.

Specify that these transfer provisions do not apply to the bluff protection subprogram after June 30, 2004.

**Joint Finance/Legislature:** Delete provisions.

## **11. PROHIBITIONS ON USE OF FUNDING**

**Building Commission:** Prohibit DNR from obligating any money under Stewardship 2000 for: (a) the acquisition of land for golf courses or for the development of golf courses; (b) the acquisition or development of land by a county or other local governmental unit or political subdivision if the land involved is acquired by condemnation; (c) the acquisition by a municipality of land that is outside the boundaries of the municipality unless the municipality acquiring the land and the municipality in which the land is located approve the acquisition. These prohibitions currently apply to the use of funding under the original Warren Knowles-Gaylord Nelson stewardship program.

**Assembly:** Prohibit DNR from acquiring land under the reauthorized stewardship program without the approval of a majority of the county board of supervisors of the county in which the land is located if at least 66% of the land in the county is under public ownership. Before determining whether to approve the acquisition, require the county to post notices that inform the residents of the community surrounding the land of the proposed acquisition.

**Senate:** Delete the prohibition on the obligation of stewardship funding (under both the original and reauthorized programs) for the acquisition or development of land by a county or other local unit of government or political subdivision if the land involved is acquired by condemnation.

**Conference Committee/Legislature:** Include the provisions of both houses.

**Veto by Governor [B-45]:** Restore the prohibition on the obligation of stewardship funding under the original program for the acquisition or development of land by a county or other local unit of government or political subdivision if the land involved is acquired by condemnation.

[Act 9 Section: 663u]

[Act 9 Vetoes Section: 663gm]

## 12. REVIEW BY THE JOINT COMMITTEE ON FINANCE [LFB Paper 268]

**Building Commission:** Prohibit DNR or DATCP from obligating funding from Stewardship 2000 for a given project or activity of more than \$500,000 unless it first notifies the Joint Committee on Finance in writing of the proposal. Specify that if the Co-Chairpersons of the Committee do not notify the Department making the proposal within 14 working days after the date of the Department's notification that the Committee has scheduled a meeting to review the proposal, the Department making the proposal may obligate the money. Provide that if, within 14 working days after the date of the notification by the Department making the proposal, the Co-Chairpersons of the Committee notify the Department that the Committee has scheduled a meeting to review the proposal, the Department making the proposal may obligate the moneys only upon the approval of the Committee.

Under the original Warren Knowles-Gaylord Nelson stewardship program, a similar passive review process is followed for projects of more than \$250,000.

**Joint Finance/Legislature:** Maintain the current law \$250,000 threshold for Joint Finance review of funding obligations by DNR under the reauthorized stewardship program.

[Act 9 Section: 663u]

## 13. MILWAUKEE LAKESHORE STATE PARK [LFB Paper 269]

**Building Commission:** Allow DNR to expend up to \$1,000,000 during the 1999-01 biennium from either the Warren Knowles-Gaylord Nelson stewardship program or the Stewardship 2000 program for a state park which will provide access to Lake Michigan from the city of Milwaukee. Specify that the funding may be spent on studies and plans for the establishment and development of the park and for development of the park.

Require the Department to determine how the funding will be allocated between the two stewardship programs. Specify that funding be treated as moneys spent for property development.

**Joint Finance:** Delete provision. Instead, specify that development of the park is a priority for property development funding.

**Assembly:** Delete Joint Finance provision. Instead, require DNR to expend \$500,000 from the property development category of the original stewardship program and \$500,000 from the

property development and local assistance subprogram of the reauthorized stewardship program for development of the park.

**Conference Committee/Legislature:** Adopt the Assembly provision. In addition, require DNR to expend an additional \$1.0 million from the property development and local assistance subprogram of the reauthorized stewardship program for development of the park.

[Act 9 Section: 671mn]

#### 14. MISCELLANEOUS PROVISIONS

**Building Commission:** Allow DNR and DATCP to promulgate emergency rules, without the finding of an emergency, to implement any provisions related to the Stewardship 2000 program if the rules are necessary for either Department to act as authorized under the program. Allow the emergency rules to remain in effect until June 30, 2001, or until the date any permanent rules take effect, whichever is sooner.

For the purposes of Stewardship 2000, define land to include land in fee simple, conservation easements, other easements in land and development rights in land.

Specify that the earmarks under the Warren Knowles-Gaylord Nelson stewardship program for the Hank Aaron State Park and Trail, the Flambeau Mine Trail, Horicon Marsh Interpretive Center and the Crex Meadows Wildlife Area do not expire in fiscal year 1999-00.

Specify that if there is any funding available in any of the components of the Warren Knowles-Gaylord Nelson stewardship program on July 1, 2000, DNR may expend it for the purposes of that component in one or more subsequent fiscal years.

Extend the current law provisions for the release of funding as a result of a donation of land to the Stewardship 2000 program.

Make technical changes where needed to differentiate between the Warren Knowles-Gaylord Nelson stewardship program and the Stewardship 2000 program.

**Joint Finance/Legislature:** Require DNR to provide a report to the Joint Committee on Finance and the Governor by January 1, 2005, that includes the following: (a) information about how changes in land prices have affected the ability to protect conservation lands between July 1, 2000, and the date of the report; and (b) a range of options to maintain or restore the purchasing power of the stewardship program.

**Veto by Governor [B-47]:** Delete Joint Finance report requirement.

[Act 9 Sections: 333b, 333bc, 634m, 661b thru 661d, 661h, 661p, 661x, 663b thru 663g, 663h thru 663L, 663n, 663q, 663s thru 663u, 664d thru 665k, 665m thru 665q, 671b thru 671g, 671p thru 672k, 847L, 847n, 9136(10g) and 9436(10g)]

[Act 9 Vetoed Section: 663u]

## 15. INCENTIVES FOR LAND USE PLANNING AND ZONING

**Joint Finance/Legislature:** Require the Department to promulgate rules that provide incentives under the Warren Knowles-Gaylord Nelson Stewardship 2000 program for local units of government that submit applications for funding for projects that are consistent with local or regional land use plans and with local zoning ordinances.

**Veto by Governor [B-47]:** Delete provision

[Act 9 Vetoed Section: 663u]

## 16. SMALL GROUP PARTICIPATION

**Joint Finance/Legislature:** Allow a group that is not qualified as a nonprofit under s. 501(c)(3) of the Internal Revenue Code to enter into a partnership with a qualified 501(c)(3) to apply one time for a stewardship grant of up to \$20,000 for habitat restoration and land acquisition. The qualified 501(c)(3) group would act as the fiscal agent for the grant and retain title to the land.

[Act 9 Section: 671m]

## 17. SIGNAGE ON STEWARDSHIP LANDS

**Joint Finance/Legislature:** Require DNR to provide signage on all parcels of land purchased with any stewardship funding indicating that the land was purchased with stewardship dollars. Specify that the signs must be clearly visible to the public at access points to the land or along public transportation routes that provide access to the land and that the signs must indicate whether and for what uses the land is open to the public.

**Veto by Governor [B-47]:** Delete provision.

[Act 9 Vetoed Section: 663u]

## **18. FUNDING FOR SHORELINE ENHANCEMENTS**

**Joint Finance:** Specify that shoreline enhancements are an eligible activity for urban rivers grants funding. Direct DNR to promulgate in rule the types of projects that qualify as shoreline enhancements.

**Senate:** Delete provision.

**Conference Committee/Legislature:** Include Joint Finance provision.

[Act 9 Sections: 847o, 847w and 847x]

## **19. KICKAPOO RESERVE MANAGEMENT BOARD ELIGIBILITY**

**Joint Finance:** Specify that, under the Warren Knowles-Gaylord Nelson Stewardship 2000 program, the Kickapoo Reserve Management Board be included as a local unit of government for purposes of grant eligibility.

**Senate:** Delete provision.

**Conference Committee/Legislature:** Include Joint Finance provision.

[Act 9 Sections: 661e, 661g, 661j thru 661o, 661q thru 661w, 661y, 661z, 847L, 847m, 847o, 847q thru 847w and 945d]

## **20. FLEXIBILITY UNDER ORIGINAL STEWARDSHIP PROGRAM**

**Joint Finance/Legislature:** Specify that if moneys available for expenditure under any of the categories of the original Warren Knowles-Gaylord Nelson stewardship program do not provide sufficient funding for a given project or activity that is uniquely valuable in conserving natural resources, then the Department may expend moneys from any of the categories for the project.

[Act 9 Section: 663k]

## **21. EARMARKED PROJECTS**

**Joint Finance:** Require the Department to provide funding for the following projects from the original Warren Knowles-Gaylord Nelson stewardship program:

a. \$670,000 for development of the Hank Aaron State Trail (\$400,000 from urban rivers, \$200,000 from stream bank protection and \$70,000 from urban green space); and

b. \$38,000 from the local park aids component to the Village of Whiting for development of Upper Whiting Park.

Further, require the Department to provide funding from either the current or the reauthorized stewardship programs for the following projects:

a. 50% of the cost, up to \$500,000, for the Root River Multi-Purpose Pathway Project in the City of Racine. Allow DNR to choose the stewardship categories from which funding will be provided;

b. up to \$100,000 for development of the Keyes Lake Recreational Area in Florence County. Allow DNR to determine the categories of stewardship from which the funding is allocated; and

c. 50% of the cost, up to \$96,500, from the urban rivers component of the current program or the local assistance portion of the reauthorized program to the City of Fort Atkinson for the restoration of the Rock River riverwall.

**Assembly:** In addition to the Joint Finance provision, require DNR to provide \$173,763 from the original stewardship program for development and expansion of Workers Water Street Riverfront Park in the City of Sheboygan. Allow DNR to determine the categories of stewardship from which the funding is allocated.

**Senate:** Modify the provisions of Joint Finance to:

a. Increase to \$750,000 the maximum amount of funding DNR is required to provide for the Root River Multi-Purpose Pathway Project designated by Joint Finance.

b. Increase to \$125,000 the maximum amount of funding DNR is required to provide for development of the Keyes Lake Recreational Area designated by Joint Finance.

In addition, require DNR to provide \$500,000 from property development category of either the current or the reauthorized stewardship program to rebuild the Rib Mountain State Park Chalet in Marathon County and require DNR to provide an additional \$100,000 from the urban rivers component of the original stewardship program for the Panoramic project in the City of Janesville. (In April, 1999, the Joint Committee on Finance approved a grant of \$281,900 for this project. DNR had requested authority to provide a grant of \$342,500 for eligible project costs.)

**Conference Committee/Legislature:** Include the provisions of both houses.

**Veto by Governor [B-56 and B-57]:** Delete the requirement that DNR provide an additional \$100,000 from the urban rivers component of the original stewardship program for the Panoramic project in the City of Janesville. Also, reduce the amount of funding DNR is required to provide from the property development category of either the current or the reauthorized stewardship program to rebuild the Rib Mountain State Park Chalet in Marathon County to \$50,000.

[Act 9 Sections: 663r, 663rm and 671m]

[Act 9 Vetoed Section: 671m]



## PERSONNEL COMMISSION

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$1,675,800	\$1,780,000	\$1,713,200	\$1,713,200	\$1,713,200	\$37,400	2.2%
PR	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>0</u>	0.0
<b>TOTAL</b>	<b>\$1,681,800</b>	<b>\$1,786,000</b>	<b>\$1,719,200</b>	<b>\$1,719,200</b>	<b>\$1,719,200</b>	<b>\$37,400</b>	<b>2.2%</b>

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	10.00	10.00	10.00	10.00	10.00	0.00

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 730]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$131,600	-\$66,800	\$64,800

**Governor:** Provide \$47,700 in 1999-00 and \$83,900 in 2000-01 for standard budget adjustments for: (a) full funding of continuing salaries and fringe benefits costs (\$37,800 in 1999-00 and \$73,800 in 2000-01); (b) full funding of financial services charges (\$200 annually); (c) fifth week of vacation as cash (\$7,600 in 1999-00 and \$7,800 in 2000-01); and (d) full funding of lease costs (\$2,100 annually).

**Joint Finance/Legislature:** Delete \$15,400 in 1999-00 and \$51,400 in 2000-01 included for: (a) salary and fringe benefits adjustments for scheduled compensation increases for current commissioners (\$4,600 in 1999-00 and \$7,400 in 2000-01); (b) projected compensation increases for new commissioner appointments (\$10,800 in 1999-00 and \$17,000 in 2000-01); and (c) the costs of a 27th biweekly payroll period during the second fiscal year (\$27,000 in 2000-01).

Compensation increases for salary increases for current and future commissioners are eligible for supplementation from separately budgeted compensation reserves. Funding for the 27th biweekly payroll during the 2000-01 fiscal year will instead be provided from a separate appropriation under Program Supplements.

**2. REQUIRED STATE OPERATIONS FUNDING LAPSE**

GPR	- \$29,400
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**Governor/Legislature:** Reduce base level funding by \$14,700 annually in the agency's general program operations appropriation to make permanent a 2% annual lapse requirement originally imposed by 1997 Wisconsin Act 27.

**3. SUPPLIES AND SERVICES COST INCREASES**

GPR	\$2,000
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**Governor/Legislature:** Provide \$2,000 in 2000-01 to fund increased supplies and services costs for: (a) a subscription service in CD-ROM format to two different federal legal digests and reports (\$1,600); and (b) additional voice mail services for members of the Commission staff (\$400).

## PROGRAM SUPPLEMENTS

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$127,468,200	\$69,891,400	\$171,184,000	\$173,754,700	\$172,754,700	\$45,286,500	35.5%
FED	4,000,000	4,000,000	118,219,000	125,219,000	125,219,000	121,219,000	3,030.5
PR	320,600	2,893,600	6,897,600	6,620,500	5,720,500	5,399,900	1,684.3
SEG	<u>2,768,800</u>	<u>2,768,800</u>	<u>39,864,400</u>	<u>13,664,400</u>	<u>13,664,400</u>	<u>10,895,600</u>	393.5
<b>TOTAL</b>	<b>\$134,557,600</b>	<b>\$79,553,800</b>	<b>\$336,165,000</b>	<b>\$319,258,600</b>	<b>\$317,358,600</b>	<b>\$182,801,000</b>	<b>135.9%</b>

<b>FTE Position Summary</b>
There are no positions for Program Supplements.

### Budget Change Items

**1. FUNDS FOR 27<sup>TH</sup> BIWEEKLY PAYROLL PERIOD**

GPR	\$30,000,000
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**Governor/Legislature:** Provide \$30,000,000 GPR in 2000-01 in a new supplemental appropriation for the estimated costs of having to pay for a 27<sup>th</sup> payroll check in 2000-01 for those state employees paid on a bi-weekly basis, which is most state employees except unclassified staff of the University of Wisconsin and the Legislature. In most fiscal years, only 26 biweekly payrolls must be paid; however, once every 11 years a year occurs in which 27 biweekly payrolls must be paid.

This appropriation would be for those employees whose pay is funded from GPR. Also, create similar supplemental appropriations for employees paid on a bi-weekly payroll basis but whose pay is funded from non-GPR sources. No funds are provided in these separate appropriations but they would serve as the mechanism by which DOA could allow supplementation of non-GPR funded salary budgets for such costs. The revenues to support these costs in those situations would come from the respective appropriation account or fund balance of those appropriations.

Provide that all of these supplemental appropriations would be repealed on June 30, 2001.

**Veto by Governor [B-26]:** Delete provisions repealing these supplemental appropriations.

[Act 9 Sections: 616, 620, 622, 624 and 626]

[Act 9 Vetoes Sections: 617, 621, 623, 625, 627 and 9401(4)]

## 2. JOINT FINANCE COMMITTEE APPROPRIATION

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Leg. (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR	-\$114,974,200	\$101,292,600	\$2,570,700	-\$1,000,000	-\$12,110,900
FED	0	114,219,000	7,000,000	0	121,219,000
PR	0	4,004,000	-277,100	-900,000	2,826,900
SEG	0	37,095,600	-26,200,000	0	10,895,600
Total	-\$114,974,200	\$256,611,200	-\$16,906,400	-\$1,900,000	\$122,830,600

**Governor:** Reduce base level funding for the Joint Committee on Finance appropriation for supplement of state agency GPR appropriations by \$57,487,100 annually. The reduction in funding reflects the removal of noncontinuing funding, placed in the appropriation for 1997-99 only, associated with specific funding allocations, including the following major reserve amounts: \$22.0 million for compensation reserve supplements, \$17.5 million for additional contract prison beds, \$16.6 million for BadgerCare, \$16.6 million for the KIDS system, \$6.2 million for the SIPD supplemental annuity payments, \$4.4 million for UW technology infrastructure and faculty technology, \$3.5 million for the women's health initiative, \$2.9 million for UW telecommunications connections, \$2.2 million for DHFS prevention grants, \$1.9 million for medical assistance administration, \$1.7 million for correctional officer pay plan supplements, \$1.7 million for a Department of Corrections absconder unit and \$1.5 million for a Department of Revenue integrated computer system. Some or all of these reserved funds have been or will be allocated to the appropriate state agencies during the 1997-99 biennium. Under the bill, the Joint Finance Committee GPR supplemental appropriation would be funded at \$591,200 annually. It should be noted that other supplemental funding amounts in the Joint Finance Committee's supplemental appropriations (\$2,000,000 FED annually, \$160,300 PR annually and \$1,384,400 SEG annually) should have been similarly adjusted to remove noncontinuing funding from the 1997-99 biennium.

**Joint Finance:** Modify the Governor's recommendation as follows:

a. *Delete base level funding.* Delete non-GPR annual supplemental funding of: (1) \$2,000,000 FED; (2) \$160,300 PR; and (3) \$1,384,400 SEG. These funds were included as reserved amounts in the Joint Committee on Finance's 1997-99 respective non-GPR appropriations for various one-time purposes. These funds have either been released by the Committee for the

purposes intended or will not be released and will, therefore, lapse back to the respective accounts or funds from which they were appropriated. The amounts were incorrectly continued in base level funding for 1999-01 and should have been deleted.

b. *Reserves of specific funding for 1999-01 releases by JFC.* Place in the Committee's respective GPR, PR, FED or SEG supplemental appropriations, reserved for release by the Committee at a later date for the purposes and agencies indicated, the following amounts of funding:

	Fund Source	Reserve Amounts	
		1999-00	2000-01
<b>Administration</b>			
Matching funds for Operation Fresh Start	GPR	\$232,000	\$232,000
Funds for federal resource acquisition grant	GPR	0	100,000
Gaming revenues funding for new state aid program	PR	500,000	500,000
<b>Board of the Commissioners of Public Lands</b>			
Funds for GIS & imaging systems development	PR	128,200	148,900
<b>Corrections</b>			
Funds for increased costs of existing prison contracts costs	GPR	935,900	1,866,600
Funds for additional prison contracts	GPR	11,536,300	24,378,300
Funds for Stanley Correctional Facility	GPR	6,788,400	17,427,200
Funds for inmate work centers	GPR	1,299,600	3,067,000
<b>Elections Board</b>			
Funds for increased Election Campaign Fund grants	GPR	0	750,000
<b>Health and Family Services</b>			
Fund for MA targeted case management	GPR	0	21,495,300
Funds for Rainbow successor	GPR	1,000,000	0
Funds for Mendota MHI body alarms	GPR	233,000	0
Funds for Badger Care premiums for Native Americans	PR	300,000	400,000
Funds for tribal federally-qualified health centers	PR	450,000	450,000
<b>Public Service Commission</b>			
Funds for attorney office space relocation	PR	84,000	0
Universal Service Fund monies	SEG	0	8,000,000
<b>Regulation and Licensing</b>			
Funds for IT consultants	PR	72,000	72,000
<b>Revenue</b>			
Funds for information technology system development	GPR	0	5,701,000
Funds for information technology system development	PR	0	1,219,500
<b>TEACH Board</b>			
Funds for TEACH access grants	SEG	1,997,300	3,267,100
<b>Tobacco Control Fund</b>			
Reserved allocation of tobacco revenues	SEG	0	26,600,000
<b>University of Wisconsin System</b>			
Funds for area health education centers	GPR	125,000	125,000
<b>Workforce Development</b>			
Funds for KIDS system operation	GPR	2,000,000	2,000,000
Funds for TANF contingency & W-2 agency start-up costs	FED	108,219,000	10,000,000

**Assembly:** Modify the Joint Finance provision by making the following funding changes:

<u>Purpose of Reserved Funding</u>	<u>Fund Source</u>	<u>Reserve Amount Changes</u>	
		<u>1999-00</u>	<u>2000-01</u>
<b>Administration</b>			
Reduce matching funds for Operation Fresh Start	GPR	-\$92,000	-\$92,000
<b>Corrections</b>			
Funds for community corrections purchase of services	GPR	1,100,000	1,100,000
<b>Elections Board</b>			
Delete funding for increased Election Campaign Fund grants	GPR	0	-750,000
<b>Tobacco Control Fund</b>			
Reduce reserve funds	SEG	0	-13,600,000

**Senate:** Modify the Joint Finance provision by making the following funding changes:

<u>Purpose of Reserved Funding</u>	<u>Fund Source</u>	<u>Reserve Amount Changes</u>	
		<u>1999-00</u>	<u>2000-01</u>
<b>Corrections</b>			
Decrease contract bed reserves--intensive sanctions expansion	GPR	-\$9,867,400	-\$11,887,900
Delete Stanley Correctional Facility funds	GPR	-6,788,400	-17,427,200
Increase contract bed reserves-- Stanley Correctional Facility	GPR	1,326,800	18,589,500
<b>Tobacco Control Fund</b>			
Delete reserve funds	SEG	0	-26,600,000
<b>Workforce Development</b>			
Reduce funds for TANF contingency and W-2 agency start-up costs	FED	-18,001,400	0

**Conference Committee/Legislature:** Modify the Joint Finance provision by making the following funding changes:

<u>Purpose of Reserved Funding</u>	<u>Fund Source</u>	<u>Reserve Amount Changes</u>	
		<u>1999-00</u>	<u>2000-01</u>
<b>Agriculture, Trade and Consumer Protection</b>			
Funds for development of pesticide sales and use database reporting system	SEG	\$400,000	\$0
<b>Board of Commissioners of Public Lands</b>			
Transfer funds for GIS and imaging system development to BCPL	PR	-128,200	-148,900
<b>Corrections</b>			
Funds for community corrections purchase of services	GPR	1,100,000	1,100,000
Delete Stanley Correctional Facility	GPR	-6,788,400	-17,427,200
Increase contract bed reserves -- Stanley Correctional Facility elimination	GPR	1,326,800	18,589,500

<u>Purpose of Reserved Funding</u>	<u>Fund Source</u>	<u>Reserve Amount Changes</u>	
		<u>1999-00</u>	<u>2000-01</u>
<b>Elections Board</b>			
Add funds for increased Election Campaign Fund grants	GPR	\$0	\$120,000
<b>Tobacco Control Funds</b>			
Delete reserve funds	SEG	0	-26,000,000
<b>University of Wisconsin System</b>			
Provide funds for increased enrollments	GPR	0	4,800,000
Transfer funds for area health education center to UW	GPR	-125,000	-125,000
<b>Workforce Development</b>			
Increase funds for TANF contingency and W-2 agency Start-up costs	FED	7,000,000	0

**Vetoes by Governor [A-22, B-2 and F-19]:** Modify Legislature's reserve funding as follows:

	<u>1999-00</u>	<u>2000-01</u>	<u>Fund Source</u>
<b>Agriculture, Trade and Consumer Protection</b>			
Funds for development of pesticide sales and use database reporting system	[\$400,000]*	\$0	SEG
<b>Health and Family Services</b>			
Delete funds for tribal federally-qualified health centers	- 450,000	- 450,000	PR
<b>University of Wisconsin System</b>			
Reduce funding for increased enrollments	0	-1,000,000	GPR

\* Governor has requested DOA to place \$250,000 of these monies in unallotted reserve to lapse back to the agricultural management fund.

[Act 9 Vetoes Section: 9131(3d)]

Total reserve funding provided under Act 9 for the Joint Committee on Finance's supplemental appropriations is as follows:

**Reserved Funding**

	<u>Fund Source</u>	<u>1999-00</u>	<u>2000-01</u>
<b>Administration</b>			
Matching funds for Operation Fresh Start	GPR	\$232,000	\$232,000
Funds for federal resource acquisition grant	GPR	0	100,000
Gaming revenues funding for new state aid program	PR	500,000	500,000
<b>Agriculture, Trade and Consumer Protection</b>			
Funds for development of pesticide sales and use data base reporting system	SEG	400,000*	0

	Fund Source	1999-00	2000-01
<b>Corrections</b>			
Funds for increased costs of existing prison contracts costs	GPR	\$935,900	\$1,866,600
Funds for additional prison contracts	GPR	11,536,300	24,378,300
Increase contract bed fund - Stanley Correctional Facility	GPR	1,326,800	18,589,500
Funds for inmate work centers	GPR	1,299,600	3,067,000
<b>Elections Board</b>			
Funds for increased Election Campaign Fund grants	GPR	0	870,000
<b>Health and Family Services</b>			
Funds for MA targeted case management	GPR	0	21,495,300
Funds for Rainbow successor	GPR	1,000,000	0
Funds for Mendota MHI body alarms	GPR	233,000	0
Funds for Badger Care premiums for Native Americans	PR	300,000	400,000
<b>Public Service Commission</b>			
Funds for attorney office space relocation	PR	84,000	0
Universal Service Fund monies	SEG	0	8,000,000
<b>Regulation and Licensing</b>			
Funds for IT consultants	PR	72,000	72,000
<b>Revenue</b>			
Funds for information technology system development	GPR	0	5,701,000
Funds for information technology system development	PR	0	1,219,500
<b>TEACH Board</b>			
Funds for TEACH access grants	SEG	1,997,300	3,267,100
<b>University of Wisconsin System</b>			
Funds for increased enrollments	GPR	0	3,800,000
<b>Workforce Development</b>			
Funds for KIDS system operation	GPR	2,000,000	2,000,000
Funds for TANF contingency & W-2 agency start-up costs	FED	115,219,000	10,000,000

[\*Note: \$250,000 of this amount is in unallotted reserve]

**3. CORRECTIONAL OFFICER AND RELATED POSITION PAY INCREASES**

GPR	\$15,654,400
PR	<u>2,573,000</u>
Total	\$18,227,400

**Governor/Legislature:** Provide \$7,827,200 GPR and \$1,286,500 PR annually to supplement appropriations in the Departments of Corrections and Health and Family Services for employees who supervise inmates or residents and who received in January of 1999, an unbudgeted pay increase as a result of pay range reassignments approved by the Secretary of the Department of Employment Relations. Create GPR and PR supplemental appropriations to support the costs of these pay increases and sunset the appropriations on June.



30, 2001. Require the Secretary of DOA during the 1999-01 biennium, to determine which costs in Corrections and DHFS may be supplemented from the new appropriations.

**Veto by Governor [B-26]:** Delete provisions which sunset these supplemental appropriations.

[Act 9 Sections: 614, 618 and 9101(18)]

[Act 9 Vetoed Sections: 615, 619 and 9401(5)]

**4. CAPITOL AND EXECUTIVE RESIDENCE OPERATIONAL COSTS**

GPR	\$3,236,200
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**Governor/Legislature:** Provide \$1,618,100 annually for increased costs for operation, maintenance and protective services at the Capitol and Executive Residence. The increased funding is recommended as the result of increased power plant expenses due to air conditioning of the Capitol, installation of modern electrical services, and increased costs of police services and security for public events. Total funding under the bill for Capitol and Executive Residence operational costs, including base funding (\$3,874,600), would be \$5,492,700 annually.

**5. STATE-OWNED SPACE RENT SUPPLEMENTS**

GPR	\$3,569,700
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**Governor/Legislature:** Provide \$1,189,900 in 1999-00 and \$2,379,800 in 2000-01 for state-owned rent supplements. The funding would support state-owned rental cost increases expected to be approved by the State Building Commission that are in excess of budgeted amounts for state agencies whose activities are financed in whole or in part from the general fund.

**6. PRIVATE LEASE SPACE SUPPLEMENTS**

GPR	\$4,937,100
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**Governor/Legislature:** Provide \$2,221,700 in 1999-00 and \$2,715,400 in 2000-01 to reflect the estimated amounts needed in 1999-00 and 2000-01 to supplement state agencies' GPR appropriations for the increased costs of privately leased space, for unbudgeted costs of assessments for the cost of facilities for the care of children of state employes and for required moves when directed by DOA. Total funding under the bill for private lease space supplements, including base funding (\$1,219,600), would be \$3,441,300 in 1999-00 and \$3,935,000 in 2000-01.

## PUBLIC DEFENDER

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$121,160,200	\$123,315,800	\$122,735,600	\$122,959,700	\$122,959,700	\$1,799,500	1.5%
PR	<u>2,551,200</u>	<u>2,536,000</u>	<u>2,536,000</u>	<u>2,536,000</u>	<u>2,536,000</u>	<u>- 15,200</u>	- 0.6
<b>TOTAL</b>	<b>\$123,711,400</b>	<b>\$125,851,800</b>	<b>\$125,271,600</b>	<b>\$125,495,700</b>	<b>\$125,495,700</b>	<b>\$1,784,300</b>	<b>1.4%</b>

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	526.55	520.55	520.55	523.55	523.55	- 3.00
PR	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>0.00</u>
<b>TOTAL</b>	<b>530.55</b>	<b>524.55</b>	<b>524.55</b>	<b>527.55</b>	<b>527.55</b>	<b>- 3.00</b>

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS

**Governor/Legislature:** Reduce the budget by \$103,700 GPR and \$7,600 PR in 1999-00 and \$82,900 GPR and \$7,600 PR in 2000-01 and by 12.0 GPR positions annually for the following adjustments: (a) turnover reduction (-\$704,200 GPR annually); (b) remove non-continuing items (-\$539,600 GPR and -12.0 GPR positions annually); (c) full funding of salaries and fringe benefits (\$753,100 GPR and -\$14,000 PR annually); (d) full funding of financial services charges (\$20,800 GPR and \$400 PR annually); (e) reclassifications (\$22,800 GPR and \$3,200 PR annually); (f) overtime (\$193,000 GPR and \$2,800 PR annually); (g) fifth week vacation as cash (\$144,100 GPR in 1999-00 and \$164,900 GPR in 2000-01); and (h) full funding of lease costs and directed moves (\$6,300 GPR annually). The positions removed as non-continuing items are 12.0 project paralegal positions, authorized in the 1995-97 biennial budget act, that expire on June 30, 1999.

Funding Positions		
GPR	-\$186,600	- 12.00
PR	<u>- 15,200</u>	<u>0.00</u>
Total	-\$201,800	- 12.00

2. SUPERVISORY CASELOAD RELIEF [LFB Paper 745]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,033,400	-\$520,700	\$512,700

**Governor:** Provide \$1,033,400 in 2000-01 in private bar funding and statutory authorization to exempt 10.0 attorney supervisor positions from statutory caseload requirements based on their need to perform other assigned duties, effective July 1, 2000. Currently there are 52.25 attorney supervisors in the State Public Defender (SPD) trial division. These supervisors are required by statute to carry full attorney caseloads for budgeting purposes, and also to supervise and train staff and monitor inquiries and complaints about private attorneys who accept appointments from the SPD. The current manager/supervisor to staff ratio is 1:65. Under the Governor's recommendation, the manager/supervisor to staff ratio would be reduced to 1:26.

**Joint Finance/Legislature:** Delete \$520,700 in 2000-01 to reflect reestimated private bar costs.

[Act 9 Sections: 3206h and 3207]

3. INFORMATION TECHNOLOGY MAINTENANCE AND SUPPORT [LFB Paper 746]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$820,400	6.00	-\$59,500	0.00	\$760,900	6.00

**Governor:** Provide \$415,700 in 1999-00 and \$404,700 in 2000-01 and 6.0 positions annually for maintenance and support of the agency's information technology infrastructure. Under 1995 Act 27 (the 1995-97 budget act), the SPD's 4.5 GPR information technology (IT) positions and associated funding were transferred to the Department of Administration's (DOA) Bureau of Justice Information Systems (BJIS), with funding converted from GPR to PR, funded by a justice information fee assessed on forfeitures and certain civil court filings. The staff and funding were to be used, in part, to update the SPD's IT system. However, in 1997, BJIS granted the SPD authority to update its own IT system, which the SPD completed in November, 1998. DOA has made funds appropriated to BJIS available to the SPD for staffing and updating the system during 1997-98 and 1998-99. Currently, the SPD has 1.0 IT position, a chief information officer. The bill provides \$277,200 in 1999-00 and \$285,200 in 2000-01 for 6.0 IT professionals to maintain, support and improve the SPD's IT infrastructure. These include one position each to support the network, databases and the help desk and three local area network (LAN) coordinators. An additional \$138,500 in 1999-00 and \$119,500 in 2000-01 is provided for software licenses and equipment maintenance agreements and parts.

**Joint Finance/Legislature:** Delete \$33,700 in 1999-00 and \$25,800 in 2000-01 to reduce supplies and services funding.

**4. INTEGRATED JUSTICE INFORMATION SYSTEM INTERCONNECTIVITY** GPR \$524,000

**Governor/Legislature:** Provide \$524,000 in 2000-01 to establish inter-office communication for 43 SPD sites, and to establish the foundation for participation in BadgerNet and an Integrated Justice Information System. According to SPD officials, the SPD is currently dependent on unreliable telephone connections to transfer data between offices. The lack of a reliable electronic communication method prevents the SPD from electronically accessing other justice agencies' files, and prevents electronic sharing of SPD files with those agencies. The provision would allow the SPD to provide cabling/wiring for its 43 remote SPD offices at \$2,000 each (\$86,000), and provide rental and maintenance of routing equipment at each remote office and leasing of data lines for transmission at \$850 each month for each site (\$438,000).

**5. TRANSCRIPT COSTS** GPR - \$300,000

**Governor/Legislature:** Reduce the SPD's appropriation for transcript costs by \$150,000 GPR annually. The SPD is responsible for the costs of transcripts that SPD attorneys request from the courts. The Governor's recommendation would adjust the SPD's transcript appropriation to reflect current transcript expenditures.

**6. MILWAUKEE COUNTY SUNDAY INTAKE** GPR \$164,400

**Governor/Legislature:** Provide \$82,200 annually to staff the Sunday intake court in Milwaukee County. Milwaukee County currently operates an intake court seven days per week, including holidays. The intake court hears approximately 70 to 80 cases per day, including initial court appearances and hearings on bench warrant returns following an arrest for non-appearance at a previously-scheduled court hearing. SPD staff conduct financial evaluations, interview inmates and provide representation at initial appearances. This provision would provide \$19,600 in overtime salaries and fringe benefits for secretaries who staff the Sunday intake court and \$62,600 in private bar funding for the three attorneys (one SPD staff attorney and two private bar attorneys) who staff the Sunday intake court.

**7. DISCOVERY AND INTERPRETER COSTS** GPR \$100,000

**Governor/Legislature:** Provide \$50,000 annually for the following: (a) \$45,000 annually for reimbursements to counties for copying costs associated with counties providing discovery materials to SPD attorneys; and (b) \$5,000 annually for court interpreters. Base funding for discovery expenses is \$105,000 and, for interpreter costs, \$5,000.

**8. PENALTY ASSESSMENT FUNDING FOR CONFERENCES AND TRAINING [LFB Paper 187]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
PR-REV	- \$63,400	- \$30,400	- \$93,800

**Governor:** Change funding for the program revenue appropriation for conferences and training from 0.91% of penalty assessment revenues to the appropriated amounts, and modify the appropriation to reflect this change. Under the bill, penalty assessment revenues would continue to fund this appropriation, but all penalty assessment revenues would initially be deposited to a newly-created appropriation under the Office of Justice Assistance (OJA). Under the bill, only the amounts appropriated for conferences and training would be transferred from the OJA appropriation to the SPD appropriation. Provide that 90% of unencumbered balance of the conference and training appropriation on the effective date of the bill would be transferred to the newly-created OJA penalty assessment appropriation. The Governor estimates that this would result in \$63,400 in program revenues being transferred to OJA. (See OJA under "Administration" for further information.)

**Joint Finance/Legislature:** Include the Governor's provision. In addition, reestimate the amount of revenue to be transferred to the OJA appropriation to \$93,800. Specify that the amount to be transferred would be 90% of the unencumbered balance on June 30, 1999, plus any revenue credited to the appropriation between August 1, 1999, and the effective date of the bill.

[Act 9 Sections: 542, 594, 2296 and 9238(1h)]

**9. REPEAL SUNSET PROVISION FOR SEXUALLY VIOLENT PERSON COMMITMENT BUDGETARY CASELOAD STANDARD [LFB Paper 747]**

**Joint Finance/Legislature:** Repeal the June 30, 1999, sunset provision relating to an assistant state public defender's annual budgetary caseload standard for representing at trial sexually violent persons under Chapter 980.

[Act 9 Sections: 3206g and 3206h]

**10. PARALEGAL POSITIONS**

**Senate/Legislature:** Provide \$97,800 in 1999-00 and \$126,300 in 2000-01 and 3.0 paralegal positions annually to restore 3.0 of the 12.0 paralegal project positions that terminated on June 30, 1999.

	<b>Funding Positions</b>	
GPR	\$224,100	3.00

## 11. REPRESENTATION OF PARENTS IN CHIPS AND JIPS CASES

**Assembly/Senate/Legislature:** Provide that a parent under the age of 18 who appears before the court whenever his or her child (CHIPS) or juvenile (JIPS) is alleged to be in need of protection or services must be represented by counsel and cannot waive counsel. Provide that a child or juvenile alleged to be in need of protection or services may not be placed outside his or her home unless the nonpetitioning parent who is 18 years of age or older is represented by counsel; however, provide that the adult parent may waive counsel if the court is satisfied that the waiver is knowingly and voluntarily made. Further, provide that in any situation in which an adult parent is entitled to representation, counsel is not knowingly and voluntarily waived, and it appears that the parent is unable to afford counsel in full or the parent so indicates, require the court to refer the parent to the State Public Defender (SPD) for an indigency determination. Remove the statutory provision that prohibits judges from appointing counsel for any party under CHIPS and JIPS proceedings. These provisions would first apply to CHIPS and JIPS proceedings commenced on the effective date of the bill.

In the 1995-97 budget (1995 Act 27), the Legislature eliminated statutory authority and Public Defender funding regarding a parent's right to counsel in CHIPS cases (the statutory designation of Juveniles in Need of Protection or Services was later added with the creation of Chapter 938, the Juvenile Code). Subsequent to the legislation, the Wisconsin Supreme Court ruled that the courts have power to appoint counsel. Since the SPD is no longer authorized to represent parents in these cases, when a court determines that public representation is required, counties currently pay for such counsel. These provisions would restore the statutory language that existed prior to 1995 Act 27.

**Veto by Governor [D-16]:** Delete the provision, but retain certain technical provisions that change the word "person" to "child" or "juvenile" to reflect the intent of the statutes.

[Act 9 Sections: 1130x, 3142p, 9358(4cs) and 9358(4ct)]

[Act 9 Vetoed Sections: 1130m, 1130p, 1130r, 1130t, 1130v, 1131gm, 3130m, 3131m, 3142g, 3142m, 3142p, 3143m, 3148m, 9358(4cs) and 9358(4ct)]

## PUBLIC INSTRUCTION

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$7,948,078,000 *	\$8,619,612,000	\$8,645,744,500	\$8,721,537,300	\$8,718,919,000	\$770,841,000	9.7%
FED	749,304,800	770,326,100	770,326,100	770,326,100	770,326,100	21,021,300	2.8
PR	46,235,200	93,193,800	54,460,400	54,460,400	54,460,400	8,225,200	17.8
SEG	<u>28,600,000</u>	<u>28,600,000</u>	<u>52,436,000</u>	<u>52,558,100</u>	<u>52,436,000</u>	<u>23,836,000</u>	83.3
<b>TOTAL</b>	<b>\$8,772,218,000</b>	<b>\$9,511,731,900</b>	<b>\$9,522,967,000</b>	<b>\$9,598,881,900</b>	<b>\$9,596,141,500</b>	<b>\$823,923,500</b>	<b>9.4%</b>

\*The GPR funding total includes \$100,000,000 of GPR funding that was transferred to the segregated property tax relief fund and appropriated as general school aid in 1998-99. The SEG funding excludes the corresponding SEG appropriation amount. These adjustments are made to facilitate funding comparisons.

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
GPR	327.37	328.85	328.37	337.37	334.37	7.00
FED	215.01	213.01	213.01	213.01	213.01	-2.00
PR	79.37	78.42	78.42	78.42	78.42	-0.95
SEG	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1.00</u>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL</b>	<b>621.75</b>	<b>620.28</b>	<b>619.80</b>	<b>629.80</b>	<b>625.80</b>	<b>4.05</b>

### Budget Change Items

### General School Aids

#### 1. STATE SUPPORT FOR ELEMENTARY AND SECONDARY EDUCATION

**Governor:** Increase the total amount appropriated for general and categorical school aids from \$3,989,383,900 in 1998-99 to \$4,203,200,000 in 1999-00 and \$4,399,513,600 in 2000-01. Compared to the 1998-99 base year, school aids would increase by \$213,816,100 in 1999-00 and \$410,129,700 in 2000-01 (or \$196,313,600 in 2000-01 over the 1999-00 recommended level). These

proposed funding levels would represent annual increases over the prior year of 5.4% in 1999-00 and 4.7% in 2000-01.

The administration estimates that the bill would provide two-thirds state funding of partial school revenues in the 1999-01 biennium. State funding is statutorily defined as the sum of state general and categorical school aids and the school levy property tax credit. With certain limited exceptions, partial school revenues are statutorily defined as the sum of state general and categorical school aids and the gross property taxes levied for school districts. The bill would increase state funding from the base amount of \$4,458,688,900 in 1998-99 to \$4,672,505,000 in 1999-00 and \$4,868,818,600 in 2000-01. These funding increases would represent annual increases over the prior year of 4.8% in 1999-00 and 4.2% in 2000-01.

**Joint Finance:** Increase the total amount appropriated for general and categorical school aids to \$4,216,124,200 in 1999-00 and \$4,408,427,400 in 2000-01. Compared to the Governor's recommendation, school aids would increase by \$13,048,200 in 1999-00 and \$8,913,800 in 2000-01. Compared to the 1998-99 base year, school aids would increase by \$226,864,300 in 1999-00 and \$419,043,500 in 2000-01 (or \$192,179,200 in 2000-01 over the 1999-00 recommended level). These proposed funding levels would represent annual increases over the prior year of 5.7% in 1999-00 and 4.6% in 2000-01.

The Joint Committee on Finance provisions would provide an estimated two-thirds state funding of partial school revenues. The Committee provisions would increase state funding to \$4,685,553,200 in 1999-00 and \$4,877,732,400 in 2000-01. These funding levels would represent increases over the prior year of 5.1% in 1999-00 and 4.1% in 2000-01. A summary of these funding amounts and estimates of partial school revenues, compared to the 1998-99 base year and the Governor's recommendation is presented in Table 1.

**Conference Committee/Legislature:** Increase the total amount appropriated for general and categorical school aids to \$4,226,222,400 in 1999-00 and \$4,463,618,600 in 2000-01. Compared to the Joint Finance provisions, school aids would increase by \$10,098,200 in 1999-00 and \$55,191,200 in 2000-01. Compared to the Governor's recommendation, school aids would increase by \$23,022,400 in 1999-00 and \$64,105,000 in 2000-01. Compared to the 1998-99 base year, school aids would increase by \$236,838,500 in 1999-00 and \$474,234,700 in 2000-01 (or \$237,396,200 in 2000-01 over the 1999-00 level). These funding levels represent annual increases over the prior year of 5.9% in 1999-00 and 5.6% in 2000-01.

The Legislature's provisions would provide an estimated two-thirds state funding of partial school revenues and would increase state funding to \$4,695,527,400 in 1999-00 and \$4,932,923,600 in 2000-01. These funding levels would represent increases over the prior year of 5.3% in 1999-00 and 5.1% in 2000-01.

**Veto by Governor [A-6, A-10 and F-41]:** Modify state support for K-12 education in 2000-01 as follows: (a) include the \$3,000,000 categorical aid appropriation for SAGE debt service in the definition of state school aids for two-thirds funding and delete \$1,000,000 GPR from



general school aids; (b) delete \$350,000 GPR for the foreign language categorical aid program; and (c) increase funding for the school levy tax credit by \$60,000,400 GPR. The net effect of this veto would be to increase the total amount appropriated for general and categorical school aids to \$4,465,268,600 in 2000-01. Compared to the Legislature's provisions, school aids would increase by \$1,650,000 in 2000-01. In addition, the school levy tax credit would increase to \$529,305,400 in 2000-01, which is 12.8% over base level funding of \$469,305,000.

The Act 9 provisions would provide an estimated 67.47% state funding of partial school revenues in 2000-01. The Act 9 provisions would increase state funding to \$4,994,574,000 in 2000-01, which is an increase of 6.4% over the 1999-00 funding level of \$4,695,527,400. For more information on the SAGE and foreign language categorical aid programs, see the respective summary items under the categorical aids section of this summary. For more information on the school levy tax credit, see the summary item under "Shared Revenue and Property Tax Relief."

**Act 10:** Delete the \$60,000,400 GPR increase provided in 2000-01 through a partial veto included in Act 9 for the school levy tax credit. Under Act 10, the school levy tax credit would decrease from \$469,305,000 in 1999-00 and \$529,305,400 in 2000-01 provided under Act 9 to \$469,305,000 annually. The Act 10 provision would provide an estimated 66.66% state funding of partial school revenues in 2000-01, compared to 67.47% provided in 2000-01 under Act 9. A summary of these funding amounts and estimates of partial school revenues is presented in Table 1. Support for the state's goal of an estimated two-thirds of partial school revenues is approximately \$650,000 short due to a veto of the categorical aid program for foreign language instruction and the inclusion of summer school in payments for the Milwaukee parental choice program without a corresponding increase in general school aids. Adjustments to the level of state support for K-12 education in 2000-01 may be made by the Joint Committee on Finance by June 30, 2000.

**TABLE 1**

**State Support for K-12 Education  
(\$ in Millions)**

	1998-99	Governor		Joint Finance		Act 9 and 10	
		1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
State Funding:							
State School Aids	\$3,989.4	\$4,203.2	\$4,399.5	\$4,216.2	\$4,408.4	\$4,226.2	\$4,465.3
School Levy Tax Credit	469.3	469.3	469.3	469.3	469.3	469.3	469.3
Total	\$4,458.7	\$4,672.5	\$4,868.8	\$4,685.5	\$4,877.7	\$4,695.5	\$4,934.6
Partial School Revenues	\$6,714.5	\$7,008.8	\$7,303.2	\$7,028.3	\$7,316.6	\$7,043.3	\$7,402.9
State Share	66.40%	66.67%	66.67%	66.67%	66.67%	66.67%	66.66%

Table 2 provides an outline of state support for K-12 education by individual fund source. Table 3 presents the Act 9 and 10 provisions for each general and categorical school aid program as compared to the 1998-99 base funding level. Provisions related to individual school aid programs are summarized in the items that follow.

**TABLE 2**

**State Support for K-12 Education by Fund Source**

	1998-99	Governor		Joint Finance		Act 9 and 10	
		1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
<b>GPR</b>							
General School Aid	\$3,560,133,800 *	\$3,756,268,300	\$3,938,224,200	\$3,760,544,300	\$3,923,067,400	\$3,767,893,500	\$3,931,871,500
Categorical Aids	402,971,600	400,952,400	413,696,400	413,122,100	447,714,500	415,797,100	495,751,600
School Levy Tax Credit	<u>469,305,000</u>	<u>469,305,000</u>	<u>469,305,000</u>	<u>469,305,000</u>	<u>469,305,000</u>	<u>469,305,000</u>	<u>469,305,000</u>
GPR Subtotal	\$4,432,410,400	\$4,626,525,700	\$4,821,225,600	\$4,642,971,400	\$4,840,086,900	\$4,652,995,600	\$4,896,928,100
<b>PR</b>							
Categorical Aids	\$1,248,500	\$19,095,100	\$19,171,600	\$6,747,600	\$6,824,100	\$6,747,600	\$6,824,100
<b>SEG</b>							
Categorical Aids	<u>\$25,030,000</u>	<u>\$26,884,200</u>	<u>\$28,421,400</u>	<u>\$35,784,200</u>	<u>\$30,821,400</u>	<u>\$35,784,200</u>	<u>\$30,821,400</u>
<b>Total State Support— All Funds</b>	\$4,458,688,900	\$4,672,505,000	\$4,868,818,600	\$4,685,503,200	\$4,877,732,400	\$4,695,527,400	\$4,934,573,600

\* The 1998-99 GPR funding includes \$100 million of GPR funding that was transferred to the segregated property tax relief fund and appropriated as general school aid. This adjustment was made to facilitate comparisons.

TABLE 3

General and Categorical School Aids by Funding Source  
Act 9 Compared to 1998-99 Base Year

Agency	Type and Purpose of Aid	1998-99 Base Year	Act 9		1999-01 Change Over Base Year Doubled	
			1999-00	2000-01	Amount	Percent
DPI	<i>General School Aids</i>					
	GPR Funded	\$3,460,133,800	\$3,767,893,500	\$3,931,871,500	\$779,497,400	11.3%
	SEG Funded	100,000,000	0	0	-200,000,000	-100.0
	<b>General School Aids--All Funds</b>	<b>\$3,560,133,800</b>	<b>\$3,767,893,500</b>	<b>\$3,931,871,500</b>	<b>\$579,497,400</b>	<b>8.1%</b>
DPI	<i>Categorical Aids--GPR Funded</i>					
	Special Education	\$275,548,700	\$288,048,700	\$315,681,400	\$52,632,700	9.6%
	SAGE	10,291,000	13,745,000	54,015,600	47,178,600	229.2
	SAGE - Supplement	4,739,000	4,739,000	4,739,000	0	0.0
	SAGE - Debt Service	0	0	3,000,000	3,000,000	N.A.
	Pupil Transportation	17,742,500	17,742,500	17,742,500	0	0.0
	Bilingual/Bicultural Education	8,291,400	8,291,400	8,291,400	0	0.0
	Aid to MPS	8,000,000	0	0	-16,000,000	-100.0
	Tuition Payments/Open Enrollment Transfer	7,595,100	7,974,900	8,373,600	1,158,300	7.6
	P-5 Grants	7,003,500	7,353,700	7,353,700	700,400	5.0
	Alternative Education Grants	0	0	5,000,000	5,000,000	N.A.
	Head Start Supplement	4,950,000	3,712,500	3,712,500	-2,475,000	-25.0
	Driver Education	4,493,700	4,493,700	4,493,700	0	0.0
	School Lunch	4,320,600	4,363,700	4,371,100	93,600	1.1
	Children at Risk	3,500,000	3,500,000	3,500,000	0	0.0
	Grants for AODA Prevention and Intervention	2,720,000	4,520,000	4,520,000	3,600,000	66.2
	County Children with Disabilities Education Boards	2,316,300	3,000,000	4,000,000	2,367,400	51.1
	Youth AODA	1,800,000	0	0	-3,600,000	-100.0
	Aid for Transportation - Open Enrollment	1,000,000	275,000	500,000	-1,225,000	-61.3
	Peer Review and Mentoring	500,000	500,000	500,000	0	0.0
	Morning Milk	429,300	671,400	710,600	523,400	61.0
	Aid for Cooperative Educational Service Agencies	300,000	300,000	300,000	0	0.0
	School Breakfast	150,000	150,000	892,100	742,100	247.4
	Alternative School American Indian	136,900	0	0	-273,800	-100.0
Supplemental Aid for Certain Districts	0	125,000	125,000	250,000	N.A.	
Higher Education/Part-time Open Enroll Transport	20,000	20,000	20,000	0	0.0	
TEACH	Educational Technology Block Grants	35,000,000	35,000,000	35,000,000	0	0.0%
	(Adjustment for Actual 1998-99 Funding)	-5,000,000	N.A.	N.A.	N.A.	N.A.
	Educational Technology Training/Assistance	4,000,000	5,000,000	4,000,000	1,000,000	12.5
	Debt Service on Technology Infrastructure Loans	2,923,600	2,070,600	4,709,400	932,800	16.0
UW	Environmental Education Grants	200,000	200,000	200,000	0	0.0
	<b>Total Categorical Aids--GPR Funded</b>	<b>\$402,971,600</b>	<b>\$415,797,100</b>	<b>\$495,751,600</b>	<b>\$105,605,500</b>	<b>13.1%</b>
DPI	<i>Categorical Aids--PR Funded</i>					
	Head start supplement	\$0	\$3,712,500	\$3,712,500	\$7,425,000	N.A.
	Aid to MPS	0	1,410,000	1,410,000	2,820,000	N.A.
	AODA	\$1,248,500	1,427,100	1,498,600	428,700	17.2%
	Alternative School American Indian	0	198,000	203,000	401,000	N.A.
	<b>Total Categorical Aids--PR Funded</b>	<b>\$1,248,500</b>	<b>\$6,747,600</b>	<b>\$6,824,100</b>	<b>\$11,074,700</b>	<b>443.5%</b>
DPI	<i>Categorical Aids--SEG Funded</i>					
	School Library Aids	\$14,300,000	\$28,200,000	\$21,700,000	\$21,300,000	74.5%
TEACH	Educational Telecommunications Access Support	5,500,000	7,354,200	8,891,400	5,245,600	47.7
	Educational Technology Aid	5,000,000	0	0	-10,000,000	-100.0
UW	Environmental Education, Environmental	30,000	30,000	30,000	0	0.0
	Environmental Education, Forestry	200,000	200,000	200,000	0	0.0
	<b>Total Categorical Aids--SEG Funded</b>	<b>\$25,030,000</b>	<b>\$35,784,200</b>	<b>\$30,821,400</b>	<b>\$16,545,600</b>	<b>33.1%</b>
	<b>Total Categorical Aids--All Funds</b>	<b>\$429,250,100</b>	<b>\$458,328,900</b>	<b>\$533,397,100</b>	<b>\$133,225,800</b>	<b>15.5%</b>
	<b>Total Aid--All Funds</b>	<b>\$3,989,383,900</b>	<b>\$4,226,222,400</b>	<b>\$4,465,268,600</b>	<b>\$712,723,200</b>	<b>8.9%</b>

\*The 1998-99 general school aid GPR funding includes \$100 million of GPR funding that was transferred to the segregated property tax relief fund and appropriated as general school aid. This adjustment is made to facilitate funding comparisons.

2. GENERAL SCHOOL AIDS FUNDING LEVEL [LFB Paper 760]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR	\$574,224,900	-\$10,880,800	\$17,153,300	-\$1,000,000	\$579,497,400

**Governor:** Provide \$196,134,500 in 1999-00 and \$378,090,400 in 2000-01 for general school aids. Total funding would increase from an adjusted base of \$3,560,133,800 in 1998-99 to \$3,756,268,300 (5.5%) in 1999-00 and \$3,938,224,200 (10.6%) in 2000-01. General school aids include equalization aid, integration (Chapter 220) aid and special adjustment aid. In the 1998-99 base year, \$3,474.0 million is used for equalization aid, \$79.9 million for integration aid and \$6.2 million for special adjustment aid.

**Joint Finance:** Provide \$10,000,000 in 1999-00 and \$5,000,000 in 2000-01 based on a more recent estimate of the costs of funding two-thirds of partial school revenues. In addition, adjust general school aids funding as needed to reflect other changes made by the Joint Finance Committee. The net effect of all Finance Committee modifications would be to provide \$4,276,000 in 1999-00 and delete \$15,156,800 in 2000-01 for general school aids. Total funding for general school aids would increase to \$3,760,544,300 in 1999-00 and \$3,923,067,400 in 2000-01.

**Conference Committee/Legislature:** Provide an additional \$424,200 in 1999-00 as a reestimate of two-thirds funding of partial school revenues. In addition, adjust general school aids funding to reflect revenue limit and categorical aids changes made by the Legislature. The net effect of all legislative modifications is to provide an additional \$7,349,200 in 1999-00 and \$9,804,100 in 2000-01 for general school aids, above the Joint Finance funding levels. Total funding for general school aids would be \$3,767,893,500 in 1999-00 and \$3,932,871,500 in 2000-01. This represents an increase of \$207,759,700 (5.8%) in 1999-00 and \$372,737,700 (10.5%) in 2000-01, over the 1998-99 base year funding of \$3,560,133,800. Further information regarding each of the funding adjustments is provided in the following relevant summary items.

**Veto by Governor [A-6]:** Delete the exclusion of a newly created \$3 million SAGE debt service categorical aid from the definition of state school aids for the purposes of two-thirds funding of partial school revenues. This veto has the effect of including this new categorical aid appropriation in the definition of state school aids, as are all other categorical school aids. Delete \$1,000,000 in 2000-01 from general school aids in order to adjust two-thirds funding due to the inclusion of this new categorical aid appropriation in the definition of state school aids. Total funding for general school aids will be \$3,767,893,500 in 1999-00 and \$3,931,871,500 in 2000-01. This represents an increase of \$207,759,700 (5.8%) in 1999-00 and \$371,737,700 (10.4%) in 2000-01, over the 1998-99 base year funding of \$3,560,133,800. Further information regarding the SAGE program can be found under the summary item for SAGE in the categorical aids section of this summary.

[Act 9 Sections: 253 and 2140]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.255(2)(ac)) and 2140]

3. **DEBT LEVY LIMIT FOR CALCULATION OF PARTIAL SCHOOL REVENUES** [LFB Paper 763]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR	-\$13,333,300	\$13,333,300	\$0

**Joint Finance:** Beginning in 2000-01, limit the amount of referenda-approved school district debt levy included in the definition of partial school revenues to the lesser of the actual referenda-approved school district debt levy or \$420 million. Provide that beginning in 2001-02, this limit would be indexed based on the same March over March inflation rate that is used for the per pupil adjustment for revenue limits. Based on an estimated \$440 million debt levy, delete \$13,333,300 GPR from general school aids in 2000-01 to adjust two-thirds funding of partial school revenues.

**Senate/Legislature:** Delete provision. Provide \$13,333,300 GPR in 2000-01 in order to maintain two-thirds funding of partial school revenues. The fiscal effect of this provision is shown in the box above and is reflected in the summary entry relating to general school aids.

4. **INTERDISTRICT TRANSFER PROGRAM -- SENDER AID** [LFB Paper 765]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	-\$13,600,000	\$8,800,000	\$2,400,000	-\$2,400,000

**Governor:** Provide that any K-12 pupil who transfers from one school district to another under a special transfer program (Chapter 220) interdistrict transfer agreement would be counted by the school district in which the pupil resides as 0.5 pupil, rather than 1.0 pupil as under current law, or as a number equal to the result obtained by multiplying 0.5 by the appropriate fraction for various types of kindergarten pupils. In 1998-99, approximately 5,400 pupils transferred to another school district under this program.

Provide that in determining a school district's revenue limits for the 1999-00 school year or for any school year thereafter, DPI would be required to calculate the number of pupils enrolled in each school year prior to the 1999-00 school year as the number was calculated in that school year under the 1997 statutes. This calculation, as summarized below, would be deleted for purposes of determining pupil enrollment in future years:

a. A pupil who transfers from one school district to another under a special transfer program interdistrict transfer agreement is counted by the school district of residence as 1.0 pupil in membership for general aid.

b. A pupil enrolled in a kindergarten program or in a preschool program for children with disabilities who transfers from one school district to another under a special transfer program interdistrict transfer agreement is counted by the school district of residence as a number equal to the result obtained by multiplying 1.0 by the appropriate fraction for various types of kindergarten pupils.

Provide that these provisions would first apply to state aid paid in the 2000-01 school year.

These modifications would result in a lower statewide enrollment for revenue limits in 1999-00, and a lower enrollment and membership for both revenue limits and state aid in 2000-01. Staff at DOA estimate that the cost of two-thirds funding of partial school revenues would decrease by \$4,400,000 in 1999-00 and \$9,200,000 in 2000-01 compared to estimates of current law.

**Joint Finance:** Provide that the reduction in the per pupil count from 1.0 to 0.5 for general school aids and revenue limit purposes for the resident school district under the interdistrict transfer program would first take effect in the 2000-01 school year, rather than the 1999-00 school year. This would restore current law pupil counts for revenue limits for the 1999-00 school year. Provide \$4,400,000 GPR annually for general school aids in order to maintain two-thirds funding of partial school revenues.

**Assembly:** Modify the reduction in the per pupil count for the school district in which the pupil resides, to specify that a pupil who transfers to another school district under the interdistrict transfer program would be counted as 0.75 pupil for school aids and revenue limits beginning in 2000-01, rather than as 0.50 pupil. Specify that these pupils would be counted as 0.50 pupil in 2001-02, 0.25 pupil in 2002-03 and 0.0 pupil in 2003-04 and thereafter. Provide \$2,400,000 GPR in 2000-01 in order to maintain two-thirds funding of partial school revenues.

**Senate/Legislature:** Modify the reduction in the per pupil count for the school district in which the pupil resides, to specify that a pupil who transfers to another school district under the interdistrict transfer program would be counted as 0.75 pupil for school aids and revenue limits beginning in 2000-01 and thereafter, rather than as 0.50 pupil. Provide \$2,400,000 GPR in 2000-01 in order to maintain two-thirds funding of partial school revenues. The fiscal effect of this provision is shown in the box above and is reflected in the summary entry relating to general school aids.

[Act 9 Sections: 2127, 2128, 2134, 2143, 2144, 2145, 2147 and 9339(2)]

5. NEIGHBORHOOD SCHOOLS AND MPS INTRADISTRICT TRANSFER AID [LFB Paper 766]

**Governor:** Provide that a first class city school system, which applies only to Milwaukee Public Schools (MPS), would be required to use at least 10% of the amount of its intradistrict transfer aid in each school year to build or lease neighborhood schools. If this provision had been in effect in 1998-99, MPS would have been required to expend approximately \$3.3 million for this purpose.

**Joint Finance:** Delete provision. Instead, provide \$200 million of bonding to the Redevelopment Authority of the City of Milwaukee for MPS to construct neighborhood schools, which if certain conditions are met would be backed by the moral obligation of the state. Restructure the intradistrict transfer program for a first class city school system (MPS) only, as follows:

*Requirements for Pupil Transfers and Neighborhood Schools*

a. MPS would be required to obtain the written consent of a pupil's parent or guardian prior to transferring the pupil under the intradistrict transfer program. Certain percentage thresholds would be established for the number of pupils for which MPS would be required to receive written consent as a condition of the receipt of aid. Provide that MPS's intradistrict transfer aid would be reduced by the amount of aid generated for pupils who exceed the following percentage thresholds for each school year: (1) 2000-01--75%; (2) 2001-02--80%; (3) 2002-03--90%; (4) 2003-04--95%; and (5) 2004-05 and thereafter--100%. Provide that MPS could not receive state categorical transportation aid or state equalization aid for the transportation costs relating to those pupils.

b. Annually, by May 1, MPS would be required to collect and report to the Legislature the number and percentage of pupils transferred outside of their attendance area without their parents' or guardians' written consent. Require this data to be reported on the basis of pupil attendance area, race, sex and grade level.

c. MPS would be required to submit a plan to the Joint Committee on Finance (JFC) on the following, by May 1, 2000:

1. A strategy for achieving the parental consent percentages;
2. A facility plan specifying the neighborhood schools that are be needed, the location of specialty schools and the estimated cost of the facility plan;
3. Other means by which the pupil capacity of neighborhood schools will be expanded, which could include remodeling and use of nontraditional facilities;
4. Specific plans for establishing neighborhood schools and replicating or relocating specialty schools throughout the school district in order to increase the number of pupils attending neighborhood schools; and

5. A description of the alternative settings, which are in compliance with school building code, that will be used for educating pupils.

d. Specify that the plan would be subject to review and approval by JFC no later than September 1, 2000. Provide that JFC could approve or modify the plan and that DPI could not release any MPS intradistrict transfer aid for 2000-01 until JFC has acted.

e. Beginning in school year 2000-01, MPS would be required to provide spaces in each school for pupils who reside outside the attendance area for the school, but would be required fill any unused spaces with pupils who reside in the attendance area. Specify that a pupil who attends a school may continue to attend that school until he or she graduates from the school and each sibling of that pupil would be given priority over other pupils in the admission process for the school.

f. Provide that a school district that transports a pupil, who moves outside his or her attendance district during the school year, to the school in the pupil's former attendance district may use intradistrict transfer aid to pay the costs of transporting the pupil.

#### ***Intradistrict Aid Hold Harmless***

g. Establish a hold harmless provision for the amount of intradistrict aid received by MPS. Provide that the MPS intradistrict aid would be the greater of the 1998-99 (\$32.9 million) aid amount adjusted for the change in the March-over-March Consumer Price Index, less any aid reduced due to MPS's failure to reach the percentage thresholds established above, or the actual amount generated under the intradistrict aid program, less any aid reduced due to MPS's failure to reach the percentage thresholds established above. Specify that this hold harmless provision would apply until the Authority bonds are paid off, or if no bonds are ever issued, for five years.

#### ***Authorized Borrowing for Construction of Neighborhood Schools***

h. Authorize the Redevelopment Authority of the City of Milwaukee to issue up to \$200 million in bonds to finance capital improvements at the request of MPS to implement the neighborhood school facilities plan approved by JFC. Specify that this bonding limitation would exclude obligations issued to refund outstanding bonds or notes under this authorization and that these bonds could be issued without referenda approval. Provide that the bonds could not have a maturity in excess of 20 years and may not be issued later than the first day of the 60th month after the effective date of the bill.

i. Provide that MPS may pay the principal and interest payments on these bonds. Specify that the intradistrict aid received by MPS could be used to pay debt service on these bonds. Authorize DPI, at the request of MPS, to intercept state aid to MPS and remit it to the Authority in an annual amount agreed upon by MPS and the Authority. Specify that MPS could not levy to replace any aid that is not received by MPS because of an aid intercept.



j. Establish a state moral obligation pledge for this \$200 million of bonding. Provide that the Authority may designate one or more accounts as special debt service reserve funds that would be used for amounts set aside for the payment of principal and interest and for the creation and maintenance of any required reserves. This reserve could only be created if, prior to each bond issue, the Secretary of Administration would determine that all of the following conditions would be met with respect to the bonds:

1. *Purpose.* The bond proceeds, other than refunding bonds, would be used for MPS school facilities.

2. *Feasibility.* There would have to be a reasonable likelihood that the bonds would be repaid without the necessity of drawing on funds in the reserve fund that secures the bonds. This likelihood would be determined by the Secretary of Administration after considering all of the following:

(a) Whether a pledge of MPS revenues is made under the bond resolution;

(b) How revenues are pledged to the payment of the bonds;

(c) The proposed interest rates of the bonds and the resulting cash-flow requirements;

(d) The projected ratio of annual MPS revenues to annual debt service of the Authority, taking into account capitalized interest;

(e) Whether an understanding exists providing for repayment by the Authority to the state of all amounts appropriated to the special debt service reserve fund; and

(f) Whether the Authority has agreed that DOA would have direct and immediate access, at any time and without notice, to all records of the Authority relating to these bonds.

3. *Refunding bonds.* All refunding bonds secured by a special debt service reserve fund would have to meet all of the following conditions:

(a) The refunding bonds would be issued to fund, refund or advance refund bonds secured by a special debt service reserve fund;

(b) The refunding of bonds would not adversely affect the risk that the state would be called on to make a payment under its moral obligation pledge.

4. *Approval of outstanding debt.* All outstanding debt of the Authority from this \$200 million of Authority bonding would have to be reviewed and approved by the Secretary of Administration. In making this determination, the Secretary could consider any factor that would have a bearing on whether the state moral obligation pledge should be granted.

5. *Financial Reports.* The Authority would agree to provide DOA with all financial reports and regular monthly statements of any trustee of the bonds on a direct and ongoing basis.

6. *Payments to Special Debt Service Reserve Fund.* The Authority would pay into the reserve fund any monies appropriated and made available by the state for the purpose of the fund, any proceeds of a sale of bonds as specified in the bond resolution and any other monies made available to the Authority for this purpose from any other source.

7. *Use of Monies in the Special Debt Service Reserve Fund.* The monies held in the reserve fund, except as otherwise specifically provided, would be used solely for payment of the principal, the making of sinking fund payments on the bonds, the payment of interest on these bonds, or for the purchase, redemption or redemption premiums of the bonds. The Authority would be unable to use the fund for any optional purchase or redemption of bonds if the fund balance were to drop below the amount required in the bond resolution. Permit interest earned in the reserve funds to be transferred to other funds or accounts of the Authority relating to these bonds as long as the transfer would not reduce the fund balance below the reserve fund requirement.

8. *Limitation on Bonds Secured by a Special Debt Service Reserve Fund.* Require the Authority to maintain a fund balance in the reserve fund that would equal an amount stated for that purpose in the bond resolution. Additional bonds secured by this reserve fund could not be issued if the amount of reserve funds would be less than the required reserve amount.

9. *Special Debt Service Reserve Fund Requirement.* The reserve fund requirement, as of any particular date, would equal the amount provided in the bond resolution, such that it may not exceed the maximum annual debt service on the bonds for that or any future fiscal year. Bonds deemed to have been paid would not be included in bonds outstanding when computing annual debt service. The annual debt service would equal all principal, interest and specified sinking fund payments (based on the assumption that the bonds would cease to be outstanding by reason of the payment of the bonds when due and all of the sinking fund payments payable at the date of computation).

10. *Valuation of Securities in Special Debt Service Reserve Fund.* The securities in which the reserve fund is invested would be valued at par, or, if purchased at less than par, at their cost to the Authority, when determining the amount of a reserve fund.

11. *State Moral Obligation Pledge.* Provide that if the value of the special debt service reserve fund were to drop below the bond resolution requirement, the Authority would certify to the Secretary of Administration, the Governor and JFC, the amount necessary to restore the reserve fund to the required amount. The Secretary would be required to include the certified amount in the budget compilation if the certification was received in an even numbered year prior to the completion of the budget compilation. In any case, the Joint Committee on Finance would be

required to introduce a bill in either house appropriating the certified amount to the appropriate reserve fund of the Authority. Specify that the Legislature recognizes a moral obligation to make this appropriation, and expresses its expectation and aspiration that if ever called upon to do so, it would make this appropriation.

**Assembly:** Delete the MPS intradistrict transfer aid hold-harmless provision and instead, provide that the intradistrict transfer aid for MPS would be limited to the lesser of the amount of aid MPS is entitled to under the program, or \$30 million annually.

Provide that the Milwaukee Redevelopment Authority could issue up to \$170 million, rather than up to \$200 million as under Joint Finance, in bonds to finance capital improvements for MPS, if the MPS school board would adopt a resolution requesting the Authority to issue the bonds.

Provide that a referendum relating to the issuance of these bonds would have to be held if, within 30 days of the adoption of the resolution, there would be filed with the City Clerk a petition, signed by a number of electors of the city equal to at least .10% of the votes cast in the City for Governor at the last general election. In this case, no bonds could be issued unless the referendum would be approved by the majority of the electors. Require that such a referendum would be held at the next regular spring or general election.

**Senate:** Delete a reference to "throughout the school district," under Joint Finance, in a provision where MPS would be required to include in its neighborhood schools report, specific plans for establishing neighborhood schools and replicating or relocating specialty schools throughout the school district in order to increase the number of pupils attending neighborhood schools.

**Conference Committee/Legislature:** Include the Senate modification and also modify the Joint Finance provisions as follows:

*Addition to MPS neighborhood schools plan.* Require the MPS Board to include in its neighborhood schools plan, a plan to comply with the current law requirements regarding the transportation of pupils to reduce racial imbalance under the interdistrict and intradistrict programs.

*Senate and Assembly Education Committee review.* Require the MPS Board to submit the neighborhood schools plan to the Senate and Assembly Education Committees, in addition to JFC, by May 1, 2000. Provide that if a member of these committees requests a hearing within 30 days after submission of the plan, the member's committee would be required to hold a hearing on the plan within two weeks after the request.

*Milwaukee school construction board.* Create a four-member Milwaukee school construction board, consisting of the following members: (a) a member of the state Senate; (b) a member of the state Assembly; (c) a member appointed by the Mayor of Milwaukee; and (d) a member appointed by the Governor. Provide that the legislators would be appointed as are members of

standing committees in their respective houses. Provide that the board would be sunset on the first day of the 60th month after the effective date of the budget. Specify the following: (a) action would require the affirmative vote of at least three members; (b) the board would not have rule-making authority; and (c) MPS would assist the board in the performance of its duties.

Provide that the only duties of the board would be to review, modify, if desired, and approve, the neighborhood schools plan completed by the MPS Board. Require the MPS Board to submit the neighborhood schools plan to this board, in addition to the legislative committees, by May 1, 2000. Require the school construction board to submit the approved plan, including a recommendation of the amount of bonding necessary for school construction, to the JFC and Senate and Assembly Education Committees by June 1, 2000.

*Bond issuance for school facilities.* Provide that the Milwaukee Redevelopment Authority may issue up to \$170 million, rather than up to \$200 million, in bonds to finance or refinance the development or redevelopment of sites and facilities to be used for public school facilities by the MPS Board, if the MPS Board requests the Authority to issue the bonds to implement the neighborhood schools plan and the Authority determines that the purposes of the financing are consistent with the City of Milwaukee's master plan. Make technical modifications to ensure that the issuance of these bonds is statutorily separate from other programs administered by the Authority and that the state moral obligation pledge would only apply to the bonds issued under this program.

Permit the MPS Board to lease buildings or sites from the Authority or borrow money from the Authority for the purpose of constructing, purchasing, leasing, improving or enlarging buildings or sites for public schools. Provide that MPS could utilize its intradistrict transfer aid for the lease or loan payments, rather than for debt service payments for the bonds.

Provide that in determining the likelihood that the bonds would be repaid in order for the state to provide its moral obligation for the bonds, the Secretary of Administration would consider: (a) the extent to which and manner by which revenues of MPS would be pledged to the payment of the bonds, rather than whether a pledge of the revenues of MPS would be made under the bond resolution; and (b) the projected ratio of annual pledged revenues from MPS to annual debt service on the bonds, rather than all revenues of MPS.

Provide that it would not be necessary that the financed property be located in a project area or a blighted area. Provide that the bond proceeds could not be utilized for: (a) middle schools; (b) charter schools; (c) private schools; or (d) modular schools.

*Legislative declaration.* Create a legislative declaration for financing of certain school facilities. Specify that the Legislature determines that the development of new schools will help alleviate the substandard conditions of the schools and will promote the sound growth and economic development of cities and enhance the education of youth in neighborhood settings. Specify that the Legislature determines that the social and economic problems sought to be addressed are particularly acute in more densely populated areas. Provide that the Legislature

desires to make certain financing and economic tools available in first class cities (Milwaukee) with the view that there are likely to be positive statewide benefits in light of the impact first class cities have on the economy and welfare of the entire state.

*Public hearing requirements.* Provide that before submitting the neighborhood schools plan to the Milwaukee school construction board and the Joint Finance and Education Committees, the MPS Board would be required to hold all of the following hearings on the plan: (a) a general listening session; (b) a hearing at which goals and objectives would be discussed; (c) a hearing to finalize the Board's goals and objectives; (d) a hearing at which the Board would to solicit ideas on a plan to implement the goals and objectives; (e) a hearing at which the Board presents an initial draft of a plan for implementing the goals and objectives; (f) a hearing at which the Board presents the final draft of a plan for implementing the goals and objectives; and (g) a hearing at which the Board presents the plan. In addition, require the MPS Board to hold a public hearing in every school attendance district in which a new school building would be constructed.

**Veto by Governor [A-5]:** Delete the inflationary increase for the MPS intradistrict aid; therefore, MPS will receive the greater of the amount the District received in 1998-99 or the amount to which the District is entitled in a given fiscal year, less certain reductions. Delete the "1" in the May 1, 2000, report date and the September 1, 2000, approval date. Therefore, MPS will be required to submit the neighborhood schools report to the legislative committees by the end of May, 2000 and JFC will be required to approve the report by the end of September, 2000. Delete the requirement that the Senate and Assembly Education Committees hold public hearings on the report if a member so requests.

Further, delete the requirement that MPS hold a series of public hearings on the report and a hearing in each attendance district in which a school will be built. MPS will be required to hold hearings on the report, but the specific types of hearings are not outlined in Act 9. Delete the requirement that MPS include a plan for complying with the current law requirements for the interdistrict and intradistrict programs in the neighborhood schools report. Eliminate the Milwaukee school construction board in its entirety, as well as the minority contracting requirements. Finally, delete the prohibition on constructing middle, charter or private schools with the proceeds of these bonds; MPS will continue to be prohibited from constructing modular schools with these revenues.

[Act 9 Sections: 1630d, 1801m, 2108g, 2108r, 2113g, 2142nd, 2142nm, 2143m, 2143p, 2146g, 2146r, 2146w and 9158(7tw)]

[Act 9 Vetoed Sections: 14g, 15m, 40k, 1630d, 2108s, 2143p and 9158(7tw)]

## 6. MINORITY BUSINESS REQUIREMENTS FOR MPS NEIGHBORHOOD SCHOOLS CONSTRUCTION

**Senate:** Provide that, with regard to the neighborhood school construction project that would be financed from the proceeds of bonds issued by the Milwaukee Redevelopment Authority at the request of the Milwaukee Public Schools (MPS) Board, certain minority business requirements would apply. Require the MPS Board to ensure that, for construction work and professional services contracts, a person who is awarded such a contract by the MPS Board would be required to agree, as a condition to receiving the contract, that at least 50% of the employees hired because of the contract would be minority group members if the contract would be for construction of any part of a neighborhood school construction project.

In addition, require the MPS Board to ensure that at least 50% of the aggregate dollar value of contracts that would be awarded by the MPS Board would be required to be awarded to minority businesses in the following areas: (a) contracts for the construction of a neighborhood school project; and (b) contracts for professional services related to the construction of a neighborhood school project.

Provide that for these requirements current law definitions under the Department of Commerce would apply. Under these definitions, a minority business would be defined as a sole proprietorship, partnership, limited liability company, joint venture or corporation that fulfills both of the following requirements:

1. It is at least 51% owned, controlled and actively managed by a minority group member or members who are United State citizens or persons lawfully admitted to the United States for permanent residence; and
2. It is currently performing a useful business function.

In addition, a minority group member would be defined as: (a) a Black; (b) a Hispanic; (c) an American Indian; (d) an Eskimo; (e) an Aleut; (f) a native Hawaiian; (g) an Asian-Indian; or (h) a person of Asian-Pacific origin.

**Conference Committee/Legislature:** Modify the Senate provision to clarify that the requirements would apply to the construction of public schools and to make technical changes related to other modifications made to the MPS neighborhood school construction initiative.

**Veto by Governor [A-5]:** Delete all minority business and contracting requirements relating to the MPS neighborhood schools construction initiative.

[Act 9 Section: 1630d]

[Act 9 Vetoed Section: 1630d]

**7. INTRADISTRICT TRANSFER PROGRAM**

**Governor/Legislature:** Delete the current law provision that a pupil enrolled in a kindergarten program or in a preschool program for children with disabilities who transfers from one attendance area within a district to another be multiplied by a number equal to the result obtained by multiplying 0.325 by the appropriate fraction for various types of kindergarten pupils. Under this change, the current law multiplier of 0.25 that applies to all other pupils would apply to these pupils as well. This modification would codify current practice.

Clarify that for the purposes of determining intradistrict transfer aid, the number of transfer pupils multiplied by 0.25, would be based on the number counted for membership purposes.

Provide that these provisions would first apply to state aid paid in the 2000-01 school year.

[Act 9 Sections: 2143, 2145 and 9339(2)]

**8. LEGISLATIVE COUNCIL STUDY ON THE INTRADISTRICT AND INTERDISTRICT TRANSFER PROGRAMS**

**Joint Finance:** Request the Joint Legislative Council to study the intradistrict and interdistrict (Chapter 220) transfer programs and report to the Legislature by January 1, 2000.

**Senate:** Delay the Council report to the Legislature to January 1, 2001.

**Conference Committee/Legislature:** Request the Council to report to the Legislature by July 1, 2000.

[Act 9 Section: 9131(3z)]

**9. SPECIAL ADJUSTMENT AID [LFB Paper 761]**

**Governor:** Provide that if a school district qualifies for special adjustment aid under each of the two current law methods of calculation, then the district would receive the greater of the two aid amounts. Clarify the first method of calculating special adjustment aid under current law.

Under current law, the first method of calculating special adjustment aid provides that if a school district receives less in state aid in the current year than an amount equal to 85% of the state aid that it received in the previous school year, its state aid for the current school year is increased to an amount equal to 85% of the state aid received in the previous school year.

The second current law method of calculating special adjustment aid is that if a school district receives less in state aid in the current school year than an amount equal to the aid that it received in the previous school year minus \$1,000,000, its state aid for the current school year is increased to an amount equal to the state aid that it received in the previous school year minus \$1,000,000.

Under current law, if a school district is eligible for aid under both methods of calculation, then it will receive an amount equal to 85% of the state aid received in the previous school year.

Provide that these modifications would first apply to the distribution of school aid in the 1999-00 school year.

**Joint Finance/Legislature:** Modify the Governor's recommendation to specify that it would first apply to the distribution of school aids in the 1998-99 school year. Beginning with the 1999-00 school year, delete the provision that limits any reduction in general school aids to the prior year minus \$1,000,000.

[Act 9 Sections: 2137, 2137m, 2138 and 9339(3)]

#### **10. SECONDARY GUARANTEED VALUATION DEFINITION**

**Governor/Legislature:** Clarify the definition of the secondary guaranteed valuation per member used in calculating equalization aid. Under current law, the definition of the secondary guaranteed valuation per member under the equalization aid formula is an amount rounded to the next lower dollar, that after subtraction of payments for: (a) adjustments to state aid for a redetermination of assessment; (b) special adjustment aid; (c) interdistrict transfer aid; and (d) aid for merged attendance area programs, fully distributes an amount equal to the amount remaining in the state equalization aid appropriation plus intradistrict transfer aid.

The bill would modify this definition so that it would be the amount rounded to the next lower dollar, that after subtraction of payments for adjustments to state aid for a redetermination of assessment and interdistrict (Chapter 220) aid, fully distributes the amount remaining in the state equalization aid appropriation plus special adjustment, intradistrict (Chapter 220) and merged attendance area aid. This would clarify that general school aid amounts that interact with the secondary guarantee would be calculated at the same time as that guarantee is set, rather than as a first draw from the equalization aid appropriation.

Provide that these modifications would first apply to the distribution of school aid in the 1999-00 school year.

[Act 9 Sections: 2136 and 9339(3)]



**11. MODIFY COMPUTER AID REPORTING REQUIREMENT**

**Governor/Legislature:** Modify the current requirement that DPI annually notify each school district and the Department of Revenue of the amount of certain state aid the school district will receive, to exclude state aid relating to the property tax exemption for computers enacted under 1997 Act 237 from this DPI reporting requirement.

[Act 9 Sections: 2141 and 2142]

**12. COMPUTER AID AND DEFINITION OF PARTIAL SCHOOL REVENUES**

**Governor/Legislature:** Clarify the definition of partial school revenues with respect to state aid relating to the property tax exemption for computers enacted under 1997 Act 237. This provision would correct the definition of partial school revenues used in the calculation of the state's two-thirds funding goal, to reflect the intent of the Act 237 provision.

[Act 9 Section: 2139]

**Revenue Limits**

**1. DECLINING ENROLLMENT REVENUE LIMIT ADJUSTMENT**

GPR	\$23,900,000
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[LFB Paper 771]

**Governor/Legislature:** Extend the current law provision that only applies to revenue limits calculated for the 1998-99 school year to make it permanent. Under this provision, a school district that loses enrollment in a comparison of the most recent three-year-rolling average enrollment to the next most recent three-year-rolling average enrollment, would receive a positive, nonrecurring annual revenue limit adjustment. Provide that this adjustment would be equivalent to 75% of what the decrease would have been.

Staff at DOA estimate that this provision would increase the cost of funding two-thirds of partial school revenues by approximately \$10,400,000 in 1999-00 and \$13,500,000 in 2000-01 compared to estimates of current law. The fiscal effect of this provision is shown in the box above, and is reflected in the summary entry relating to general school aid.

[Act 9 Section: 2158]

**2. INCREASING ENROLLMENT REVENUE LIMIT ADJUSTMENT [LFB Paper 771]**

	<b>Jt. Finance (Chg. to Base)</b>	<b>Legislature (Chg. to JFC)</b>	<b>Net Change</b>
GPR	-\$14,400,000	\$14,400,000	\$0

**Joint Finance:** Establish a negative, nonrecurring annual revenue limit adjustment for a school district that gains enrollment in a comparison of the most recent three-year-rolling average enrollment to the next most recent three-year-rolling average enrollment. Provide that this adjustment would be equivalent to 25% of what the increase would have been. Specify that this adjustment would not be excluded (subtracted) from the base in determining revenue limits in the following year, so that base revenues would be unchanged from current law. Delete \$7,800,000 in 1999-00 and \$6,600,000 in 2000-01 from general school aids, to adjust two-thirds funding of partial school revenues. The fiscal effect of this provision is shown in the box above and is reflected in the summary entry related to general school aids.

**Assembly:** Delay by one year the Joint Finance provision, so that the provision would begin for revenue limits calculated in the 2000-01 school year, rather than 1999-00. Provide \$7,800,000 for general school aids in 1999-00 in order to maintain two-thirds funding of partial school revenues.

**Senate/Legislature:** Delete the Joint Finance provision. Provide \$7,800,000 in 1999-00 and \$6,600,000 in 2000-01 for general school aids in order to maintain two-thirds funding of partial school revenues. The fiscal effect of this provision is shown in the box above and is reflected in the summary entry related to general school aids.

**3. REVENUE LIMIT PER PUPIL ANNUAL INCREASE [LFB Paper 770]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	-\$7,300,000	\$6,500,000	-\$800,000

**Governor:** Delete the inflation adjustment to the per pupil revenue amount that is provided as an annual increase in a school district's per pupil revenue derived from general school aid and property taxes, beginning in the 1999-00 school year. Provide that the annual per pupil adjustment would remain at the 1998-99 level, which is \$208.88. Provide that the \$208.88 adjustment would also apply to school districts that reorganize.

Under current law, the per pupil adjustment amount is indexed for inflation, by multiplying the prior year dollar amount by the percentage change in the consumer price index between the preceding March and the second preceding March. Using the indexing adjustment, DPI estimates that this per pupil adjustment would increase to \$212.02 for revenue limits

calculated for the 1999-00 school year and \$215.20 for the 2000-01 school year under current law. Based on these figures, staff from DOA estimates that this bill provision would reduce the cost of funding two-thirds of partial school revenues by approximately \$1,800,000 in 1999-00 and \$5,500,000 in 2000-01 compared to estimates of current law. The fiscal effect of this provision is shown in the box above, and is reflected in the summary entry relating to general school aid.

**Joint Finance/Legislature:** Delete provision. Maintain the current law inflation adjustment to the per pupil annual revenue limit increase, which would provide an estimated per pupil adjustment of \$212.43 in 1999-00 and \$216.68 in 2000-01. Provide that the current law inflation adjustment would also apply to school districts that reorganize. Reestimate partial school revenues based on more recent enrollment projections and provide \$2,000,000 in 1999-00 and \$4,500,000 in 2000-01 in general school aids to maintain two-thirds funding of partial school revenues. The fiscal effect of this provision is shown in the box above and is reflected in the summary entry related to general school aids.

[Act 9 Sections: 2153 thru 2155]

**4. SUMMER SCHOOL REVENUE LIMIT ENROLLMENT COUNTS**

GPR	\$2,600,000
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**Senate:** Beginning with revenue limits calculated and school aids distributed in the 2001-02 school year, the number of pupils enrolled used for the calculation of school district revenue limits would include the full summer school enrollment. Beginning in 2001-02, delete the current law provision that counts 20% of summer school enrollments beginning in 1998-99 for the calculation of revenue limits. This would have the effect of counting 100% of summer school enrollments for each year of the three-year rolling average enrollments utilized for calculating revenue limits in 2001-02.

Under current law, 20% of summer school enrollments are counted in the calculation of revenue limits beginning with enrollment calculations for the 1998-99 school year for revenue limits calculated in 1998-99. For revenue limits calculated in 1999-00, 20% of summer school enrollments will be counted for 1998-99 and 1999-00 enrollments. For revenue limits calculated in 2000-01, 20% of summer school enrollments will be counted for 1998-99, 1999-00 and 2000-01 enrollments. Finally, for revenue limits calculated in 2001-02 and thereafter, 20% of summer school enrollments will be counted for each school year enrollment utilized in calculating school district revenue limits.

**Conference Committee/Legislature:** Beginning with revenue limits calculated in the 2000-01 school year, the pupil enrollment used for the calculation of school district revenue limits would include 40% of summer school enrollment, adjusting the summer school enrollment count for the 2000-01 school year. For revenue limits calculated in 2001-02, 40% of summer school enrollments would be counted for 2000-01 and 2001-02 enrollments. For revenue limits calculated in 2002-03, 40% of summer school enrollments would be counted for 2000-01,

2001-02 and 2002-03 enrollments. Finally, for revenue limits calculated in 2003-04 and thereafter, 40% of summer school enrollments would be counted for each school year enrollment utilized in calculating school district revenue limits. Provide \$2,600,000 in 2000-01 for general school aids in order to maintain two-thirds funding of partial school revenues. The fiscal effect of this provision is shown in the box above and is reflected in the summary entry related to general school aids.

[Act 9 Sections: 2146x, 2146y, 2146ym and 2146z]

**5. LOW REVENUE ADJUSTMENT [LFB Paper 772]**

GPR	\$1,500,000
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**Joint Finance/Legislature:** Increase the low-revenue ceiling to \$6,300 in 1999-00 and \$6,500 in 2000-01. Provide \$300,000 in 1999-00 and \$1,200,000 in 2000-01 for general school aids in order to maintain two-thirds funding of partial school revenues. Under current law, a school district whose per pupil revenues are less than \$6,100 may increase its revenues up to the low-revenue ceiling of \$6,100 per pupil. The fiscal effect of this provision is shown in the box above, and is reflected in the summary entry related to general school aids.

[Act 9 Section: 2148m]

**6. FOUR-YEAR-OLD KINDERGARTEN PUPIL COUNTS FOR SCHOOL AIDS AND REVENUE LIMITS**

**Senate:** Beginning with revenue limits calculated and school aids distributed in the 2001-02 school year, provide that four-year-old kindergartners would be counted in the same manner as is provided under current law for five-year-old kindergartners. Such a method would count a pupil enrolled in a four-year-old kindergarten program requiring full-day attendance for five days a week for an entire school year as 1.0 pupil and a pupil enrolled in a kindergarten program requiring full-day attendance for less than five days a week for an entire school year as the result obtained by adjusting the hours of attendance for full-time equivalency. Under current law, all four-year-old kindergartners are counted as a 0.50 pupil, except for those four-year-old kindergartners enrolled in a program that annually provides at least 87.5 additional hours of outreach activities are counted as 0.60.

**Conference Committee/Legislature:** Delete provision.

**7. REVENUE LIMIT INCREASE FOR SCHOOL SECURITY MEASURES**

**Senate:** Beginning with revenue limits calculated for the 2000-01 school year, provide that a school district's revenue limit may be increased in any school year by an amount equal to the amount spent by the school district in that school year for security measures designed to prevent criminal activity in schools, as determined by the State Superintendent. No data is

available on estimated school district expenditures for these purposes; therefore, the fiscal effect of this provision is indeterminate. No funding would be provided to maintain two-thirds funding of partial school revenues.

**Conference Committee/Legislature:** Delete provision.

**8. REVENUE LIMIT INCREASE AND SHARED COST EXCLUSION FOR CERTAIN HEALTH OR SAFETY ORDERS**

**Senate:** Beginning with revenue limits calculated and school aids paid in the 2000-01 school year, provide that a school district's revenue limit may be increased by the amount necessary to comply with an order of a court, a federal agency or a city, village, town or county to remedy any violation of a federal law or regulation, state statute or rule or municipal or county ordinance relating to health or safety. Provide that the amount expended for this purpose would not be included in a school district's shared costs for equalization aid. No data is available on estimated school district expenditures for this purpose; therefore, the fiscal effect of this provision is indeterminate. No funding would be provided to maintain two-thirds funding of partial school revenues.

**Conference Committee/Legislature:** Delete provision.

**9. REVENUE LIMIT INCREASE FOR TOLL-FREE TELEPHONE NUMBER**

**Senate:** Provide that a school district's revenue limit would be increased in any school year by an amount equal to the amount spent by the school district in that school year for a certain purpose. This would apply to expenditures to establish and maintain, in cooperation with the school boards of other school districts in the area or with the county boards of the counties in which the school district is located, or both, a toll-free telephone number for pupils and school district employes to report security or safety concerns or suspected criminal or dangerous activities. No data is available on estimated school district expenditures for this purpose; therefore, the fiscal effect of this provision is indeterminate. No funding would be provided to maintain two-thirds funding of partial school revenues.

**Conference Committee/Legislature:** Delete provision.

**10. REVENUE LIMIT INCREASE FOR LEVY FROM INCREMENT OF A TIF**

**Assembly:** Provide that by the first day of the sixth month beginning after the effective date of the budget bill a school board could create a capital improvement fund by a two-thirds vote of the members elect. This fund would be for the purpose of financing the cost of acquiring and improving sites, constructing school facilities and major maintenance of, or remodeling, renovating and improving school facilities.

Specify that if a tax incremental district (TID) located in whole or in part in the school district terminates before the maximum allowable number of years, monies could be deposited in the fund. This deposit could be made in each year in which the school board adopts a resolution to that effect by a two-thirds vote until the year after the year in which the TID would have been required to terminate. The school district would deposit the percentage specified in the resolution of the school district's portion of the positive tax increment of the TID in that year, as determined by the Department of Revenue.

If the value increment is less than \$300 million, the percentage to be deposited could not exceed 66.7%. Any monies not deposited in the fund, would have to be used to reduce the levy that otherwise could be imposed.

Funds in the capital improvement fund could not be transferred for any purpose or to another fund without approval at a referendum. The school board would be required to submit a report to the Governor and the Joint Committee on Finance describing the use of monies deposited in the fund and the effects of that use by January 1 of each odd-numbered year.

Specify that expenditures from the fund would be excluded from shared costs for purposes of equalization aid. Provide that the revenue limit that applies to a school district in a school year would be increased by the amount deposited into the fund in that year. Specify that partial school revenues would exclude the amount of this revenue limit increase for purposes of calculating the state's two-thirds funding target.

**Senate:** Provide that a school district that has the largest membership of any located in a county that was created in 1850 and borders one of the Great Lakes (the Kenosha School District) could create a capital improvement fund to finance current and future capital improvements. This fund could only receive monies if a tax incremental district (TID) that was created in 1989 located in that school district has a value increment greater than \$300 million and is terminated before the maximum number of years that it could have existed. In this case, in each year until the year after the year in which the TID would have been required to terminate, the school district would have to deposit in the fund the school district's portion of the positive tax increment of the TID in the TID's final year of existence as determined by the Department of Revenue.

Provide that money in the capital improvement fund could not be used for any other purpose without referendum approval.

Specify that a school district's revenue limit for any year would be increased by the amount deposited in the school construction fund in that school year. This revenue limit increase would be excluded from partial school revenues in calculating the costs of state two-thirds funding. Any expenditures from the school construction fund would be excluded from shared costs for purposes of calculating equalization aid.

Each school district taking action to establish a school construction fund would be required to report to the Joint Committee on Finance, by January 1 of each odd-numbered year, describing the use of monies in the fund and the effects of that use.

**Conference Committee/Legislature:** Include Assembly provision.

**Veto by Governor [A-9]:** Delete provision.

[Act 9 Sections: 2135t and 2139]

[Act 9 Vetoed Sections: 2108m, 2126m, 2135t, 2139 and 2158m]

## 11. REVENUE CEILING AND REVENUE LIMIT MODIFICATIONS

**Governor/Legislature:** Provide that prior year aid adjustments made in the September school aid payment due to modifications in school district data used to calculate the school aid payment in the previous year would be included in the definition of state aid for school districts, which would affect the allowable property tax levy under revenue limits.

Clarify that a low-revenue school district that is exempt from the revenue limits because its base revenue is less than \$6,100 per member may not increase its base revenue per member to an amount that is greater than its revenue ceiling, which is \$6,100, unless the district follows the same referendum procedures required for exceeding the revenue limit.

Provide that DPI would adjust the \$6,100 revenue ceiling, otherwise applicable to a school district, for transfers of service boundary changes, referenda debt, 75% carry-forward, federal impact aid and school district creation, as if the revenue ceiling constituted a revenue limit.

Clarify that, except for if a school district receives additional revenue due to the 75% declining enrollment hold harmless, if an excess revenue would be approved for a recurring purpose through a referendum or allowed due to a transfer of service, boundary changes, a 75% carry-forward, federal impact aid or school district creation, the excess revenue would be included in the base for determining the revenue limit for the next school year. Clarify that if an excess revenue is approved by referendum for a non-recurring purpose, the excess revenue would not be included in the base for determining the revenue limit for the next school year.

Provide that current law penalties for exceeding the school district revenue limit would apply to a low-revenue school district that exceeds the \$6,100 revenue ceiling. Under current law, the State Superintendent is required to deduct from a school district's state equalization aid payment, in the school year in which the school district exceeded its revenue limit, an amount equal to the excess revenue for the school district or the amount of the aid, whichever is less. If this amount is insufficient to cover the amount of excess revenue, the State Superintendent is required to deduct from other state school aid payments to the district and then order the

school board to reduce property taxes by an amount that represents the remainder of the excess revenue, if necessary.

Provide that these modifications would first apply to the distribution of school aid in, and to revenue limits for, the 1999-00 school year.

[Act 9 Sections: 2148, 2149, 2151, 2152, 2157, 2159 thru 2163 and 9339(3)]

## Categorical Aids

### 1. SPECIAL EDUCATION PROGRAM AID [LFB Paper 775]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$0	\$35,000,000	\$17,550,000	\$52,550,000

**Governor:** Delete the current law 63% reimbursement rate for most special education costs. Instead, to the extent funding would be provided, base reimbursement on the full costs of the following activities: (a) expenditures by a school district, CESA or CCDEB during the preceding year for salaries of certain current special education personnel, including licensed school psychologists and school workers working for a special education program; (b) special education transportation costs; (c) expenditures by a school district during the preceding year for salaries of teachers and instructional aides, special transportation and other expenses approved by the State Superintendent for a school age parents program; and (d) expenditures by a school district, CESA or CCDEB during the preceding year for certain costs associated with health treatment services for children with special physical or mental health treatment needs.

Delete current law that provides that: (a) the salaries of licensed school psychologists and school workers are reimbursed at 51% without regard to whether they are employed in a program for children with disabilities; and (b) a school district, cooperative educational service agency (CESA) or county children with disabilities education board (CCDEB) must include in its special education plan any information required by the State Superintendent relating to the use of a school psychologist or social worker under this provision.

Provide that costs eligible for reimbursement from the appropriations for special education and special education transportation would be reimbursed at a rate set to distribute the full amount appropriated for reimbursement of such costs, not to exceed 100%. Maintain the current law requirement that the full costs of special education for children in hospital and convalescent homes are required to be reimbursed as a first draw on the appropriation. All



other costs eligible for reimbursement would be paid with the remaining funds, up to a rate necessary to fully distribute 100% of the appropriated funding. A clarification would be necessary to carry out the intent of the bill relating to the full payment of hospital and convalescent home costs.

Modify the appropriation language for aids for special education to specify that the amount appropriated would be for the payment of aid for special education and school age parents and health treatment services programs.

Provide that these provisions would first apply to state aid paid in the 1999-00 school year. Under current law, in addition to the varying percentage reimbursements listed above, reimbursement is provided for the full cost of: (a) special education for children in hospitals and convalescent homes for orthopedically disabled children; (b) salary and travel expenses for special education outside the school district of employment; and (c) expenditures for board and lodging and the transportation between the boarding home and the special education program of nonresident children.

The bill would provide \$275,548,700 GPR annually for these purposes, which continues the base level of funding. In 1998-99, total special education costs are reimbursed at an overall rate of approximately 34% under this categorical aid program.

**Joint Finance:** Modify provision to provide \$10,000,000 in 1999-00 and \$25,000,000 in 2000-01 for special education program aid. Delete \$3,333,300 in 1999-00 and \$8,333,300 in 2000-01 from general school aids in order to maintain two-thirds funding of partial school revenues. Clarify that the full costs of special education for children in hospital and convalescent homes are reimbursed as a first draw on the appropriation. The fiscal effect of this deletion is reflected in the summary item for general school aids.

**Senate:** In addition to the JFC funding, provide \$2,500,000 annually for special education program aid. Delete \$833,300 annually from general school aids in order to maintain two-thirds funding of partial school revenues. Restore the respective current law 63% or 51% reimbursement rates for certain special education and school age parent program costs. Maintain current law provisions for the proration of special education aid and the first-draw for the full payment of hospital and convalescent home aid.

**Conference Committee/Legislature:** In addition to the JFC funding, provide \$2,500,000 in 1999-00 and \$15,050,000 in 2000-01 for special education aid. Delete \$833,300 in 1999-00 and \$5,016,700 in 2000-01 from general school aids in order to maintain two-thirds funding of partial school revenues. The fiscal effect of this deletion is reflected in the summary item for general school aids.

[Act 9 Sections: 254, 2057, 2059, 2060, 2061e, 2061m, 2061s, 2063 thru 2065, 2070 and 9339(4)(a)]

2. STUDENT ACHIEVEMENT GUARANTEE IN EDUCATION (SAGE) [LFB Paper 778]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$16,937,400	0.00	\$6,121,200	0.00	\$27,438,300	3.00	-\$318,300	- 3.00	\$50,178,600	0.00

**Governor:** Provide \$3,454,000 in 1999-00 and \$13,483,400 in 2000-01 above the current base-level funding of \$15,030,000 for the SAGE program. This would be used to fund schools that began contracts in 1996-97 and 1998-99 and a third round of SAGE contracts starting in 2000-01. The Executive Budget Book indicates that 30 to 40 additional schools would be funded under the third round of contracts.

Create new eligibility requirements for those schools that would participate in the third round of contracts starting in 2000-01. Specify that a school district would be eligible to participate in the program in 2000-01 if, in the 1998-99 school year, a school in the district had an enrollment that was at least 50% low-income. Under current law, a school district is required to have an enrollment that was at least 50% low-income in the previous school year.

Specify that a school district other than MPS would be eligible to enter into a contract on behalf of one or more schools in the district if all of the following apply: (a) in the previous school year, the school had an enrollment that was at least 62% low-income; (b) the school is not receiving a P-5 grant; (c) the school district, if eligible in the 1996-97 and 1998-99 school years, participated in either year; (d) the school is not currently participating in the program; and (e) the school is not a comparison school for purposes of the annual program evaluation.

Specify that MPS would be eligible to enter into a contract on behalf of one or more schools in districts if all of the following apply: (a) the school, in the previous school year, had an enrollment that was at least 80% low-income; (b) the school is not receiving a P-5 grant; (c) the school is not currently participating in the program; and (d) the school is not a comparison school for the purposes of the annual program evaluation.

Codify current practice to permit MPS to contract for up to ten schools in both the 1996-97 and 1998-99 contract rounds, for a total of 20 schools. Current law provides that MPS may only enter contracts on behalf of ten schools; however, through the DPI waiver process, MPS has contracted on behalf of 14 schools. Also codify current practice to provide that if a school board of an eligible school district does not enter into a contract, other school boards may apply to enter contracts on behalf on one or more schools, except for MPS. Current law provides that a district may only enter into one additional contract in such situations. DPI has permitted three school districts (La Crosse, Madison and Superior) to contract for up to two eligible schools under each round of contracts, other than MPS.

Extend: (a) the date in which DPI may enter into SAGE contracts from June 30, 1999, to June 30, 2001; (b) the annual evaluation of the program from the 2001-02 school year to the 2003-04 school year; and (c) the date in which no funds may be encumbered from the SAGE

appropriation from June 30, 2003, to June 30, 2005. These modifications would conform current programmatic sunset dates with the timing of the proposed third round of five-year SAGE contracts.

The SAGE program currently awards five-year grants to school district with at least one school with an enrollment made up of at least 50% percent low-income pupils in the previous school year to develop contracts for schools with poverty rates over 30% to reduce class size to 15 pupils in each SAGE classroom, as well as implement certain curricular and programmatic requirements. Schools participating in DPI's preschool to grade five (P-5) grant program are not eligible for SAGE funding. Aid equals up to \$2,000 per pupil for all low-income pupils in eligible grades (kindergarten through third grade).

**Joint Finance:** Modify the provision to establish a uniform threshold for the low-income enrollment of 65% and to delete the restriction that these schools could not be a comparison school. Provide \$6,121,200 in 2000-01 to fund the additional schools that would be eligible for the third round of SAGE contracts as a result of these modifications, which would include all schools, excluding current participating SAGE schools and P-5 schools, with a low-income rate of 65% or more. It is estimated based on 1998-99 poverty data that 63 schools would be funded under the third contract round, of which 53 schools would be located in MPS. Delete \$2,040,400 in 2000-01 from general school aids to adjust overall state funding provided for two-thirds funding of partial school revenues.

**Senate: Program Expansion.** Modify Joint Finance to provide an additional \$43,000,000 in 2000-01 to expand the current SAGE program statewide. Delete the provisions under Joint Finance that would provide that all schools, except preschool to grade five (P-5) schools, with a poverty rate of 65% would be eligible for SAGE funding under a third round of SAGE contracts starting in 2000-01. Instead, provide that starting in 2000-01, all schools with grades kindergarten to three, except current participating SAGE, P-5 schools and schools that twice declined, would be eligible for SAGE funding, regardless of the school's poverty rate. Funding would be provided to reduce class size starting in 2000-01 with grades kindergarten and first with the addition of grade two in 2001-02 and grade three in 2002-03. The five-year contracts would expire on June 30, 2005. Funding under this provision would continue to be determined by dividing the amount appropriated by the number of low-income pupils enrolled in the eligible grades in every SAGE school, with schools receiving no more than \$2,000 per low-income pupil. Delete \$14,333,300 in 2000-01 from general school aids to adjust two-thirds funding for partial school revenues. Total funding for the program would be approximately \$18.5 million in 1999-00 and \$77.6 million in 2000-01.

Provide \$112,800 in 1999-00 and 2.0 positions beginning in 1999-00 and \$205,500 in 2000-01 and 1.0 position beginning in 2000-01 to assist in the administration of the SAGE program.

**Bonding for K-12 Schools for Capital Costs for SAGE Expansion.** Provide \$200 million of general fund supported, state general obligation bonding for use by school districts to build additional classroom facilities, as needed, in order to participate in the SAGE program. Specify

that in order to receive bonding, school districts would be required to apply to DPI by January 1 of each year. Require DPI to review the applications to determine whether the proposed school addition would be required and either approve, modify or reject the request. Require DPI to notify schools of the amount, if any, of funding that the school would be eligible for under this program by April 1 of each year. Further, require DPI to promulgate administrative rules to implement and administer this program.

Provide that the amount of bonding that school districts would receive under the program would vary depending on the amount of their funding request and the percentage of equalization aid as a percentage of shared costs that the school district received in that aid year. Specify that this percentage would be applied to the amount that DPI determined to be needed for school expansion under the school district application process. If the amount of funding applications approved by DPI would exceed the amount of state bonding available in that year, require DPI to prorate each of the funding amounts approved proportionately in that year.

Create a GPR sum sufficient debt service appropriation and count the GPR debt service paid on the general obligation bonds issued to fund this program as part of the state two-thirds funding of partial school revenues.

**Conference Committee/Legislature: Program Expansion.** Modify the Senate provision to provide an additional \$24,120,000 GPR in 2000-01, rather than \$43,000,000, to expand the current SAGE program statewide. Provide that funding under this provision for existing contracts would continue to be determined by dividing the amount appropriated by the number of low-income pupils enrolled in the eligible grades in the current 80 SAGE schools, with schools receiving no more than \$2,000 per low-income pupil. Provide that for the third round of contracts starting in 2000-01, funding would be \$2,000 per low-income pupil in the participating grades. If insufficient funding remains in the appropriation after funding existing contracts to fund all schools applying under the third round of contracts, DPI would be required to prioritize funding for those schools and fund only the schools with the highest poverty rates to the extent funding is available. Delete \$8,040,000 GPR in 2000-01 from general school aids to adjust two-thirds funding for partial school revenues. The fiscal effect of this deletion is reflected in the summary item for general school aids. Total funding for the program would be approximately \$18.5 million in 1999-00 and \$58.8 million in 2000-01.

[Joint Finance language relating to the 65% poverty threshold for participation in the program was inadvertently included in the Conference Committee's version of the bill. It was the intent of the Legislature that all schools, except current SAGE schools, be eligible to apply for funding in 2000-01.]

Provide \$112,800 in 1999-00 and 2.0 positions beginning 1999-00 and \$205,500 in 2000-01 and 1.0 position beginning in 2000-01 to assist in the administration of the SAGE program.

**Funding for K-12 Schools for Debt Service Costs for SAGE Expansion.** Delete the Senate provision and instead provide \$3,000,000 GPR in a new annual appropriation beginning in

2000-01, and create a new categorical aid program to reimburse school districts, except MPS, for 20% of debt service costs associated with SAGE building projects. Require a school board to pass a referendum and have DPI approval prior to June 30, 2001, to be eligible for funding under the program. Specify that the referendum must identify the amount of bonding attributable to increased classroom space needs resulting from participation in the SAGE program. Require DPI to promulgate rules to implement and administer the program. Specify that no adjustment be made to general school aids attributable to this funding.

**Veto by Governor [A-6]:** Delete language relating to a 50% and 65% poverty threshold for participation in the program in 2000-01 that was inadvertently included in the bill. In addition, delete \$112,800 in 1999-00 and \$205,500 in 2000-01 and the creation of 3.0 positions. Also, delete the exclusion of the \$3 million appropriation for debt service from the definition of state school aids and delete \$1,000,000 in 2000-01 from general school aids to adjust two-thirds funding of partial school revenues to reflect the inclusion of the \$3,000,000 of aid in the definition of state school aids. The fiscal effect of this reduction is reflected in the summary entry for general school aids.

[Act 9 Sections: 256t, 257, 2096 thru 2099, 2101 thru 2106, 2106r, 2107b, 2107c, 2107d, 2140 and 9139(2d)]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.255(1)(a) and 20.255(2)(ac)), 2096, 2099, 2100 and 2140]

### 3. SAGE EVALUATION

**Senate:** Provide \$80,000 in 1999-00 and \$70,000 in 2000-01, above base level funding of \$250,000, for continuing the SAGE evaluation of the performance of SAGE students in grades four through eight. Delete \$26,700 in 1999-00 and \$23,300 in 2000-01 from general school aids to adjust two-thirds funding of partial school revenues. Currently, DPI contracts with UW-Milwaukee, School of Education, to evaluate SAGE school students' performance with comparison school students in grades kindergarten through three.

**Legislature:** Delete provision.

### 4. DISTRIBUTION OF INCOME FROM THE COMMON SCHOOL FUND [LFB Paper 779]

SEG	\$21,300,000
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**Joint Finance/Legislature:** Clarify that the appropriation for school library aids would be a continuing appropriation and provide that the full amount of income from the common school fund would be appropriated as school library aids. Reestimate income from the common school fund that will be available to distribute to school libraries by \$8,900,000 in 1999-00 and \$2,400,000 in 2000-01. Reallocate \$5,000,000 of annual funding from TEACH Board block grants to school library aids. When annual base level funding of \$14,300,000 is considered, it is

estimated that \$28,200,000 in 1999-00 and \$21,700,000 in 2000-01 would be available from income on the common school fund for distribution to school libraries. Delete \$2,966,700 in 1999-00 and \$800,000 from general school aids to adjust overall state funding provided for two-thirds funding of partial school revenues. The fiscal effect of this deletion is shown under the summary item for general school aids.

In the 1997-99 biennium, \$14,300,000 annually was appropriated for school library aid from income on the common school fund. In addition, \$15,000,000 in 1997-98 and \$5,000,000 in 1998-99 was appropriated for TEACH Board block grants to school districts for educational technology. However, funding for the TEACH block grants is only distributed after the \$14.3 million of annual income from the common school fund is apportioned by DPI to school districts for school libraries and to the extent the additional funding is available. See "TEACH" for information relating to TEACH block grants.

[Act 9 Sections: 283m, 694b, 955t, 956g, 956r and 2140]

**5. HEAD START [LFB Paper 1110]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	- \$9,900,000	\$7,425,000	- \$2,475,000
PR	19,800,000	- 12,375,000	7,425,000
Total	\$9,900,000	- \$4,950,000	\$4,950,000

**Governor:** Delete base level funding of \$4,950,000 GPR and provide \$9,900,000 PR annually in a continuing appropriation for the Head Start supplement program. Provide that the PR funding would be federal childcare funds transferred from the Department of Workforce Development to DPI. Further, provide that the State Superintendent would be required to give preference when awarding funding under the program to agencies that operate full-time or early head start programs in addition to giving preference to agencies participating in federal head start program. Under the current program, funding is distributed to 34 federally-designated Head Start agencies, with preference given to those already receiving federal funding, to enable the expansion of their programs.

**Joint Finance:** Provide \$3,712,500 GPR annually and delete \$6,187,500 PR annually for the Head Start program. This would provide annual funding of \$3,712,500 GPR and \$3,712,500 PR for the program. Provide \$825,000 GPR annually for general school aids to adjust overall state funding provided for two-thirds funding of partial school revenues. The fiscal effect of this additional funding is shown under the summary item for general school aids.

**Senate:** Modify current law to allow state funding provided for the Head Start program to be used by Head Start agencies to serve children from families with incomes up to 165% of the federal poverty guidelines. Under current law, state funding for the Head Start program is used to serve federally eligible children. Under federal law, 90% children in the program must

be from families with incomes at 100% of the federal poverty guidelines. Up to ten percent of the children in Head Start may be from families with incomes that exceed the federal poverty guidelines. Based on the 1999 federal poverty guidelines, a child in a family of four with a total family income of \$16,700 would be eligible for the federal Head Start program. Under this provision and based on 1999 federal poverty guidelines, a child in a family of four with a total income of \$27,555 would be eligible for state supported Head Start services.

**Legislature:** Include Joint Finance provision.

[Act 9 Sections: 266m, 475 and 2046]

**6. AID TO THE MILWAUKEE PUBLIC SCHOOLS [LFB Paper 1111]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	-\$15,140,000	-\$860,000	-\$16,000,000
PR	<u>15,140,000</u>	<u>- 12,320,000</u>	<u>2,820,000</u>
Total	\$0	-\$13,180,000	-\$13,180,000

**Governor:** Delete \$7,570,000 GPR annually from the appropriation for aid to MPS. The base funding for this appropriation is \$8.0 million and is currently utilized for the following programs: (a) extended-day preschool to grade six programs; (b) four- and five-year-old kindergarten; (c) alcohol and other drug abuse; (d) family resource centers; (e) early childhood education contracts with day care centers; (f) first grade; and (g) alternative educational programs for learnfare pupils.

Modify the current GPR appropriation to specify that it would be for GPR aid to MPS. The remaining \$430,000 GPR of annual funding would be utilized for: (a) extended-day preschool to grade six programs; (b) four-year-old kindergarten; (c) alcohol and other drug abuse programs; and (d) family resource centers. Delete the current requirement that the funding be used to correct the academic deficiencies of educationally and economically disadvantaged pupils and to achieve a more effective and responsive educational program. Funding would be distributed according to a spending plan submitted by the MPS Board to the Governor and approved by the Joint Committee on Finance annually.

Create an annual, program revenue service appropriation for aid to MPS from federal block grant aid, which is temporary assistance to need families (TANF) funding. Provide \$7,570,000 PR annually and specify that this funding be utilized for: (a) five-year-old kindergarten programs; (b) early childhood education contracts with day care centers; (c) first grade programs; and (d) alternative educational programs for learnfare pupils. Specify that this aid would be distributed according to the spending plan, which under current law is required for the GPR aid to MPS. The MPS Board would be required to submit the plan to the Governor and the plan would be required to receive approval from the Joint Committee on Finance

annually. Provide that this would be a portion of the public assistance and local assistance funding of the state's TANF funding distribution.

**Joint Finance/Legislature:** Delete \$430,000 GPR and \$6,160,000 PR annually. Maintain the current law statutory language related to each of the current law programs and require MPS to continue funding the programs at least at the levels funded under the current law allocation procedure in 1998-99. The funding levels for programs for which state funding would be deleted include: (a) \$430,000 annually for extended-day programs; (b) \$1,070,000 annually for first grade programs; and (c) \$5,090,000 annually for kindergarten programs. The alternative education program and contracts with day care centers would be funded with \$1,410,000 PR of TANF funding annually.

Provide \$2,196,600 GPR annually for general school aids in order to maintain two-thirds funding of partial school revenues; the fiscal effect of this funding increase is reflected in the summary item for general school aids.

[Act 9 Sections: 261m, 267, 1278g, 2118g, 2118r, 2119, 2119m, 2120d, 2120h, 2120p, 2120t, 2121m, 2122m, 2123 and 2124]

#### 7. GRANTS FOR ALTERNATIVE EDUCATION

GPR	\$5,000,000
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**Senate/Legislature:** Provide \$5,000,000 in 2000-01 in a new annual categorical aid appropriation for grants to school districts and consortia of school districts for alternative education programs, as defined by DPI by rule. Require DPI to promulgate rules to implement and administer the program. In addition, require DPI to encourage rural school districts and consortia to apply for grants. Delete \$1,666,700 in 2000-01 from general school aids to adjust two-thirds funding for partial school revenues. The fiscal effect of this deletion is reflected in the entry for general school aids.

[Act 9 Sections: 255m and 2048m]

#### 8. COUNTY CHILDREN WITH DISABILITIES EDUCATION BOARDS [LFB Paper 776]

GPR	\$2,367,400
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**Joint Finance/Legislature:** Provide \$683,700 in 1999-00 and \$1,683,700 in 2000-01 in general aid for county children with disabilities education boards (CCDEBs). Delete \$227,900 GPR in 1999-00 and \$561,200 GPR in 2000-01 from general school aids in order to maintain two-thirds funding of partial school revenues. The fiscal effect of this deletion is reflected in the summary item for general school aids. Total funding for CCDEBs would be \$3,000,000 in 1999-00 and \$4,000,000 in 2000-01.



9. STAFF DEVELOPMENT [LFB Paper 780]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,500,000	-\$1,500,000	\$0

**Governor:** Provide \$500,000 in 1999-00 and \$1,000,000 in 2000-01 in a new, annual appropriation for grants to school districts, CESAs and other persons for staff development. Require the State Superintendent to promulgate rules to implement and administer this grant program, including rules relating to eligibility requirements, grant amounts and eligible grant uses.

**Joint Finance/Legislature:** Delete provision. Provide \$166,700 in 1999-00 and \$333,300 for general school aids to adjust overall state funding provided for two-thirds funding of partial school revenues. The fiscal effect of this increase is shown under the summary item for general school aids.

10. STATE TUITION PAYMENTS

GPR	\$1,158,300
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**Governor/Legislature:** Provide \$379,800 in 1999-00 and \$778,500 in 2000-01, above the base funding of \$7,595,100 in 1998-99, for tuition payments. Under current law, the state reimburses eligible school districts and county children with disabilities education boards for 100% of their prior year costs of educating children for whom there is no parental property tax base support, including: (a) children who live in children's homes; (b) children whose parents are employed at and live on the grounds of a state or federal institution; and (c) children who live in foster or group homes, if such homes are outside the school district in which the parent or guardian resides and are exempt from the property tax. In addition, current law requires DPI to utilize the tuition appropriation to pay the balance of payments owed to school districts under the full-time open enrollment program for which reductions in the resident district's state aid do not fully cover the payment to the nonresident district.

11. OPEN ENROLLMENT TRANSPORTATION [LFB Paper 777]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$1,000,000	-\$225,000	-\$1,225,000

**Governor:** Delete \$500,000 annually from base level funding of \$1,000,000 in 1998-99 for aid for full-time open enrollment transportation. Under current law, the parent of a pupil who is eligible for free or reduced-price lunch and who will be attending public school in a nonresident school district in the following school year may apply to DPI for the reimbursement of costs incurred by the parent for the transportation of the pupil to and from the pupil's

residence and the school that the pupil will be attending. The reimbursement amount may not exceed the actual transportation costs incurred by the parent or three times the statewide average per pupil transportation costs, whichever is less. In 1998-99, DPI estimates that \$100,000 will be expended for this purpose.

**Joint Finance/Legislature:** Delete \$225,000 in 1999-00 to reflect a reestimate of the funding needed. Provide \$75,000 GPR in 1999-00 in general school aids in order to maintain two-thirds funding of partial school revenues; the fiscal effect of this increase is reflected under the summary item for general school aids.

**12. PEER REVIEW AND MENTORING PROGRAM [LFB Paper 781]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	\$1,000,000	-\$1,000,000	\$0

**Governor:** Provide \$500,000 annually for the peer review and mentoring program, which has base funding of \$500,000. Under the program, CESAs or school district consortia can apply for grants to provide technical assistance and training for teachers to implement a peer review and mentoring program. Grantees must provide matching funds or in-kind services equivalent to at least 20% of the grant. DPI cannot award more than \$25,000 to an applicant in a fiscal year.

**Joint Finance/Legislature:** Delete provision. Provide \$166,700 annually for general school aids to adjust overall state funding provided for two-thirds funding of partial school revenues. The fiscal effect of this increase is shown under the summary item for general school aids.

**13. SMOKING PREVENTION PROGRAM [LFB Paper 455]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	\$1,000,000	-\$1,000,000	\$0

**Governor:** Provide \$500,000 annually in a new, annual appropriation for grants to school districts for smoking prevention programs for grades kindergarten to eight. Specify that grants under the program could not exceed \$10,000 and require DPI to promulgate rules to implement and administer this program.

**Joint Finance/Legislature:** Delete provision. Provide \$166,700 annually for general school aids to adjust overall state funding provided for two-thirds funding of partial school revenues. The fiscal effect of this increase is shown under the summary item for general school aids.

**14. PRESCHOOL TO GRADE FIVE PROGRAM**

GPR	\$700,400
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**Joint Finance/Legislature:** Provide \$350,200 annually, above the base of \$7,003,500, for the P-5 program, which is designed to improve the education of preschool through grade five pupils enrolled in school districts with high concentrations of economically disadvantaged and low-achieving pupils. A district receiving a P-5 grant must ensure that each elementary school complies with class size, testing, remedial assistance, parental involvement and staff development requirements. Three-year grants are awarded on a competitive basis to elementary schools in school districts that have high numbers of dropouts and low-income pupils. In 1998-99, 39 schools in four school districts received grants.

Delete \$116,700 annually from general school aids to adjust overall state funding provided for two-thirds funding of partial school revenues. The fiscal effect of this reduction is shown under the summary item for general school aids.

**15. WISCONSIN MORNING MILK PROGRAM**

GPR	\$523,400
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**Governor/Legislature:** Provide \$242,100 in 1999-00 and \$281,300 in 2000-01 for the Wisconsin morning milk program, which has base funding of \$429,300. This program provides Wisconsin produced milk each day to pupils enrolled in kindergarten to grade five who are eligible for free or reduced-price lunches.

**16. FOREIGN LANGUAGE INSTRUCTION GRANTS**

	Senate/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR	\$350,000	-\$350,000	\$0

**Senate/Legislature:** Provide \$350,000 in 2000-01 as a categorical aid under DPI and require DPI to award at least one grant in each fiscal year, on a competitive basis, to a school board or cooperative educational service agency for the development and implementation of a foreign language instruction program in a public school in grades kindergarten to six. Require DPI to promulgate rules to implement and administer this program. Reduce funding for general school aids by \$116,700 in 2000-01 to adjust two-thirds funding of partial school revenues; the fiscal effect of this reduction is reflected in the summary entry for general school aids.

**Veto by Governor [A-10]:** Delete \$350,000 in 2000-01 and the creation of the foreign language instruction grant program. The Governor's partial veto does not increase funding for general school aids by one-third of \$350,000 or \$116,700 in 2000-01, which is the amount reduced from general school aids by the Legislature when this program was shifted to DPI. This type of adjustment is typically done when funding for categorical aid programs is changed to adjust two-

thirds funding of partial school revenues. As a result, the estimated cost of two-thirds funding is understated by \$116,700 in 2000-01.

[Act 9 Vetoes Sections: 172 (as it relates to s. 20.255(2)(fL)), 262p and 2042e]

**17. AIDS FOR SCHOOL LUNCH AND NUTRITION**

GPR	\$93,600
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**Governor/Legislature:** Provide \$43,100 in 1999-00 and \$50,500 in 2000-01, above the base of \$4,320,600, for the school lunch and elderly nutrition programs. Federal law requires all states to provide a certain level of state aid to local sponsors of the national school lunch program each year as well as reimbursement payments under the elderly nutrition program.

**18. SCHOOL BREAKFAST FUNDING**

GPR	\$742,100
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**Senate/Legislature:** Provide \$742,100 in 2000-01 for the school breakfast program, above base funding of \$150,000. Delete the current start-up grant program and, instead specify that all of the funds be used to provide a per meal reimbursement of 10 cents for each breakfast served under the federal school breakfast program. Specify that if funding is insufficient to pay the full amount, payments would be prorated. Delete \$247,400 in 2000-01 from general school aids to adjust two-thirds funding for partial school revenues; the fiscal effect of this deletion is reflected in the summary entry for general school aids.

[Act 9 Sections: 256m, 2042s and 9339(7x)]

**19. ALTERNATIVE SCHOOLS FOR AMERICAN INDIANS** [LFB  
Paper 170]

GPR	-\$273,800
PR	401,000
Total	\$127,200

**Governor/Legislature:** Delete \$136,900 GPR annually and provide \$198,000 PR in 1999-00 and \$203,000 PR in 2000-01 for alternative schools operating American Indian language and culture education programs. Provide that all funding for the program would be from tribal gaming revenue. Increase reimbursement under the program for pupils who have completed the fall semester in the program from \$185 per pupil to \$200 per pupil.

Under current law, aid is provided to alternative schools, defined as any nonsectarian private school or tribally-operated school, operating American Indian language and culture education programs which meet certain requirements. If the amount appropriated is insufficient to pay the full amount, aid payments are prorated among all eligible schools. In 1997-98, four alternative school participated in the program.

[Act 9 Sections: 256, 570, 2054 and 2055]

**20. AID FOR SCHOOL DISTRICTS WITH A LARGE AREA**

GPR	\$250,000
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**Senate/Legislature:** Provide \$125,000 annually as a categorical aid for school districts that satisfy certain criteria. A school district that satisfies all of the criteria could apply to DPI by October 15 of each school year for a grant to supplement the equalization aid it will receive. The criteria would include: (a) the school district has an enrollment of fewer than 500 pupils in the previous school year; (b) the school district is at least 200 square miles in area; and (c) at least 65% of the real property in the school district is exempt from property taxation, owned or held in trust by a federally recognized American Indian tribe or owned by the federal government. DPI would be required to pay each school district that satisfies these criteria \$350 for each pupil enrolled in the previous school year, by June 30 of the current school year. If funding would be insufficient to fully fund a \$350 per pupil payment, the monies would be prorated among the eligible school districts. DPI would be required to promulgate rules to implement and administer this program. Delete \$41,700 annually from general school aids to adjust two-thirds funding of partial school revenues; the fiscal effect of this deletion is reflected in the summary entry for general school aids.

[Act 9 Sections: 253c and 2053am]

**21. GEOGRAPHICAL EDUCATION FUND**

**Senate:** Provide \$500,000 in 2000-01 in a separate appropriation for the Wisconsin geographical education fund. Provide that no monies may be encumbered under the appropriation after June 30, 2001. Require the DPI to enter into an agreement with the National Geographical Society Education Foundation (Foundation) to establish the fund. Specify that the agreement include all of the following: (a) that the Foundation manage the fund; (b) that DPI award an initial grant of \$500,000 to the fund to be matched by a grant from the National Geographical Society; (c) that income and appreciation from the fund be used to award grants and support programs to improve geographical education in Wisconsin; (d) that the Foundation annually submit to DPI an audited financial statement of the fund prepared by an independent auditor and a report listing the names of grant recipients and the amounts and purposes of awards and other expenditures made from the fund; and (e) that if the fund is dissolved, the Foundation shall return to DPI, the Department's original grant and any accumulated and unexpended income.

In addition, delete \$50,000 annually which is allocated by DPI to the Wisconsin Geography Alliance. The Alliance is part of a national program created by the National Geographic Society to enhance instruction in geography and social studies through curriculum development, pupil educational program and teacher professional development. The National Geographical Society provides \$50,000 annually to each state that provides \$50,000 annually in matching funds.

**Legislature:** Delete provision.

## 22. AODA PROGRAM FUNDING

PR	\$539,600
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**Governor/Legislature:** Provide \$178,600 in 1999-00 and \$250,100 in 2000-01 for AODA grants to districts, above base level funding of \$1,248,500, and \$33,700 in 1999-00 and \$77,200 in 2000-01 for AODA administration, above base level funding of \$774,700. Funding is derived from a portion of the AODA share of penalty assessment revenues, generated by a levy of a penalty assessment surcharge on each fine or forfeiture imposed by a court for violation of state law, municipal or county ordinance (except for smoking ordinance or non-moving traffic violations).

## 23. CONSOLIDATION OF GPR FUNDED AODA PROGRAMS

**Governor/Legislature:** Provide that the funding for the youth AODA program (\$1.8 million GPR annually) be combined with the funding for the early AODA prevention and intervention programs (\$2.72 million GPR annually) in a single appropriation. The current statutory sections for these programs would be consolidated into a single statutory section, which would allow schools districts to apply to DPI for a grant to fund an AODA program. Eliminate current law references to: (a) restrictions on grant amounts; (b) the number of grants distributed each year; (c) specific programs such as Drug Abuse Resistance Education (DARE), Families and School Together (FAST), pupil AODA projects and after-school/summer school; and (d) transferring of funding between AODA programs. Maintain references to: (a) development of administrative rules; and (b) collection, analysis and reporting of information on AODA program to the appropriate legislative standing committees and the Governor. Provide that such reports would be submitted by July 1, 2000 and biennially thereafter.

Under the current youth AODA program, grants are made to school districts for the development or expansion of K-12 AODA prevention and intervention curriculum or, if a district already has such a curriculum, the development or expansion of an AODA prevention and intervention program. Programs must meet standards established by DPI and are required to: (a) provide staff training in AODA prevention; (b) provide a pupil assistance program; (c) develop and implement a K-12 AODA curriculum; (d) provide instruction to pupils in ways to deal effectively with social pressures and gain positive self-esteem; and (e) give teachers release time to participate in training and pupil assistance programs. In awarding grants, DPI must give priority to school districts in which no pupil assistance program is available. Total funding for this program is \$1,800,000 GPR annually.

Under current law, the early AODA prevention and intervention program consists of four separate grant programs: (a) DARE; (b) FAST; (c) pupil AODA projects; and (d) after-school/summer school grants. Total funding for these programs is \$2,720,000 GPR in 1998-99. DPI is statutorily required to allocate \$995,000 for DARE, \$1,000,000 for FAST, \$300,000 for grants to pupil AODA projects and \$425,000 for after-school and summer school programs. DPI

is authorized to transfer funding among these programs if the amount allocated will not be fully utilized in a given program.

[Act 9 Sections: 260, 265, 2040, 2042, 2045, 2047 and 3116]

**24. PENALTY ASSESSMENT FUNDING FOR AODA PROGRAMS [LFB Paper 187]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
PR-REV	-\$1,827,500	\$1,371,000	-\$456,500

**Governor:** Modify two PR continuing AODA appropriations, which are funded through the penalty assessment surcharge imposed on certain fines and forfeitures, to be PR annual appropriations. Change funding for the programs from 13.6 percent of penalty assessment revenues to instead be the appropriated amounts of those revenues. Under the bill, penalty assessment revenues would initially be deposited to a newly-created appropriation under the Office of Justice Assistance (OJA), and only the amounts appropriated for AODA programs would be transferred from the OJA appropriation to the AODA appropriations. Provide that 90 percent of the unencumbered balance of the AODA appropriations on the effective date of bill would be transferred to the newly-created OJA penalty assessment appropriation. Staff from DOA estimate that this would result in \$1,827,500 being transferred to OJA from the current AODA PR appropriations. For more information on the penalty assessment funding see OJA under the "Department of Administration."

**Joint Finance/Legislature:** Reestimate the amount of revenue to be transferred to the OJA appropriation from \$1,827,500, to instead be \$363,000 for the AODA administration appropriation and \$93,500 for the AODA programs appropriation. In addition, specify that the amount to be transferred to the new OJA appropriation would be 90% of the unencumbered balance in June 30, 1999, plus any revenue credited to the appropriations between August 1, 1999, and the effective date of the bill.

[Act 9 Sections: 252, 266, 542, 2044, 2297 and 9239(1h)&(2h)]

**25. BILINGUAL-BICULTURAL EDUCATION AID**

**Joint Finance/Legislature:** Require DPI to provide \$250,000 annually as a first draw from the current annual appropriation of \$8,291,400 GPR for bilingual-bicultural education aid, divided proportionally based on reported costs, among school districts whose enrollments in the previous school year were at least 15% limited-English speaking (LES) pupils. Provide that aid paid in this manner would not reduce eligibility for other bilingual-bicultural aid. In certain cases, school districts are required by state law to provide special classes to LES pupils. In 1998-99, bilingual-bicultural education aid is provided to 38 school districts and reimburses 21.3% of

eligible costs. Aidable costs are defined as the districts' prior year costs for salaries, special books, equipment and other expenses approved by DPI which are attributable only to programs for LES pupils. Based on the most recent enrollment data available, one school district (Wausau) has an LES pupil enrollment of 15% or more of total school district enrollment.

[Act 9 Sections: 2065m and 2065n]

**26. PLANNING GRANT FOR A RESIDENTIAL SCHOOL**

**Assembly/Legislature:** Require DPI to reallocate \$100,000 GPR in 1999-00 from the children-at-risk program funding, which under the program would otherwise be provided to Milwaukee Public Schools, to fund a planning grant to the Foundation of Schools for Educational Evolution and Development for the purpose of planning a residential school in southeastern Wisconsin. Under Joint Finance, \$3.5 million GPR annually is appropriated for the children-at-risk program. It is estimated that in 1998-99, MPS will receive approximately \$2.3 million GPR of children-at-risk funding.

[Act 9 Sections: 254m and 9139(3x)]

**Choice and Charter Schools**

**1. MILWAUKEE PARENTAL CHOICE AND MILWAUKEE CHARTER SCHOOL PROGRAMS FUNDING AND PER PUPIL PAYMENTS [LFB Papers 785 and 786]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	\$92,211,100	-\$4,788,900	\$87,422,200
GPR-Lapse	\$92,211,100	-\$788,900	\$91,422,200

**Governor:** Provide \$31,739,600 in 1999-00 and \$42,201,500 in 2000-01 over the base year funding of \$6,600,000 for the Milwaukee parental choice program (MPCP). In 1998-99, base year funding in the sum sufficient appropriation for the program is \$6.6 million; however, because participation increased significantly following a Wisconsin Supreme Court decision to allow the participation of private religious schools, estimated expenditures are approximately \$28.7 million to fund 5,873 pupils at \$4,894 per pupil in 1998-99. DOA staff estimates that participation will increase by 1,500 pupils in 1999-00 and 3,000 pupils in 2000-01 from the base of 5,873 pupils. In addition, DOA staff estimates that the MPS average equalization aid per member, upon which the MPCP per pupil payments are based, will increase to \$5,200 in 1999-00



and \$5,500 in 2000-01. Using these projections, the total estimated cost of the program would be \$38,339,600 in 1999-00 and \$48,801,500 in 2000-01. Under the provisions of the bill, there would be an offsetting lapse from statewide equalization aid funding.

Provide \$5,850,000 in 1999-00 and \$12,420,000 in 2000-01 for Milwaukee Charter School Program (MCSP) charter schools. Under the provisions of 1997 Act 27, the Common Council of the City of Milwaukee, the Chancellor of University of Wisconsin-Milwaukee (UWM) and the Milwaukee Area Technical College (MATC) District Board are authorized to establish by charter and operate, or contract to operate a charter school located within MPS. DOA staff estimates that 900 pupils in 1999-00 and 1,800 pupils in 2000-01 will be enrolled in these charter schools and the MPS shared cost per pupil upon which this payment would be based will be \$6,500 in 1999-00 and \$6,900 in 2000-01. Under the provisions of the bill, there would be an offsetting lapse from statewide equalization aid funding.

Under current law, the State Superintendent is required to pay the parent or guardian of a pupil participating in MPCP an amount equal to the per pupil average equalization aid payment for the MPS or the private school's operating and debt service costs per pupil that is related to educational programming, whichever is less. In addition, the State Superintendent is required to pay the operator of an MCSP charter school an amount equal to the MPS shared cost per member multiplied by the number of pupils attending the charter school. The equalization aid for MPS is reduced by the total amount of payments made under the MPC and MCS programs. The State Superintendent is required to ensure that the amount of the aid reduction to MPS lapses to the general fund.

**Joint Finance:** Specify that the per pupil payment amount received by the parent of a pupil participating in the MPCP would equal the actual 1998-99 MPS equalization aid per pupil (\$4,894), as the base year per pupil payment, adjusted annually in 1999-00 and thereafter by the per pupil revenue limit adjustment received by public school districts. Specify that the per pupil payment amount received by a school participating in the MCSP would equal the actual 1998-99 MPS shared cost per pupil (\$6,052), as the base year per pupil level, adjusted annually in 1999-00 and thereafter by the per pupil revenue limit adjustment received by public school districts. The per pupil revenue limit adjustments are estimated to be \$212.43 in 1999-00 and \$216.68 in 2000-01. It is estimated that 8,000 pupils in 1999-00 and 9,200 pupils in 2000-01 will be enrolled in the MPCP, and 500 pupils in 1999-00 and 1,800 pupils in 2000-01 will be enrolled in the MCSP. Reestimate funding necessary for MPCP by \$2,511,800 GPR in 1999-00 and \$171,100 GPR in 2000-01. Increase lapses from general school aids by corresponding amounts. Reestimate funding necessary for MCSP by -\$2,717,800 GPR in 1999-00 and -\$754,000 GPR in 2000-01. Adjust lapses from general school aids by corresponding amounts.

Delete \$1,700,000 GPR in 1999-00 and \$2,300,000 GPR from general school aids in order to adjust two-thirds funding of partial school revenues to reflect the lower per pupil payments for these programs. The fiscal effect of this deletion is shown in the box above, and is reflected in the summary entry relating to general school aids funding.

Based on estimated enrollment and payment modifications, total funding for the MPCP is estimated to be \$40,851,400 in 1999-00 and \$48,972,600 in 2000-01. Per pupil payments for eligible MPCP pupils are estimated to be \$5,106 in 1999-00 and \$5,323 in 2000-01. Total funding for the MCSP is estimated to be \$3,132,200 in 1999-00 and \$11,666,000 in 2000-01. Per pupil payments for eligible MCSP pupils are estimated to be \$6,264 in 1999-00 and \$6,481 in 2000-01.

**Conference Committee/Legislature:** Modify the Joint Finance per pupil payments for the Milwaukee parental choice program to be the lesser of: (a) the private school's operating and debt service costs per pupil that are related to educational programming, as determined by the DPI; or (b) the amount paid per pupil in the previous school year plus the amount of the revenue limit increase per pupil provided to school districts in the current year.

[Act 9 Sections: 2090m, 2091, 2092, 2109p, 2109s, 2110 thru 2112, 2131 and 2132]

**2. MILWAUKEE PARENTAL CHOICE AND MILWAUKEE  
CHARTER SCHOOL STATE AID AND REVENUE LIMIT  
DETERMINATIONS [LFB Paper 786]**

GPR	- \$8,100,000
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**Governor:** Modify current law governing the calculation of equalization aid and revenue limits relating to eligible pupils attending private schools participating in the MPCP and pupils attending schools in the MCSP, as follows:

a. Delete the inclusion of pupils enrolled in a private school under MPCP and pupils enrolled in a MCSP school from the count of the average of the number of pupils enrolled on the 3<sup>rd</sup> Friday of September and the 2<sup>nd</sup> Friday of January of the previous school year, required for the annual membership report for each school district. Delete the provision that the membership used to compute state aid to MPS include those pupils who are attending MPCP schools in the current school year and were enrolled in grades kindergarten through three in a private school located in the City of Milwaukee, other than a MPCP school, in the previous school year. These changes would have the effect of removing these pupils from MPS membership for purposes of equalization aid and for revenue limits;

b. Delete the provision of current law that subtracts pupils attending schools under the MPC and MCS programs from the calculation of enrollment used to determine school district revenue limits, from preceding years. This would be deleted both from the three-year rolling average calculation for the base year and current year. Because these pupils would no longer be included in MPS membership under the bill, current law that removes these pupils would be deleted as no longer needed;

c. Delete the requirement that DPI reduce equalization aid paid to MPS in an amount equal to state payments to eligible pupils attending MPC and MCS program schools and that this MPS aid reduction lapse to the general fund. Delete the requirement that DPI ensure that

equalization aid paid to other school districts is neither reduced nor increased as a result of the MPC or MCS program payments or the reduction in aid to MPS; and

d. Provide that for the purposes of setting the equalization aid appropriation, the Joint Committee on Finance would be required to determine an amount necessary to meet the state's commitment to fund two-thirds of partial school revenues less the amounts paid for the MPC and MCS programs. A technical correction would be necessary to achieve the intent of the bill, which is that an amount equal to the cost of fully funding MPCP be lapsed to the general fund from the appropriation for equalization aid. Under this provision, the lapse of funding would affect school district aid amounts more generally, rather than primarily MPS as under current law.

Provide that these modifications would first apply to state aid distributed in the 1999-00 school year.

These modifications would result in a lower statewide membership for both revenue limits and state aid beginning in 1999-00. Staff at DOA estimate that the cost of two-thirds funding of partial school revenues would decrease by approximately \$1,900,000 in 1999-00 and \$3,900,000 in 2000-01 for the MPCP and \$600,000 in 1999-00 and \$1,700,000 in 2000-01 for the MCSP, compared to current law estimates. The fiscal effect of this provision is shown in the box above, and is reflected in the summary entry relating to general school aids funding.

**Joint Finance:** Modify the provision relating to the determination of the lapse for the MPC and MCS programs. Require DPI to: (a) determine the total amount of funding necessary to fund the MPC and MCS programs; (b) divide the amount determined under (a) by the total amount of funding appropriated for general school aids; (c) multiply the ratio determined under (b) by the amount of general school aid for which each school district qualifies; (d) reduce the general school aids for each school district in the state by the amount determined under (c) for each school district; and (e) ensure that the gross amount of these aid reductions would be lapsed to the general fund. This provision would reduce each school district's general school aids (equalization, integration and special adjustment aids), including those eligible for equalization aid under the primary aid hold harmless or special adjustment aid only, by a proportional amount. This provision would not affect individual school district's revenue limits; therefore, districts would be able to levy property taxes in an amount equal to the general school aids reduction.

**Assembly/Senate/Legislature:** Modify the Joint Finance provision relating to the general school aids reduction and lapse which funds the MPCP. Require DPI to: (a) determine the total amount of funding necessary to fund the MPCP; (b) reduce the general school aids paid to MPS by one-half of this amount; (c) divide one-half of the amount determined under (a) by the amount of general school aids for which the other 425 school districts are eligible; (d) multiply the ratio determined under (c) by the amount of general school aids for which each of the 425 districts qualify; and (e) reduce the general school aids for each of these districts by the amount

determined under (d) for each school district. Require DPI to ensure that the gross amount of these aid reductions would lapse to the general fund.

[Act 9 Sections: 2135, 2136m, 2153, 9339(5) and 9339(7h)].

### 3. MILWAUKEE PARENTAL CHOICE PROGRAM SUMMER SCHOOL

**Assembly/Legislature:** Provide that private schools participating in the Milwaukee parental choice program (MPCP) would receive payments for eligible pupils enrolled in summer classroom or laboratory periods that are for necessary academic purposes, as defined by the State Superintendent by rule. Provide that payments would be based on the estimated per pupil payments established for MPCP pupils under Joint Finance (an estimated \$5,106 in 1999-00 and \$5,323 in 2000-01) and that payments for these pupils would be included in the amount of funding lapsed from general school aids.

GPR	\$1,309,100
GPR-Lapse	1,309,100

Specify that the summer choice average daily membership equivalent would be defined as the summer average daily membership equivalent of pupils who were attending a private school under the MPCP on the 2<sup>nd</sup> Friday of January of the school term immediately preceding that summer or whose applications have been accepted for attendance at the private school in the school term immediately following that summer. Specify that summer average daily membership equivalent would be defined as the total number of minutes in which pupils are enrolled in academic summer classes or laboratory periods as defined by the State Superintendent divided by 48,600. Provide that a private school participating in the MPCP would be required to file a report with DPI stating its summer average daily membership equivalent and its summer choice average daily membership for the purposes of determining summer school payments annually, on or before October 15.

Provide that the State Superintendent would be required to pay the parent or guardian of each pupil enrolled in a MPCP private school an amount equivalent to the per pupil payment plus an additional amount for summer school attendance. Provide that the Superintendent could include the entire summer school payment in one quarterly installment or apportion the amount among several quarterly installments.

Although reliable data is not available, it is estimated that 100 FTE pupils in 1999-00 and 150 FTE pupils in 2000-01 would attend MPCP summer school classes. Based on these estimated enrollments, \$510,600 GPR in 1999-00 and \$798,500 GPR would be provided in the sum sufficient appropriation which funds the MPCP and a corresponding amount would be lapsed from general school aids. Because this provision would increase the total enrollment for the MPCP, the school property tax levy attributable to this program would increase because of the aid lapse. Therefore, the amount of funding necessary to meet the goal of two-thirds funding of partial school revenues would increase by an estimated \$340,400 GPR in 1999-00 and \$532,300

GPR in 2000-01. However, no funding would be provided to maintain two-thirds funding of partial school revenues.

[Act 9 Sections: 263m, 2109c, 2109g, 2109q, 2109t, 2128n, 2136m and 9339(6j)]

**4. MILWAUKEE PARENTAL CHOICE PROGRAM POSITIONS**

	Funding	Positions
GPR	\$205,600	2.00
FED	0	-2.00
Total	\$205,600	0.00

**Governor/Legislature:** Provide \$105,300 in 1999-00 and \$100,300 in 2000-01 and 2.0 classified GPR positions beginning in 1999-00 for the administration of the MPCP. Delete 1.0 FED project position and 1.0 FED classified position beginning in 1999-00 that had been used for the administration of the program.

**5. MILWAUKEE PARENTAL CHOICE PROGRAM - PUPIL INCOME ELIGIBILITY**

**Joint Finance:** Provide that the income eligibility requirement for the MPCP would not apply after a MPCP pupil's first school year of attendance at a participating private school. Specify that this provision would first apply to eligible pupils attending a private school under MPCP in 1998-99. Under current law, in order to be eligible for the MPCP, a pupil must be a member of a family that has a total family income that does not exceed an amount equal to 175% of the federal poverty level.

**Senate:** Delete provision.

**Conference Committee/Legislature:** Delete the Joint Finance provision and instead provide that a pupil would be eligible for the MPCP if the pupil is a member of a family that has an average total family income over a four-year period that does not exceed an amount equal to 1.75 times the federal poverty level. Provide that this modification would first apply to 1998-99 MPCP pupils.

**Veto by Governor [A-12]:** Delete provision, which maintains the current law income eligibility requirement.

[Act 9 Vetoed Sections: 2109m and 9339(7c)]

**6. MILWAUKEE PARENTAL CHOICE PROGRAM NOTIFICATION DATE**

**Senate:** Modify the current law date by which a private school is required to notify the State Superintendent of its intent to participate in the Milwaukee parental choice program to be February 1, rather than May 1, of the previous school year.

**Conference Committee/Legislature:** Delete provision.

7. MILWAUKEE CHARTER SCHOOLS SPECIAL EDUCATION  
AID [LFB Paper 787]

GPR	\$82,700
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**Governor:** Provide that Milwaukee charter schools would be eligible for special education aid. This would apply to the operator of a charter school established by charter and operated by the City of Milwaukee, UWM or MATC, or an individual or group under contract with any of these entities to operate a charter school. The operator of one of these charter schools could receive aid if it operates a special education program and the State Superintendent is satisfied that the operator of the charter school is complying with federal special education law under the Individuals with Disabilities Education Act (IDEA) as though the operator of the charter school were a local education agency, as defined under federal law. In this case, the State Superintendent would be required to certify to DOA a sum equal to the amount that the charter school estimates it will expend during the current school year for: (a) salaries of full-time or part-time licensed teachers; (b) licensed coordinators of special education; (c) licensed school social workers and psychologists; (d) paraprofessionals; (e) licensed consulting teachers to work with any teacher of regular education programs who has a child with a disability in a class; and (f) any other personnel, as determined by the State Superintendent. Provide that the costs certified would be eligible for reimbursement from the appropriation for special education and school age parents programs.

Provide that these charter schools would be eligible for aid on special education transportation costs. The operator of one of these charter schools could receive aid if it transports children with disabilities and the State Superintendent is satisfied that the operator of the charter school is complying with federal special education law under IDEA as though the operator of the charter school were a local education agency, as defined under federal law. In this case, the State Superintendent would be required to certify to DOA a sum equal to the amount that the operator of the charter school estimates it will expend during the current school year for special education transportation as costs eligible for reimbursement from the appropriations for aid for special education and school age parents programs and aid for special education transportation.

Under current law, a school district, CESA and CCDEB is eligible for reimbursement of certain prior year special education and special education transportation costs, based on specific reimbursement rates and the availability of funding. In 1998-99, \$275,548,700 GPR is provided for these purposes. No new funding would be provided for the addition of these Milwaukee charter schools.

**Joint Finance:** Modify the Governor's recommendation to require that the operators of these Milwaukee charter schools would be the designated local education agencies as defined under federal law and must comply with federal requirements for the provision of special education services to eligible pupils. Provide that the calculation of special education aid for these schools would be based on a sum equal to the amount expended in the previous school year for eligible purposes. Permit DPI to audit the costs reported by these charter schools and adjust the special education aid provided to them, in order to ensure that the final aid amounts

reimburse only eligible, actual costs. Specify that these modifications relating to state aid would first apply to aid paid in 2000-01. Provide \$82,700 GPR in 2000-01 for special education aid. Reduce general school aids by \$27,600 GPR in 2000-01 to maintain two-thirds funding of partial school revenues; the fiscal effect of this reduction is reflected in the summary item related to general school aids.

**Assembly/Legislature:** Modify the Joint Finance provision to provide that the operator of a charter school under the Milwaukee charter school program would be required to be the local education agency (LEA), unless the MPS School Board would enter into an agreement with an operator of a charter school under which the Board agrees to serve as the LEA for federal special education requirements.

[Act 9 Sections: 2055m, 2058, 2061, 2062 and 9339(4)(b)]

## 8. MILWAUKEE CHARTER SCHOOLS PUPIL ACADEMIC STANDARDS

**Governor/Legislature:** Require each operator of charter schools associated with the City of Milwaukee, UWM or the MATC to adopt pupil academic standards in mathematics, science, reading and writing, geography and history by January 1, 2000 or by January 1 of the first school year of operation, whichever is later. Allow an operator of these charter schools to adopt the pupil academic standards issued by the Governor in Executive Order 326.

[Act 9 Sections: 2072 and 2073]

## 9. CHARTER SCHOOLS -- INSTRUMENTALITY OF THE SCHOOL DISTRICT

**Governor:** Eliminate the requirement that charter schools established by the City of Milwaukee and operated by a for-profit entity must be an instrumentality of MPS and all staff employed by the charter school must be employees of MPS.

**Senate/Legislature:** Delete provision.

## 10. CHARTER SCHOOLS -- PETITION PROCESS MODIFICATIONS

**Governor:** Require all school boards to either grant or deny a petition requesting the school board establish a charter school within 30 days after the public hearing. Permit the person seeking to establish a charter school by petition to appeal a denial of the petition to DPI within 30 days after the decision. Under current law, only the MPS school board is required to grant or deny a petition within 30 days after the public hearing and only a person seeking to establish a charter school in MPS may appeal the denial of the petition.

**Senate/Legislature:** Delete provision.

## Assessments and Licensing

### 1. HIGH SCHOOL GRADUATION TEST [LFB Paper 791]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$10,197,000	6.00	-\$11,897,000	- 6.00	\$4,000,000	6.00	\$2,300,000	6.00

**Governor:** Make the following changes related to the high school graduation test (HSGT):

a. *Funding.* Provide \$3,597,000 in 1999-00 and \$6,600,000 in 2000-01 and 6.0 positions (4.0 project and 2.0 permanent positions) beginning in 1999-00 for the development of a high school graduation test. The test would be designed to measure whether pupils meet the academic standards for mathematics, science, social studies and English language arts issued as Executive Order 326, dated January 13, 1998, which would be referenced specifically under the bill.

b. *Grade Administration.* Require, beginning in the 2001-02 school year, that the HSGT would be administered at least twice each school year only to pupils enrolled in the 11<sup>th</sup> and 12<sup>th</sup> grades.

c. *Notification.* Require a school board and an operator of a charter school associated with the City of Milwaukee, UWM or MATC to notify DPI annually by October 1 if it intends to administer its own HSGT in the following school year.

d. *Parental Opt-Out.* Eliminate current law that allows a pupil to be excused from taking the HSGT upon request of his or her parent or guardian.

e. *Charter Schools.* Require charter schools established by school boards to administer the HSGT to pupils enrolled in the school. Allow charter schools associated with the City of Milwaukee, UWM or the MATC to develop or adopt their own HSGT. Specify that current law and bill provisions relating to the HSGT would apply to these Milwaukee charter schools, including provisions relating to: (a) the granting of a high school diploma; (b) administration of the test to children with disabilities and limited-English speaking (LES) pupils; and (c) development and use of alternative criteria for those disabled or LES pupils excused from taking the test.

f. *Correct Current Law Reference.* Delete an erroneous, current law reference to 1999-00 with respect to administration of the HSGT.



Under current law, beginning in 2000-01, school boards and operators of charter schools associated with the City of Milwaukee, UWM or the MATC are required to administer the HSGT at least twice each school year. Beginning on September 1, 2002, a school board cannot grant a high school diploma to a pupil unless: (a) the pupil has passes a high school graduation exam developed by DPI or by the school district; or (b) if excused from taking the exam upon request of a parent or guardian, the pupil is determined qualified for graduation through alternative criteria established by the school board. School boards are required to provide a pupil with at least four opportunities in the high school grades to take the exam.

**Joint Finance:** Delete \$4,447,000 in 1999-00 and \$7,450,000 in 2000-01 and 6.0 GPR positions, which includes annual base level funding of \$850,000 for this purpose, as well as the related current law requirement for DPI to develop a high school graduation test. In addition, delete the current law requirement relating to school administration of the high school graduation test as well as the requirement that a school board cannot grant a high school diploma to any pupil unless the pupil has passed the high school graduation test.

**Conference Committee/Legislature:** Restore the high school graduation test (HSGT) as follows:

a. *Funding.* Provide \$1,500,000 in 1999-00 and \$2,500,000 in 2000-01 and 6.0 positions (4.0 two-year project positions starting on January 1, 2000 and 2.0 permanent positions beginning in 1999-00) for the development of a HSGT. The test would be designed to measure whether pupils meet the academic standards for mathematics, science, social studies and English language arts issued as Executive Order 326, dated January 13, 1998, which would be referenced specifically under the bill.

b. *Grade Administration.* Specify that beginning in the 2002-03 school year, the HSGT would be administered at least twice each school year only to pupils enrolled in the 11<sup>th</sup> and 12<sup>th</sup> grades.

c. *Notification.* Require a school board and an operator of a charter school associated with the City of Milwaukee, UWM or MATC to notify DPI annually by October 1 if it intends to administer its own HSGT in the following school year.

d. *Criteria for Diploma.* Require school boards, by September 1, 2002, to adopt a written policy specifying the criteria for granting a high school diploma that are in addition to current law requirements relating to the number of credits or alternative education. These criteria would be required to include: (a) the pupil's score on the HSGT; (b) the pupil's academic performance; (c) the recommendations of teachers; and (d) any other criteria specified by the school board.

e. *Granting of Diploma.* Provide that beginning on September 1, 2003, a school board would be prohibited from granting a high school diploma to a pupil unless the pupil satisfies the criteria specified in the school board's policy.

f. *Transcripts.* Require that the pupil's scores on the HSGT appear on their transcript.

g. *Charter Schools.* Specify that these provisions would apply to charter schools established by school boards and the City of Milwaukee, UWM and MATC.

h. *Parental Opt-Out.* Restore the current law provision that allows a pupil to be excused from taking the HSGT upon request or his or her parent or guardian.

**Veto by Governor [A-8]:** Delete requirement that the criteria under section d. include any other criteria specified by the school board or operator of the charter school.

[Act 9 Sections: 2071s, 2074n, 2078n, 2080 thru 2082j, 2084m thru 2086h, 2090, 2130 and 9139(3d)]

[Act 9 Vetoed Section: 2086h]

**2. KNOWLEDGE AND CONCEPTS EXAMINATIONS**  
[LFB Paper 792]

GPR	\$224,800
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**Governor:** Make the following changes related to knowledge and concepts examinations administered in the 4<sup>th</sup>, 8<sup>th</sup> and 10<sup>th</sup> grades.

a. *Funding.* Provide \$82,400 in 1999-00 and \$142,400 in 2000-01 for the inflationary adjustment to the contract costs for the administration of the 4<sup>th</sup>, 8<sup>th</sup> and 10<sup>th</sup> grade knowledge and concepts examinations and the career interest inventory for 8<sup>th</sup> and 10<sup>th</sup> grade pupils.

b. *10<sup>th</sup> Grade Test Sunset.* Repeal the current 2000-01 sunset date for the 10<sup>th</sup> grade knowledge and concepts examination.

c. *Charter Schools.* Allow operators of charter schools associated with the City of Milwaukee, UWM or MATC to develop or adopt their own 4<sup>th</sup> and 8<sup>th</sup> grade knowledge and concepts examinations. Require an operator of such a charter school to notify DPI if it develops or adopts its own test. Further, specify that operators of these charter schools would be subject to a current law requirement that DPI be provided with statistical correlations of a local examination with the state's examination and U.S. Department of Education approval. Clarify that all current law and bill provisions related to the 4<sup>th</sup>, 8<sup>th</sup> and 10<sup>th</sup> grade knowledge and concepts examinations would apply to these Milwaukee charter schools, including provisions related to: (a) the promotion of a 4<sup>th</sup> or 8<sup>th</sup> grade pupil to 5<sup>th</sup> or 9<sup>th</sup> grade; (b) administration of the test to children with disabilities and limited-English speaking (LES) pupils, and (c) development and use of alternative criteria for those disabled or LES pupils excused from

taking the test. A modification to the bill is needed to clarify the Governor's intent that parents or guardians of pupils in these Milwaukee charter schools may excuse their children from these tests.

Under current law, school boards and operators of Milwaukee charter schools are required to administer knowledge and concepts tests in grades four and eight and in grade ten until the 2001-02 school year. Starting July 1, 2002, school board may not promote a fourth or eighth grade pupil to the next grade level unless: (a) the pupil achieves a score of basic or above on the knowledge and concept examination administered by DPI, or a passing score on the examination administered by the school board; or (b) if excused from taking the exam upon request of a parent or guardian, the pupil satisfies alternative criteria developed by the school board.

**Joint Finance:** Delete the current law requirement that a fourth or eighth grade pupil cannot be promoted to the next grade level unless the pupil achieves a school of basic or above and, instead, require school boards beginning in 2002-03 to adopt a written policy specifying the criteria for promoting a pupil from 4<sup>th</sup> and 5<sup>th</sup> grade or from 8<sup>th</sup> to 9<sup>th</sup> grade, including pupils enrolled in charter schools located in the school district. Specify that these criteria would be required to include: (a) the pupil's score on the 4<sup>th</sup> and 8<sup>th</sup> grade examination, unless the pupil is excused from taking the test; (b) the pupil's academic performance; and (c) the recommendation of teachers and may include any other criteria specified by the school board. Provide that beginning on September 1, 2002, a school board would be prohibited from promoting a pupil from 4<sup>th</sup> to 5<sup>th</sup> grade or from 8<sup>th</sup> to 9<sup>th</sup> grade unless the pupil satisfied the criteria specified in the school board's policy.

Specify that all of the above requirements would also apply to City of Milwaukee, MATC and UWM charter schools.

**Assembly:** Modify provisions contained in Joint Finance to specify that criteria adopted by school board's that would be used to determine whether a pupil should be promoted from 4<sup>th</sup> or 8<sup>th</sup> grade would be: (a) the pupil's score on the 4<sup>th</sup> and 8<sup>th</sup> grade examination, unless the pupil is excused from taking the test; (b) the pupil's academic performance; and (c) recommendations of teachers, which would be based solely on the pupil's academic performance.

**Conference Committee/Legislature:** Include the Assembly provision, except add a fourth criterion, which would be other academic criteria specified by the school board, and clarify that the same provisions would apply to operators of charter schools under the Milwaukee charter school program.

[Act 9 Sections: 2075 thru 2077, 2080 thru 2082g, 2082r, 2084, 2086m and 2090]

**3. WISCONSIN READING COMPREHENSION TEST**

GPR	\$67,500
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**Governor/Legislature:** Provide \$22,100 in 1999-00 and \$45,400 in

2000-01 for continuation of the current contract for administration, scoring and reporting the Wisconsin reading comprehension test given to third grade pupils. Clarify that operators of charter schools associated with the City of Milwaukee, UWM and MATC are required to administer this test.

[Act 9 Sections: 2090 and 2129]

**4. NATIONAL TEACHER CERTIFICATION INCENTIVE PROGRAM [LFB Paper 790]**

GPR	\$162,500
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**Governor:** Provide \$50,000 in 1999-00 and \$112,500 in 2000-01 and make permanent a program that provides grants to teachers certified by the National Board for Professional Teaching Standards (NBPTS). Increase the number of years an eligible teacher could receive a grant under the program by requiring DPI to award grants in the amount of \$2,500 to eligible teachers for nine consecutive years after the initial grant award of \$2,000. Require DPI to pay the first year grant in the school year in which the teacher is certified.

Under current law, DPI is required to award grants of \$2,000 to any eligible person in 1999-00, and \$2,500 in 2000-01 to any person who received a grant in the previous year and still meets the eligibility requirements for the program. In order to be eligible for a grant under the program, a person must meet the following criteria at the time of the initial grant and for the following grant year: (a) be a resident of the state; (b) hold a teaching license issued by the State Superintendent or employed in a private school; (c) be certified by the NBPTS; and (d) be employed as a teacher in the state. The Governor's recommendations would not modify current eligibility requirements. As of November, 1998, two Wisconsin teachers have been certified by the NBPTS.

**Joint Finance/Legislature:** Specify that the initial grant amount would be equal to the costs of obtaining the certification that are not supported through other funding sources, up to \$2,000. In addition, direct DPI to award to the initial grant in the school year in which the person is certified, or: (a) if certified while residing in another state, the first year in which the teacher meets the requirements for a state grant; or (b) if certified prior to the effective date of the 1999 budget act and otherwise eligible, in 1999-00.

[Act 9 Sections: 2050 thru 2053 and 9139(1f)]

## School District Operations

### 1. SCHOOL DISTRICT REFERENDA SCHEDULING [LFB Paper 764]

**Governor:** Provide that certain school district referenda requirements would be modified as follows:

*State Trust Fund and Long Term Loans.* Provide that if any school district is not empowered by law to incur indebtedness for a particular purpose without first submitting the question to its electors, the application for a state trust fund loan for that purpose would be required to be approved and authorized by a majority vote of the electors. Specify that this referendum could only be held at the next regularly scheduled spring election or general election that occurs not sooner than 45 days after the adoption of the resolution or at a special election held on the Tuesday after the first Monday in November in an odd-numbered year if that date occurs not sooner than 45 days after the adoption of the resolution. Require that the referendum be called, noticed and held in the manner provided for other referenda. Require that the notice of the referendum state the amount of the proposed loan and the purpose for which it would be used. Under current law, school districts may submit the question of an application for a state trust fund loan to the electors under a special election.

Modify the current law requirement that every application for a long-term loan by a unified school district, the required repayment of which exceeds 10 years, be approved by a majority vote of the electors of the school district at a special election, to instead require approval at a referendum as provided above.

*Joint Contracts.* Modify a current law requirement for voter approval of certain joint contracts entered into by municipalities, to require that if the municipality is a school district, the referendum would have to be held at the next spring election or general election to be held not earlier than 45 days after submittal of the issue or at a special election held on the Tuesday after the first Monday in November in an odd-numbered year if that date occurs not earlier than 45 days after submittal of the issue. Under current law, a municipality, including a school district, may enter into a joint contract with a nonprofit corporation organized for civic purposes and located in the municipality to construct or otherwise acquire, equip, furnish, operate and maintain a facility to be used for municipal and civic activities if a majority of the voters voting in a referendum at a special election or at a spring primary or election or September primary or general election approve the question of entering into a joint contract.

*School District Borrowing.* Require that a resolution for the purposes of school district borrowing be submitted to the voters at the next spring election or general election to be held not earlier than 45 days after the adoption of the resolution or at a special election held on the Tuesday after the first Monday in November in an odd-numbered year if that date occurs not earlier than 45 days after the adoption of the resolution. Under current law, in submitting a

resolution to the voters for the purposes of borrowing, the school board is be required to direct the school district clerk to call a special election for the purpose of submitting the resolution to the electors for approval or rejection or to submit the resolution at the next regularly scheduled primary or election to be held not earlier than 45 days after the adoption of the resolution.

*Milwaukee Public Schools.* Require that a proposal to exceed a statutory 0.6 mill levy rate for purposes of a school construction fund be submitted to the voters at the next regularly scheduled spring election or general election that occurs not sooner than 45 days after receipt of the communication or at a special election held on the Tuesday after the first Monday in November in an odd-numbered year if that date occurs not sooner than 45 days after receipt of the communication. Under current law, if the MPS School Board deems it necessary to exceed the levy rate, it may by a two-thirds of the members-elect include a communication to the Common Council of the City of Milwaukee as part of the budget transmitted to the Council. Upon receipt of the communication, the Council is required to cause the question of exceeding the levy rate to be submitted to the voters of the City at the September election or at a special election.

Require that a proposal to issue bonds for MPS school construction or remodeling be submitted to the voters at the next regularly scheduled spring election or general election that occurs not sooner than 45 days after receipt of the communication or at a special election held on the Tuesday after the first Monday in November in an odd-numbered year if that date occurs not sooner than 45 days after receipt of the communication. Under current law, if the MPS School Board deems it necessary to construct buildings or additions to buildings, to remodel buildings or to purchase school sites or to provide funds for any such purpose as a participant in an intergovernmental contract, it may by a two-thirds vote of the members-elect send a communication to the Council requesting that the Council submit a question to the voters to issue school bonds. Upon the receipt of the communication, the Council is required to cause the question of issuing such school bonds in the stated amount and for the stated school purposes to be submitted to the voters at the next election held in the city.

*Referendum to Exceed Revenue Limit.* Require that a school board wishing to exceed its revenue limit call a referendum at the next succeeding spring election or general election, if such election would be held not earlier than 45 days after the adoption of the resolution of the school board, or at a special election held on the Tuesday after the first Monday in November in an odd-numbered year if that date would occur not earlier than 45 days after the adoption of the resolution of the school board.

Under current law, in submitting a resolution to exceed the school district revenue limit to voters, a school board may call a special referendum, or a referendum at the next succeeding spring primary or election or September primary or general election, if such election is to be held not earlier than 35 days after the adoption of the resolution of the school board.

*Effective Date.* Provide that these modifications would first apply with respect to referenda called on or after the effective date of the bill.

**Joint Finance:** Delete provision.

**Assembly:** Provide that a referendum by any local government may only be held concurrently with regularly scheduled elections or on the first Tuesday after the first Monday of November of an odd-numbered year (no regular election is currently held on that date), unless a more restrictive limitation already currently applies. The regular scheduled elections are the spring primary, the spring election, the September primary or the general election. Under current law, referenda are authorized or required to be held by local governments at various times, including at special elections when no other offices appear on the ballot. Also provide that, unless otherwise required by law, no referendum submitted by the same local government relating to substantially similar subject matter or relating to authorization for the borrowing of money may be held more than once in any 12-month period. Provide that these provisions would be first effective with respect to referenda called on the effective date of the budget bill.

In addition, create a Referendum Appeal Board that would be administratively attached to the State Elections Board. Membership of the Board would consist of the Governor, Senate Majority Leader, Senate Minority Leader, Speaker of the Assembly, and the Assembly Minority Leader or their designees. Members of the Board would serve for indefinite terms. Provide that a local governmental unit may petition the Board for a determination that an emergency exists with respect to a particular referendum question and that a special referendum election is necessary. Upon approval of such a petition by at least four of the five members of the Board, the petitioning unit could hold the special election.

**Conference Committee/Legislature:** Delete provision.

## 2. SCHOOL CONTRACTING AUTHORITY

**Governor:** Allow school boards to contract with any nonsectarian private school or nonsectarian private agency located in the school district to provide educational programs to pupils enrolled in the school district. Require that such contracting comply with applicable state and federal requirements. Specify that other current law contracting provisions that only apply to MPS, relating to participation in a parent information program, insurance and financial requirements, pupil selection, reporting and performance measures, would apply under this proposed statewide authority. Further prohibit any school district employer from bargaining over matters relating to: (a) any decision to contract with a private nonsectarian school or agency to provide educational programs; or (b) the impact of any such reassignment on the wages, hours or condition of employment.

Under current law, these provisions only apply to the Board of School Directors of MPS. For more information on the Governor's recommendations related to prohibited subjects of bargaining applicable to school districts see "Employment Relations Commission."

**Joint Finance/Legislature:** Delete provision.

### 3. SCHOOL CALENDAR

**Governor:** Prohibit a public school from commencing the school term prior to September 1, beginning in 2001. Specify that this provision would not prohibit a school board from: (a) holding athletic contests or practices before September 1; (b) scheduling in-service days or work days prior to September 1; or (c) holding school year-round. Provide that these provisions would also apply to MPS.

**Joint Finance:** Delete provision as non-fiscal policy.

**Conference Committee/Legislature:** Prohibit a public school from commencing the school term prior to September 1, beginning in 2000. Allow school districts to opt-out of this provision, if the school board holds a public hearing in that school year and adopts a resolution to start school prior to September 1. Provide that this opt-out would have to occur each year. Specify that this provision would not prohibit a school board from: (a) holding athletic contests or practices before September 1; (b) scheduling in-service days or work days prior to September 1; or (c) holding school year-round. Provide that these provisions would also apply to MPS.

[Act 9 Sections: 2066m and 2108m]

### 4. DELETE FOREIGN LANGUAGE REQUIREMENT

**Assembly/Legislature:** Delete the current law requirement that school districts provide regular instruction in foreign language to pupils in grades seven and eight.

**Veto by Governor [A-7]:** Delete provision, thereby, retaining the requirement.

[Act 9 Vetoed Section: 2128m]

### 5. SCHOOL DISCIPLINE AND SAFETY

**Assembly:** Modify Joint Finance as follows:

a. Require the Board of Regents to direct the schools of education and other appropriate research-oriented departments within the UW System, to work with the technical college system board (WTCS), school districts, private schools and the Department of Public Instruction (DPI) to present to school districts and private schools the results of research on models for and approaches to improving school safety and reducing discipline problems in schools and at school activities. Require WTCS to work with these entities to present this information.

b. Require DPI to include in its annual school performance report, the following additional information related to the number of pupil suspensions and expulsions reported



according to categories specified by the State Superintendent: (1) the reasons pupils are suspended or expelled; (2) the length of time pupils are expelled; and (3) the educational programs and services, if any, provided to pupils during their expulsion. In addition, require the following additional information related to pupil suspensions and expulsions: (1) whether pupils return to school after their expulsion; (2) the schools attended by pupils who are suspended or expelled; (3) the grade, sex and ethnicity of pupils who are suspended or expelled; and (4) whether the pupils are children with disabilities. Provide that this additional information would be first included in the report to be distributed by January 1, 2002.

c. Provide that the period during which a pupil is absent from school due to a suspension or expulsion is an absence with an acceptable excuse for the purposes of the definition of habitual truant and an absence with legal cause for purposes of the definition of truancy.

d. Require any school teacher, school administrator, school counselor or school social worker who knows that a child is without a parent or guardian to report that fact as soon as possible to county social services department or department of human services or in Milwaukee County to the Department of Health and Family Services. Provide that this provision does not apply to a pupil who is a child who has a legal custodian or is cared for by a kinship care relative.

e. Require, starting on the first day of the 6<sup>th</sup> month after publication of the budget act, every school board to have in effect a school safety plan for each school in the school district.

f. Specify that for purposes of pupil suspensions and expulsion, conduct which endangers a person or property would be considered to include making a threat to the health or safety of a person or making a threat to damage property.

g. Require the Department of Justice (DOJ) to expand the use of the current controlled substances toll-free telephone number so that persons may anonymously provide information regarding dangerous weapons or criminal activity in public or private schools. In addition, require DOJ to provide an answering service for calls received outside normal retail business hours with a recorded message that requests the person calling to call 911 or a local law enforcement agency if the person is calling to provide information regarding dangerous weapons or criminal activity in a school. Require DOJ to provide information received through the hotline to the administration of the school and the appropriate law enforcement agency for that municipality immediately upon receiving the information or immediately at the beginning of the next business day if not received during normal business hours. Also, require DOJ to cooperate with the DPI in publicizing, in private schools, in addition to public schools as required under current law, the use of the toll-free telephone number.

h. Increase the maximum recovery from \$5,000 to \$20,000, in addition to taxable costs and disbursement and reasonable attorney fees, by a school board or governing body of a

private school from any parent or parents with custody of a minor child for the following actions of the minor child: (1) an act or threat that endangers the property, health or safety of persons at the school or under the supervision of a school authority or that damages the property of a school board or the governing body of a private school and that results in a substantial disruption of a school day or a school activity; (2) a violation of laws governing any of the following: (a) damage to property; (b) arson of buildings and damage of property by explosives; (c) arson of property other than a building; (d) placement of combustible or explosive materials or devices in or near any property with intent to set fire to or blow up such property; (e) possession, manufacture, sale, offer for sale, giving or transferring a fire bomb; and (f) bomb scares. Further, provide that recovery damages may include the cost to the school board or governing body of lost instructional time directly resulting from the action of the minor child. Provide that if two or more children in the custody of the same parent or parents are involved in the actions described above, the total recovery may not exceed \$20,000, in addition to taxable costs, disbursements and reasonable attorney fees, as determined by the court. Further, provide that if an insurance policy does not explicitly provide coverage for the actions listed above, the issuer of that policy is not liable for the damages resulting from those actions.

i. Create a new Class E felony for a threat to use a dangerous weapon or explosives to cause death, bodily harm or property damage in or on the premises of a structure owned, occupied or controlled by a governmental unit, a school or an institution of higher education.

j. Require DOJ and DPI to seek and apply for federal funds relating to school safety and reducing violence and disruption in schools, including funds for alternative schools or programs. Require each Department to report to the Legislature, Co-chair of the Joint Committee on Finance and the Governor by January 1, 2001 and January 1, 2003, on its progress in applying for and obtaining federal funding.

**Senate:** Require school boards to implement a school safety plan in each school by July 1, 2000. Require DPI to act as a clearinghouse for information about school safety, which would include information about: (a) school safety plans; (b) reducing disruptive and violent behavior in schools; (c) integrating school-based programs to reduce violence with other programs to reduce violence; (d) alternative education programs; (e) behavioral issues related to children with disabilities; and (f) training staff in classroom management.

**Conference Committee/Legislature:** Include the Assembly provisions, except delete the provisions relating to the toll-free number (section g) and the creation of a new felony (section i).

[Act 9 Sections: 887d, 896m, 2042g, 2048nr, 2048t, 2068m, 2068r, 2108m, 2124m, 2124t, 2124u, 3111s, 3111t, 9339(4g) and 9439(1g)]

## Administrative, Funding and Transfers

### 1. STANDARD BUDGET ADJUSTMENTS

**Governor/Legislature:** Adjust the base budget for: (a) turnover reduction (-\$374,400 GPR and -\$234,700 FED annually); (b) removal of non-continuing elements from the base (-0.95 PR position); (c) full funding of continuing salaries and fringe benefits (-\$157,400 GPR, \$696,800 FED and \$11,800 PR annually); (d) full funding of financial services charges (\$7,400 GPR and \$14,600 PR annually); (e) overtime (\$265,300 GPR and \$24,000 FED annually); (f) night and weekend differential (\$55,300 GPR annually); and (g) fifth week of vacation as cash (\$17,700 GPR, \$5,000 FED and \$3,300 PR in 1999-00 and \$18,300 GPR, \$5,100 FED and \$3,500 PR in 2000-01).

Funding Positions		
GPR	-\$371,600	0.00
FED	982,300	0.00
PR	<u>59,600</u>	<u>-0.95</u>
<b>Total</b>	<b>\$670,300</b>	<b>-0.95</b>

### 2. MINORITY PRECOLLEGE SCHOLARSHIPS

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR	\$1,900,000	-\$950,000	\$950,000

**Joint Finance/Legislature:** Provide \$950,000 annually to increase funding for the minority precollege scholarship program. Total funding for the scholarships would increase from \$1,050,000 in 1998-99 to \$2,000,000 annually. The program provides grants to minority middle and high school pupils to support the costs of attending precollege programs which are intended to enhance the pupils' academic ability to pursue postsecondary education. The average scholarship amount is approximately \$310.

**Veto by Governor [A-11]:** Delete \$475,000 annually. Total funding for the program will be \$1,525,000 annually in 1999-01.

[Act 9 Vetoed Section: 172 (as it relates to s. 20.255(3)(fz))]

### 3. LIBRARY SYSTEM FUNDING

GPR	\$2,000,000
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**Assembly:** Increase public library system aid by \$265,000 annually. Current base funding for library systems is \$13,249,800 in 1998-99.

**Senate/Legislature:** Increase public library system aid by \$500,000 in 1999-00 and \$1,500,000 in 2000-01.

#### 4. LIBRARY SYSTEM AID FORMULA

**Assembly/Senate/Legislature:** Delete the current law formula for distribution of state aid to public library systems. Instead, specify that until the total amount of state funding equals at least 11.25% of the total operating expenditures for public library services from local and county sources in the calendar year ending in that fiscal year, the amount of state aid received by each system would equal its prior year aid amount, adjusted by the same percentage as the percentage change in the public library system aid appropriation. Provide that beginning in the fiscal year that the total amount of state aid equals 11.25% of the total operating expenditure for public library services from local and county sources in the calendar year ending in that fiscal year, a new aid formula would apply. Under the new formula, the amount paid to a system would be determined by adding all of the following: (a) the system's percentage of the state's population multiplied by 85% of the total amount appropriated for library aid; (b) the system's percentage of the state's area multiplied by 7.5% of the total amount appropriated for library aid; and (c) the system's percentage of current fiscal year payments under municipal and county shared revenue programs multiplied by 7.5% of the total amount appropriated for library aid. If the territory of a system changes, DPI is required to adjust the aid paid according to promulgated rules.

[Act 9 Sections: 945de, 945dh, 945dp and 945dt]

#### 5. BADGERLINK [LFB Paper 801]

SEG	\$2,536,000
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**Joint Finance/Legislature:** Provide \$836,000 in 1999-00 and \$1,700,000 in 2000-01 in a new, sum certain annual appropriation under DPI to fund statewide Internet access to periodical and reference information databases, which are part of the BadgerLink project. Provide that the SEG funding would be from telecommunications provider contributions to the universal service fund that could be passed through to customers and would be assessed by the Public Service Commission.

[Act 9 Sections: 270m, 2041m and 2331g]

#### 6. FUNDING FOR LIBRARY CONTRACTS

GPR	\$111,900
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**Joint Finance/Legislature:** Provide \$38,300 in 1999-00 and \$73,600 in 2000-01 to increase funding for contracts with four providers of specialized statewide library services and resources. Contracts are maintained with the Milwaukee Public Library for the statewide interlibrary loan of its collection, the Wisconsin interlibrary services (WILS), the Wisconsin regional library for the blind and physically handicapped for statutorily required services for blind and handicapped citizens and the cooperative children's book center, a program of the UW-Madison School of Education which obtains and reviews literature for libraries statewide.

7. NEWSLINE FOR BLIND AND PHYSICALLY HANDICAPPED

PR	\$89,000
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**Joint Finance/Legislature:** Provide \$43,500 in 1999-00 and \$45,500 in 2000-01, transferred from the universal service fund, to fund a two-year extension in the contract with the National Federation of the Blind to provide the *Newsline* service. The *Newsline* provides dial-up telephone access to audio versions of major national newspapers for sight-impaired individuals. The National Federal of the Blind operates the *Newsline* and DPI contracts with the Federation to provide service from two local service centers: one located at the Wisconsin Regional Library for the Blind and Physically Handicapped in Milwaukee and the other at the main public library in Madison.

[Act 9 Section: 9139(1d)]

8. AGRICULTURAL EDUCATION CONSULTANT

	Assembly/Leg. (Chg. to Base)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$122,100	1.00	-\$122,100	-1.00	\$0	0.00

**Assembly/Legislature:** Provide \$56,400 in 1999-00 and \$65,700 in 2000-01 to the Department of Public Instruction in a new, annual appropriation from the agricultural chemical cleanup fund for 1.0 agricultural education consultant position at DPI to provide assistance in curriculum development and program improvement.

**Veto by Governor [A-13]:** Delete provision.

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.255(1)(q)), 252p and 9139(2g)]

9. YOUTH VILLAGE PROGRAM

GPR	-\$464,000
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**Governor/Legislature:** Delete \$232,000 annually and statutory references to the youth village grant program to reflect the elimination of the program. The funding provided in 1997-99 for this program was not expended because the corporation identified to operate the program was unable to obtain the financial support it needed to operate the residential program.

[Act 9 Sections: 268, 997, 1147, 2095, 3143, 3144 thru 3148, 3149, 3150 and 3154]

10. WISCONSIN SCHOOL FOR THE VISUALLY HANDICAPPED [LFB Paper 804]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$361,400	- 5.52	\$361,400	5.52	\$0	0.00

**Governor:** Delete \$180,700 annually and 5.52 classified positions beginning in 1999-00 from the Wisconsin School for the Visually Handicapped. These positions include: (a) 0.49 teacher; (b) 0.39 teaching assistant; (c) 1.00 education director; (d) 2.04 child care counselor; (e) 0.60 licensed practical nurse; and (f) 1.00 secretary. Currently, of these positions 1.88 FTE are filled and 3.64 FTE are vacant.

**Joint Finance/Legislature:** Delete provision.

11. WISCONSIN CENTER FOR THE BLIND AND VISUALLY IMPAIRED

**Assembly/Senate/Legislature:** Delete current statutory references to the Wisconsin School for the Visually Handicapped and instead establish the Wisconsin Center for the Blind and Visually Impaired (WCBVI), as follows:

**Wisconsin Center for the Blind and Visually Impaired.** Provide that the purpose of the Center would be to serve as a statewide educational resource relating to visual impairments to benefit all Wisconsin children who are visually impaired. Require the State Superintendent to maintain and govern the Center and appoint an individual who has training and experience in educating pupils who are visually impaired to serve as the Director of the Center. Require the Center to provide services that benefit children throughout the state who are visually impaired.

*School for Residents Ages Three to 20.* Require the Center to operate a school at which any resident in this state ages three to 20 years old who is visually impaired, and for the duration of a school term any resident who is visually impaired and becomes 21 years old during that school term, would be received and taught free of charge if the individualized education program for the resident and the educational placement specify the school operated by the Center would be the appropriate placement.

*Services for Residents 21 Years Old or Older.* Provide that the State Superintendent would be permitted to admit to the school operated by the Center a resident of the state who is visually impaired and is 21 years of age or older prior to the beginning of a school term, upon the payment of fees fixed by the Superintendent and upon the recommendation of the Secretary of Health and Family Services, the Director of the Technical College System or the Director of the Center.

*Services for Nonresidents.* Permit a nonresident of this state, who is visually impaired, who either is three to 20 years old or becomes 21 years old during a school term, whose

individualized education program and educational placement specify the school operated by the Center as the appropriate placement and who is capable of receiving instruction, to be received at the school upon payment in advance of fees fixed by the State Superintendent. Provide that no nonresident could be received to the exclusion of a resident pupil.

*Services for Birth to Two.* Permit the Center to provide instruction or services, or both, for visually impaired children under the age of two and their parents. Provide that the instruction or services would be subject to the approval of DPI and would be required to comply with requirements established by DPI.

*Library Services.* Provide that embossed, clear type or large type books acquired by the Center would constitute a circulating collection for persons who are visually impaired. Provide that the collection would be kept at the Center, under the supervision of the Director. Permit all school-age children of the state who are visually impaired to use such books, upon compliance with criteria established by the Director of the Center and approved by the State Superintendent.

*Summer Programs.* Require the Center to provide summer programs each year for children and adults who are visually impaired. Permit the State Superintendent to contract with other entities to provide the adult summer program.

*Independent Living Skills.* With the approval of the State Superintendent, permit the Center to use state-owned housing on the grounds of the Center in Janesville as a facility in which individuals receive instruction in and practice independent living skills.

*Location of Services.* In addition to providing services at the Center's facility in Janesville, permit the Center to provide services at any location in the state and to operate regional satellite facilities throughout the state to provide services.

*Nondiscrimination and Pupil Use of Residential Facilities.* Require the Director of the Center to make the residential facilities at the Center available to all pupils received at the school operated by the Center. Provide that all pupils at the Center would be permitted to equally and freely enjoy the benefits and privileges of the Center, have the use of the library and books of instruction and receive board, lodging and laundry, without discrimination, except that the Director of the Center may determine that board, lodging and laundry may not be provided to an individual because appropriate services are not available for that individual at the Center's residential facilities.

*Charges and Leasing of Space.* Permit the State Superintendent to charge for meals, living quarters, laundry and other services furnished to employees of the Center and their families. Permit the State Superintendent to charge for services furnished to visitors at the Center and participants in training programs and institutes. Permit the State Superintendent to lease space at the Center in Janesville that is not required by the Center to any person if such use would not be inconsistent with the operation of the Center.

*Legislative Audit.* In the 2002-03 fiscal year, require the Legislative Audit Bureau to perform a performance evaluation audit of the Center. Require the Bureau to submit copies of the audit report to the Chief Clerk of each house of the Legislature for distribution to the appropriate standing committees by June 30, 2003.

*School Term and Transportation.* Require the State Superintendent to fix the period of the school term at the school operated by the Center at not less than 38 weeks, prescribe the school sessions and confer diplomas upon meritorious pupils who have completed the prescribed curriculum. Provide that a pupil could be placed at the school for less than a school term under the pupil's individualized education program. Permit the Center to provide transportation for resident pupils at the school operated by the Center.

*Other Statewide Services.* Permit the Center to do any of the following:

1. Provide testing, evaluation and assessment services to assist local educational agencies, cooperative educational service agencies (CESAs) and county children with disabilities education boards (CCDEBs);
2. Provide technical assistance and consultation services to entities such as local educational agencies, CESAs, CCDEBs and private schools;
3. Develop and disseminate curriculum and instructional materials;
4. Provide inservice and other training to teachers and other staff serving pupils who are visually impaired;
5. Provide training, technical assistance and consultation services for parents of children who are visually impaired and for professionals who work with children who are visually impaired;
6. Provide materials in braille, large print and other appropriate formats to children who are visually impaired;
7. Train teachers and braillists about braille codes and formats used by individuals who are visually impaired;
8. Loan books and other materials from the Center's library;
9. Serve as a clearinghouse for information about children who are visually impaired, including information related to library resources, adapted materials and current research;
10. Assist in providing assistive technology services for pupils who are visually impaired;
11. Lend, rent or lease technological materials and assistive technology devices to local educational agencies, CESAs and CCDEBs;



12. Facilitate the preparation of teachers of pupils who are visually impaired by providing assistance to teacher preparation programs;

13. Coordinate and collaborate with public and private agencies and organizations that provide services to individuals who are visually impaired, including the development of employment skills and opportunities; and

14. Provide other statewide services that relate to the education of children who are visually impaired.

**Blind and Visual Impairment Education Council.** Delete the Council on the Education of the Blind and create a Blind and Visual Impairment Education Council in DPI. This new Council would consist of the following 17 members, at least one of whom has been certified by the Library of Congress as a braille transcriber, appointed by the State Superintendent for three-year terms: (a) three parents of children who are visually impaired; (b) three persons who are members of an organization affiliated with persons who are visually impaired; (c) three licensed teachers, one of whom is a teacher of the visually impaired, one of whom is an orientation and mobility teacher and one of whom is a general education teacher; (d) one school board member; (e) one school district administrator; (f) one school district special education director; (g) one CESA representative; (h) one person who has experience in educating the visually impaired or in educating teachers of the visually impaired and is affiliated with an institution of higher education; and (i) three other members, at least one of whom is visually impaired. Establish expiration dates for the terms of the initial members of the Council that would provide for the staggered appointment of future members.

Require the State Superintendent to seek the advice of and consult with, the Council on issues related to persons who are visually impaired. Require the Superintendent and the Director of the WCBVI, or their designees, to attend meetings of the Council. Provide that the Council may initiate consultations with DPI and would have access to public files, public records and statistics kept in DPI that relate to matters concerning children who are visually impaired. Provide that the Council would be required to do the following:

1. Meet at least twice each year;
2. Advise the State Superintendent on such statewide services, activities, programs, investigations and research as in its judgement would benefit pupils who are visually impaired;
3. Make recommendations for the improvement of services provided by the WCBVI;
4. Review the level and quality of services available to pupils in the state who are visually impaired and make recommendations about those services;
5. Propose to the State Superintendent ways to improve the preparation of teachers and other staff who provide services to pupils who are visually impaired; and

6. Propose to the State Superintendent ways to improve coordination between DPI and other agencies in providing services to persons who are visually impaired.

**Modifications to Appropriations.** Create three continuing, program revenue appropriations under DPI for all moneys received due to the hospitalization of pupils at the Wisconsin School for the Deaf (WSD) and the WCBVI, leasing space at the WCBVI and services provided at the WSD and the WCBVI. Modify the general program operations appropriation for the residential schools to delete the provision that the appropriation includes all moneys received in reimbursement for services rendered to institutional employes, participants in institutions and training programs and visitors at the state schools, except certain reimbursements which are required to be accumulated in an account named maintenance credits.

**Transition Plan.** Require the State Superintendent to prepare a transition plan that sets forth specific funding and staffing recommendations for the operation of the WCBVI and describe the appropriate steps for phasing in the appropriate program modifications, in consultation with, and with the review of, the Blind and Visual Impairment Education Council. Require the State Superintendent to submit the plan to the Governor and the Legislature no later than the first day of the seventh month beginning after the effective date of the budget bill.

[Act 9 Sections: 37j, 117, 250p, 250q, 250r, 250s, 250t, 250u, 250v, 250w, 641p, 912f, 912g, 913mv, 949, 999p, 1427h, 1427i, 1427j, 2042n, 2048ng, 2053b, 2053c, 2053d, 2053f, 2053h, 2053j, 2053k, 2053L, 2053m, 2053p, 2053q, 2053r, 2131d, 2142m, 3189m, 3189n, 9139(2c) and 9139(2cc)]

**12. DEBT SERVICE REESTIMATE [LFB Paper 245]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$85,100	\$214,200	\$299,300

**Governor:** Reestimate debt service costs by \$66,200 in 1999-00 and \$18,900 in 2000-01 over the base level of \$1,043,200.

**Joint Finance/Legislature:** Reestimate debt service costs by \$146,300 in 1999-00 and \$67,900 in 2000-01.

**13. REMOVE 1997-99 BUDGET REDUCTION FROM BASE**

**Governor/Legislature:** Delete \$33,200 and 1.0 position annually. Under 1997 Act 27, DPI was required to lapse \$33,200 annually from its GPR state operations appropriation. This provision would permanently reduce DPI's base budget by this amount.

	Funding Positions	
GPR	-\$66,400	- 1.00

**14. PROGRAM REVENUE REESTIMATES [LFB Paper 803]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$14,998,400	-\$13,999,000	\$999,400

**Governor:** Provide \$7,490,800 in 1999-00 and \$7,507,600 in 2000-01 for:

*Federal Monies Transferred From Other Appropriations.* Reestimate expenditures of transferred federal funding for: (a) vocational and applied technology education funds for DPI operations (-\$306,600 in 1999-00 and -\$306,800 in 2000-01); and (b) local assistance to school district for vocational and applied technology education (\$763,900 annually). These monies are shown as PR-S under the Department.

*School Lunch Handling Charges.* Reestimate revenues received from handling fees charged to school districts and other participating agencies by \$6,999,500 annually. Revenues are used to cover the cost for the storage and transportation of commodities received from the USDA for the school lunch program.

*Other.* (a) professional services center charges (\$10,000 in 1999-00 and \$25,000 in 2000-01; and (b) out-of-state tuition for residential schools (\$24,000 in 1999-00 and \$26,000 in 2000-01).

**Joint Finance/Legislature:** Delete \$6,999,500 annually from the school lunch handling charges appropriation. This funding would represent a duplication of funding already received by DPI in February, 1999, under s. 16.515. The funding was included in the Governor's budget, because at the time of submission, the s. 16.515 request had not yet been approved.

**15. FEDERAL REVENUE REESTIMATES**

FED	\$20,039,000
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**Governor/Legislature:** Reestimate federal revenues by \$10,246,300 in 1999-00 and \$9,792,700 in 2000-01. Of the total, reestimates would include: (a) revising base level funding, primarily for child nutrition programs, aid for disabled pupils, drug free schools, comprehensive school reform, including federal class size reduction, and charter schools (\$6,736,800 annually); (b) federal aids to individuals and organizations, including child nutrition programs, Byrd scholarships for outstanding high school seniors and national early intervention scholarship and partnership program for low-income students (\$3,088,900 in 1999-00 and \$2,635,400 in 2000-01); (c) library services and technology act revenues (-\$146,900 annually); and (d) federal funds for DPI operations (\$567,500 in 1999-00 and \$567,400 in 2000-01).

**16. SCHOOL ACCOUNTABILITY REPORT [LFB Paper 802]**

GPR	\$20,000
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**Governor/Legislature:** Provide \$10,000 annually for DPI's development of a school accountability report. The funding would be placed in DPI's general program operations appropriation. The Executive Budget Book indicates that the funding would be used to develop an internet-based individual school report card designed to allow for interdistrict comparisons.

**17. FEDERAL TECHNOLOGY LITERACY CHALLENGE FUND**

**Governor/Legislature:** Require the State Superintendent to consult with the TEACH Board before awarding school technology resource grants under provisions of federal law governing federal technology literacy challenge fund (TLCF) grants. Under the federal program, DPI awards grants, on a competitive basis, to school districts to assist schools in integrating technology into curricula and improving student achievement. In federal fiscal year 1999, Wisconsin received approximately \$6.9 million FED from the TLCF program.

[Act 9 Section: 2041]

**18. TRANSFER OF FEDERAL SCHOOL-TO-WORK FUNDING [LFB Paper 1062]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	-\$3,980,000	-\$128,400	-\$4,108,400

**Governor:** Reduce funding by \$1,990,000 annually to reflect the Governor's recommendation that federal monies provided for the technical preparation (Tech-Prep) program would be reallocated to the Governor's Work-Based Learning Board rather than to DPI. These monies are currently deposited in a PR-S appropriation used by DPI to receive monies from other state agencies. Of this amount, funding for local aids would be reduced by \$1,900,000 annually and funding for administrative functions would be reduced by \$90,000 annually. Provide that DPI would assist the newly-created Board in providing the school-to-work program, youth apprenticeship program, the technical college study grant program and the work-based learning program.

**Joint Finance:** Reduce funding by \$64,200 annually. In addition, require the Board to distribute at least \$1,646,100 of federal Carl Perkins tech-prep program funding for 1999-00 as follows: (a) \$70,000 to each of the 16 tech-prep consortia; and (b) a total of \$526,100 allocated among the consortia based on the number of 10<sup>th</sup> grade students in the consortium and the number of high schools within each Wisconsin technical college district. Further, direct the Board, during the 1999-00 program year, to review the local tech-prep programs and the organizational structure used to implement the tech-prep programs in order to determine

whether the current local tech-prep programs, funding allocation and organizational structure should be continued beyond 1999-00. Require the Board to report to the Joint Committee on Finance, by June 15, 2000, on its plan for these programs for approval under the 14-day passive review process. Specify that that the Finance Committee could approve, modify or reject the Board's plan, and that the Board could only implement the plan approved by the Finance Committee.

For more information on the proposed Governor's Work-Based Learning Board see "Workforce Development."

**Assembly/Legislature:** In addition to the above provisions, provide that in each fiscal year of the 1999-01 biennium, the Department of Workforce Development would be required to allocate at least \$284,300 PR from school-to-work funds to DPI. Specify that these funds would be used to support the costs of contracting with a vocational education consultant and other technical preparation-related costs.

[Act 9 Sections: 2018, 2086t, 9157(3x) and 9257(5f)]

**19. TRANSFER AT-RISK YOUTH SCHOOL-TO-WORK PROGRAM TO DWD**

GPR	- \$500,000
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**Governor/Legislature:** Transfer \$250,000 annually and the at-risk youth school-to-work program to DWD. Define at-risk children using the definition from the children at-risk program. Under the current program, the State Superintendent is required to award a grant, after reviewing the recommendations of the Governor's Council on Workforce Excellence, to a nonprofit agency in Milwaukee County for innovative school-to-work program for children at-risk.

In 1998-99, the full amount of the funding for this program was awarded to MPS for implementation of a program based on and affiliated with the Jobs for American's Graduates program, which helps states organize and implement education and employment transition systems with a priority on at-risk and disadvantaged youth. MPS has subcontracted with the Milwaukee County Private Industry Council to implement this program.

[Act 9 Sections: 270 and 2068]

**20. YOUTH OPTIONS PROGRAM**

**Joint Finance:** Modify the youth options program as follows:

a. Provide that when a pupil gains 12<sup>th</sup> grade status, as determined by the school board of the school district in which the pupil is enrolled, the pupil may participate in the youth options program for no more than two consecutive semesters.

b. Delete the current law provision that specifies that if a pupil is enrolled at a technical college under the program during any semester for seven credits or more that are eligible for high school credit, the school district is required to pay to the technical college an amount equal to 50% of the school district's average per pupil cost for regular instruction and instructional support services in the previous school year multiplied by the number of credits taken for high school credit divided by 15. A school board would be required to pay an amount equal to tuition, course fees and books for courses taken for high school credit, regardless of the number of credits eligible for high school credit for which the pupil is enrolled.

c. Provide that if a school board is required to pay tuition to a postsecondary institution on behalf of a pupil enrolled under the program, the tuition charged cannot exceed the amount that would be charged a resident of the state.

**Senate:** Modify the youth options program for pupils attending institutions of higher education, defined as UW System institutions, tribally controlled colleges and private colleges, as follows:

a. Delete the requirement that a school board determine whether a course that a student intends to take under the program is comparable to a course offered in the school district and whether the course satisfies any of the high school graduation requirements. In addition, delete the requirement that a school board pay for a course taken at an institution of higher education if the course is not comparable to one offered in the district. A school board would only pay for a course if high school credit would be granted.

b. Delete the requirement that the State Superintendent develop guidelines to assist school districts in making determinations relating to course comparability, whether the course meets high school graduation requirements and the number of credits to award for the course, if any.

c. Delete the provision which allows a pupil to appeal the school board's decisions regarding course comparability, satisfaction of high school graduation requirements or the number of credits to be awarded, to the State Superintendent within 30 days after the school board makes its determinations. Instead, specify that the school board's decision regarding the number of high school credits to award for the course would be final and not subject to review.

In addition modify the youth options program for pupils attending Wisconsin Technical College System (WTCS) institutions as follows:

a. Delete the requirement that a school district notify a pupil, at least 30 days prior to the beginning of the technical college semester in which the pupil will be enrolled, whether a course the pupil intends to take is comparable to one offered in the district. Require a school board to notify the pupil of the number of high school credits to be awarded, if any, for each course in which the pupil will be enrolled.

b. Delete the provision which allows a pupil to appeal the school board's decisions regarding course comparability and whether the course meets high school graduation requirements to the State Superintendent within 30 days after the school board makes its determinations. Instead, specify that the school board's decision would be final and not subject to review.

c. Delete the provision that specifies that: (1) if a pupil is attending a technical college for less than 10 credits during a semester, the school board is not responsible for payment for any courses that are comparable to courses offered in the district; and (2) if a pupil is attending the technical college for 10 or more credits during a semester, the school board is responsible for payment for courses that are comparable to courses offered in the district for one-half of the credits taken but no more than six credits.

d. Modify the provision that specifies that a pupil is eligible to receive both high school and technical college credit for courses successfully completed at the technical college by specifying that this provision would only apply to courses for which the school board has determined to award high school credit.

Specify that these modifications to the youth options program, as well as those included in Joint Finance, would first apply to enrollment in the program in the spring semester in 2000.

**Conference Committee/Legislature:** Include Joint Finance provision.

[Act 9 Sections: 2107f, 2107g, 2107n, 2107r and 2107t]

## 21. DIRECT INSTRUCTION PILOT PROGRAM

**Assembly/Legislature:** Require DPI to award a grant of \$280,000 FED annually from 1999-00 through 2002-03, from its federal program operations appropriation, to the UW-Milwaukee to conduct a direct instruction pilot program. Specify that the purpose of the program would be to determine the efficiency of direct instruction in improving the ability of children to read. Require that by August 1 of each year from 2000 through 2003 UW-Milwaukee submit a report, which describes the findings and conclusions of the study, to the appropriate standing committees of the Legislature and to the State Superintendent.

**Veto by Governor [A-14]:** Decrease the funding to be allocated for this purpose by \$200,000 FED annually. As a result, DPI is required to allocate \$80,000 FED annually from 1999-00 through 2002-03 for a direct instruction pilot program.

[Act 9 Section: 2042m]

[Act 9 Vetoed Section: 2042m]

## 22. DELETE UNUSED APPROPRIATIONS

**Governor/Legislature:** Delete three unused appropriations under DPI for the youth initiatives program, professional development activities, and youth services centers and truancy abatement and burglary suppression. By statute, no funds may be encumbered from these appropriations after June 30, 1996. Delete a fourth unused appropriation for the Wisconsin institute for school executives, which has a similar statutory prohibition on encumbrances after June 30, 1997.

[Act 9 Sections: 258, 259, 262 and 269]



## PUBLIC SERVICE COMMISSION

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
FED	\$186,800	\$188,400	\$188,400	\$188,400	\$188,400	\$1,600	0.9%
PR	28,381,000	28,412,900	28,328,900	29,228,900	29,178,900	797,900	2.8
SEG	<u>16,000,000</u>	<u>12,300,000</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>-8,000,000</u>	-50.0
<b>TOTAL</b>	<b>\$44,567,800</b>	<b>\$40,901,300</b>	<b>\$36,517,300</b>	<b>\$37,417,300</b>	<b>\$37,367,300</b>	<b>-\$7,200,500</b>	<b>-16.2%</b>

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
FED	1.00	1.00	1.00	1.00	1.00	0.00
PR	<u>191.50</u>	<u>191.50</u>	<u>191.50</u>	<u>191.50</u>	<u>191.50</u>	<u>0.00</u>
<b>TOTAL</b>	<b>192.50</b>	<b>192.50</b>	<b>192.50</b>	<b>192.50</b>	<b>192.50</b>	<b>0.00</b>

### Budget Change Items

### Agencywide

#### 1. STANDARD BUDGET ADJUSTMENTS

**Governor/Legislature:** Provide adjustments totaling \$800 FED and -\$240,400 PR in 1999-00 and \$800 FED and -\$221,500 PR in 2000-01 for: (a) turnover reductions (-\$242,600 PR annually); (b) removal of non-continuing elements from the base (-\$257,500 PR annually, of which -\$250,000 relates to intervenor financing); (c) full funding of salary and fringe benefit costs (\$800 FED and \$206,300 PR in 1999-00 and \$800 FED and \$225,200 PR in 2000-01); (d) full funding of financial services charges (\$2,300 PR annually); (e) reclassifications (\$3,300 PR annually); and (f) fifth vacation week as cash (\$47,800 PR).

FED	\$1,600
PR	<u>-461,900</u>
<b>Total</b>	<b>-\$460,300</b>

2. INFORMATION TECHNOLOGY INITIATIVES

PR	\$113,800
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**Governor/Legislature:** Provide \$56,900 annually to upgrade PSC's computer network as follows: (a) \$49,200 annually to fund the master lease costs (total cost of the hardware and software master lease is \$130,015) of converting the current non-compliant network to an upgraded computer network (Ethernet) that meets DOA standards and is Y2K compliant; and (b) \$7,700 annually for network maintenance. Of the amount provided for the network, \$1,000 annually is for the costs of including the Office of Commissioner of Railroads on the PSC network and would be funded from that office's appropriation.

3. PR APPROPRIATION FOR CONSUMER EDUCATION AND AWARENESS ACTIVITIES

PR	\$185,000
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**Governor/Legislature:** Provide \$185,000 in 1999-00 in a new continuing gift, grants, settlements and judgments appropriation to be used for consumer education and awareness activities. The revenue source for the 1999-00 appropriation amount is a \$185,100 settlement agreement between the Attorney General and Global Tel \*Link Corporation regarding overcharges for calls originating at prison payphones in Wisconsin prior to June 1, 1994. Consistent with the court-ordered settlement, the PSC has determined that the funds should be used for education initiatives for telecommunications consumers as approved by the Commission. While the funds in 1999-00 would be used for the specific purpose indicated, the on-going appropriation would be structured to allow for the receipt of monies from gifts, grants, and court orders, judgments or settlements that are to be used for consumer education and awareness. All moneys received to fund this appropriation would have to be spent for the purpose for which they are received.

As a part of the proposed change, the gifts for stray voltage program appropriation would be modified to standardize the language with the proposed new gifts and grants appropriation.

[Act 9 Sections: 225 and 226]

4. MODIFICATION OF STAFF ATTORNEY OFFICE SPACE [LFB Paper 805]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$84,000	-\$84,000	\$0

**Governor:** Provide one-time funding of \$84,000 in 1999-00 to reconfigure PSC office space to locate all of the agency's attorneys in one central location. Presently, staff attorneys for each of the PSC's divisions are located with rest of the individual division staffs (the PSC is located on two floors at a leased office building on the west side of Madison). The funds would be used

to pay contractors for the remodeling costs of establishing seven attorney offices in a central location and then reconfiguring the vacated space in the individual division areas. The Executive Budget Book indicates that this initiative is necessary to assist with plans to more equitably distribute workload among all the PSC staff attorneys.

**Joint Finance/Legislature:** Modify the Governor's recommendation by deleting \$84,000 PR in 1999-00 and placing it in the Joint Committee on Finance's PR appropriation for release to PSC under a 14-day passive review process once the PSC provides detailed documentation of a specific relocation plan and related cost estimates.

**5. MOBILE HOME PARK PROJECT POSITION**

PR	\$79,000
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**Governor/Legislature:** Provide \$39,500 annually for salary and fringe benefit costs to fully fund a PR project position to regulate Wisconsin mobile home park water and sewer services. 1997 Wisconsin Act 229 provided the PSC with one project position and partial funding in 1998-99 (the adjusted base includes \$27,100) for the purpose of establishing standards for providing water or sewer service in mobile home parks and investigating complaints. The project position will terminate on June 30, 2001. To fund these activities, the PSC assesses mobile home park operators a fee based upon the proportion of mobile homes in each park.

**6. GAS SERVICE COMPUTER MODEL**

PR	\$20,000
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**Governor/Legislature:** Provide one-time funding of \$10,000 annually to pay annual use fees for an updated computer model to conduct cost of service analyses for the natural gas industry. A cost-of-service model attributes the different costs of providing natural gas service among the various participants in the industry (e.g., producers, transporters, and distributors). The agency would solicit vendors through a RFP process to develop an up-dated computer model and the funds would be used to pay an annual maintenance fee for the use of the selected cost-of-service model.

**7. STRAY VOLTAGE RESEARCH**

	Legislature (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
PR	\$400,000	-\$50,000	\$350,000

**Senate:** Provide \$200,000 annually in a new, biennial appropriation within the UW System for research relating to stray voltage. Require the Board of Regents to establish a stray voltage research program to: (a) conduct research recommended in the Minnesota Science Advisors Report to the Minnesota Public Utilities Commission; (b) analyze field and economic

performance of electrical mitigation devices and systems; and (c) study electrical conditions on farms with potentially unique stray voltage concerns and the nature of animal responses to stray voltage. Funding for the research would be generated by assessing electric utilities regulated by the PSC.

**Conference Committee/Legislature:** Modify Senate provisions as follows: Provide \$200,000 annually in a new annual appropriation under the Public Service Commission (PSC) for stray voltage research. Provide that the appropriation would be funded with moneys received through assessments on public utilities totaling \$182,000 annually and from electric cooperatives totaling \$18,000 annually. Specify that the assessments would be based on operating revenues derived from intrastate operations during the last calendar year. Require public utilities and electric cooperatives to pay the total amount that is assessed within 30 days of receipt of the bill. Specify that the bill from the PSC constitutes notice of the assessment and demand of payment. Define electric cooperative as a cooperative association organized for the purpose of generating, distributing or furnishing electric energy at retail or wholesale to its members. Require the PSC to transfer from this stray voltage appropriation \$175,000 annually to UW System and \$25,000 to the Department of Health and Family Services (DHFS) for stray voltage research.

**Veto by Governor [A-30]:** Delete \$25,000 annually from the PSC appropriation as well as the requirement that DHFS conduct research in this area.

[Act 9 Sections: 222m, 294mm, 891k and 2336gq]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.155(1)(jm)), 222m, 891k and 997m]

## **8. DISPUTES OVER RAILROAD RIGHT OF WAY USAGE BY SEWER SYSTEMS**

**Senate/Legislature:** Authorize the PSC to intervene to resolve disputes between sewer systems operators and railroads over the cost of using railroad right-of-way in the same manner the PSC intervenes in disputes over the use of right of way between railroads and public utilities, telecommunication providers or cable operators. Define sewer system operators as municipalities, town sanitary district commissions, cities, villages, a metropolitan sewerage district commission, or a public inland lake protection and rehabilitation district which operate a sewerage system.

Under current law, if there is a dispute over the use of right of way between railroads and public utilities, telecommunication providers or cable operators, the PSC may intervene under certain circumstances. If the PSC finds that public convenience and necessity or the provision of reasonably adequate service requires that a public utility, telecommunications provider or cable operator should be permitted to use the right-of-way of any railroad, or requires that the tracks of any railroad be extended on, over or under the right-of-way of any public utility, telecommunications provider or cable operator, the PSC may order such an extension. The PSC may only make such an order if it will not materially impair the ability of the railroad,

telecommunications provider, cable operator or public utility whose right-of-way the extension would be made to serve the public. Under current law, the PSC prescribes the conditions and compensation that the PSC deems equitable and reasonable in light of all the circumstances.

[Act 9 Sections: 2311q and 2311s]

## 9. ESTABLISH PSC REGULATORY AUTHORITY OVER HOSPITALS

**Senate:** Require the PSC to promulgate rules regulating rate setting for hospitals based upon a price cap methodology that would set maximum rates that a hospital may charge for services. Define price cap to mean the maximum rate that may be charged for a service and that includes any allowable increase in the maximum rate that is based on increases in the consumer price index. Hospitals that would be subject to PSC regulation would be any facility for the diagnosis, treatment of and medical or surgical care for three or more patients. This would include those hospital facilities that provide a limited type of medical or surgical care, including orthopedic hospitals, children's hospitals, critical access hospitals, mental hospitals, psychiatric hospitals or maternity hospitals. Centers for the developmentally disabled would be exempt.

*Funding and Assessments.* Create an annual PR appropriation to fund the hospital rate price caps activities of the PSC but do not provide any expenditure authority. Authorize the PSC to assess hospitals for the estimated amount of revenue necessary to fund PSC administration of the regulation of hospital rates during a fiscal year. The assessments would be in proportion to each hospital's respective net income during the hospital's most recently concluded fiscal year. Prohibit the PSC from making an assessment on any hospital that had a net income increase of 3% or less over the net income for the hospital's next most recently concluded fiscal year. Require the PSC to make an initial assessment for the 1999-00 fiscal year and to submit a request for funding to the Finance Committee by December 1, 1999, under s. 16.515. In following fiscal years, each hospital would have to be assessed within 90 days of the start of the fiscal year and would have to pay the assessment by December 1, following the assessment.

*Rulemaking.* In promulgating rules establishing price caps for hospital rates, require the PSC to consider the following when promulgating rules regarding rates: (a) the need to reduce the rate of hospital cost increases while preserving the quality of health care in all parts of the state; (b) cost-related trend factors based on nationally recognized economic models; and (c) the past budget and rate experience of the hospital.

Further, require that the rules include requirements and procedures for hospitals to provide the PSC with information that the PSC determines is necessary to carry out its duties and for hospitals to notify the PSC and patients of rates charged and any increases or decreases in rates. Provide that the rules shall also include requirements and procedures for the PSC to regularly review and, if necessary, revise the price caps established by the PSC. The rules could also include any of the following: (a) exceptions from price caps for rural or teaching hospitals if

the PSC determines such hospitals are subject to special circumstances that warrant an exception; and (b) a uniform system to make reports to the PSC if the PSC determines that such a system is necessary.

Require the PSC to submit these proposed rules to the Legislative Council staff for review no later than July 1, 2000. Provide that these rules may not take effect before January 1, 2001.

In addition, provide that the PSC may establish a system that defines rates as aggregated charges based on patient case mix measurements if the PSC meets the following requirements: (a) submits its proposed system to the Joint Committee on Finance for approval; and (b) holds a hearing prior to promulgating rules for such a system. Provide that such a system could not take effect prior to January 1, 2001 and would have to ensure the quality of care at a reasonable cost to patients.

Prohibit the PSC, in establishing hospital rate price caps, from doing any of the following: (a) interfering directly in the personal of decision -making relationship between a patient and the patients physician; (b) restricting the freedom of patients to receive care at a hospital consistent with their religious preferences or request a hospital that is affiliated with a religious group to act in a manner contrary to the mission and philosophy of the religious group; (c) restricting directly the freedom of hospitals to exercise management decisions in complying with the price caps; (d) require the submission of unrelated financial data from religious groups affiliated with a hospital.

*Enforcement.* Authorize the Commission to seek judicial remedy to enforce compliance with the hospital rate price caps and with any rule or order of the PSC related to such rate caps if it first notifies the hospital and provides the hospital a reasonable time to correct a violation. Specify that the PSC shall commence any action in the circuit court for the county in which the hospital is located. Stipulate that a court may impose a forfeiture of up to \$5,000 per violation and that each week constitutes a separate violation. Authorize any court with jurisdiction to adopt additional remedies that it finds necessary to enforce compliance.

**Conference Committee/Legislature:** Delete provision.

## 10. TELECOMMUNICATIONS CONSUMER COMPLAINTS

**Senate/Legislature:** Require that no later than the first day of the 13<sup>th</sup> month after the effective date of the budget, PSC, DOJ and DATCP enter into a memorandum of understanding outlining their coordinated plans to address consumer complaints in the area of telecommunications. In addition, require DATCP to prepare and submit to the appropriate standing committee in each house of the Legislature beginning September 1, 2000, an annual report regarding telecommunications complaints. Require that the report contain all of the following telecommunications-specific information: (a) the number and types of complaints by category received by DATCP; (b) the number of referrals made by DATCP to the DOJ for prosecution and the results of those prosecutions; (c) the level of coordination initiated by DATCP to work with the

PSC and DOJ to respond to and address consumer complaints; and (d) a description of the differences in services provided between the PSC, DATCP and DOJ in responding to complaints.

**Veto by Governor [B-7]:** Delete provision.

[Act 9 Vetoed Sections: 1930r, 9104(1m), 9130(2m), 9141(5m) and 9404(2m)]

## 11. TELECOMMUNICATIONS TARIFF FILING EFFECTIVE DATES

**Governor:** Repeal the current ten-day minimum waiting period between the date of a rate tariff filing with the PSC and the effective date when a telecommunications utility can begin charging for new telecommunications services or commence the offering of promotional rates. Under current law, a telecommunications utility that chooses to offer a new telecommunications service or make a limited offering of promotional rates must first file a rate tariff with the PSC and wait a minimum of ten days before the rates can become effective. New telecommunications services are additional functions or features that were not part of any telecommunications services offered by the utility prior to January 1, 1994, such as caller identification or voice-mail. Promotional rates are time-limited, discounted rates for telecommunication services designed to encourage customer use of a service. Under current law, the PSC may, at the request of a telecommunications utility, direct that either of these special tariff filings be effective after a shorter time period than the ten-day waiting period specified in the statute. Under this change, these tariff filings would become effective upon their filing with the PSC unless a later date is specified in the filing.

Under the proposed change, the PSC would retain its current authority to suspend either type of proposed tariff. In the case of new telecommunications services, the PSC would continue to be able to suspend rate tariff filings by providing written notice to the telecommunications utility within 10 days of the filing. If the PSC suspends a new telecommunications services tariff, it may modify the tariff if the PSC finds that the filing violates statutory requirements regarding: (a) the prohibition on subsidization of any activity of an affiliate of the utility; (b) privacy considerations; or (c) the protection of telecommunications consumers. The PSC has a maximum of 60 days (120 days if a public hearing on the matter is held) to issue a final order on the proposed tariff or the tariff as filed becomes effective. With regard to promotional rates, the PSC would continue to be able to suspend a rate tariff within 10 days of filing if the PSC finds that the rate would violate any of the statutory requirements cited above. If the PSC suspends a promotional tariff, it must investigate and resolve the matter within 60 days of the date of the filing.

**Joint Finance:** Delete provision as non-fiscal policy.

**Assembly/Legislature:** Restore the Governor's recommendation.

[Act 9 Sections: 2311t, 2311u, 2335wr and 9341(1g)]

## Universal Service Fund

### 1. ASSISTANCE FOR INSTITUTIONS PROGRAM ELIMINATION [LFB Paper 810]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$3,700,000	\$3,700,000	\$0

**Governor:** Reduce funding in the universal telecommunications service appropriation funded from the universal service fund (USF) by \$1,700,000 in 1999-00 and \$2,000,000 in 2000-01 and repeal the PSC assistance for institutions program funded from the USF.

Transfer existing commitments for the three-year grant program to the TEACH Board on the general effective date of the bill. The TEACH Board would be required to provide remaining payments to those institutions identified by PSC as eligible for remaining grants under the program. A TEACH Board appropriation, funded from the USF, would be created to fund the cost of these remaining grants in the 1999-01 biennium and expenditures from the appropriation would be prohibited after June 30, 2001. According to DOA staff, the intent of this provision is to have TEACH honor existing commitments but not enter into any additional contracts in the 1999-01 biennium. The fiscal effect of providing funding for the remaining assistance for institution grants is shown under the TEACH Board.

Provide that the transfer of the following items, that are determined by the Secretary of DOA to be primarily related to the administration of this program, would be handled as follows: (a) all assets and liabilities (including tangible personal property and records) would be transferred from the PSC to the TEACH Board to the extent allowed under the contract; (b) all existing contracts entered into by PSC would remain in effect after the transfer until modified or rescinded by the TEACH Board to the extent allowed under the contract; (c) all rules and orders in effect prior to the transfer from PSC would remain in effect after the transfer until they expire or are modified or rescinded by the TEACH Board; and (d) any matters pending with the PSC would be transferred to the TEACH Board and all materials submitted to or actions taken by the PSC relating to the matter would be considered as having been submitted to or taken by the TEACH Board.

Under current law, the PSC assistance for institutions program provides three-year grants for partial reimbursement for new telecommunication services to eligible not-for-profit schools, private schools, charter schools, colleges and universities, technical college districts, public libraries and not-for-profit hospitals. Reimbursable services include two-way interactive video services, high-speed data transfer, toll call access to the internet, and direct internet access. The base budget for this program in 1998-99 was \$2,000,000. Grant levels are set at the lower of 30% of the monthly charge or \$300 per month the first year, 20% of the monthly charge or \$200 per month the second year, and 10% of the monthly charge or \$100 per month the third year.



**Joint Finance/Legislature:** Modify the Governor's recommendation by eliminating the assistance to institutions program but retaining the \$1,700,000 in 1999-00 and \$2,000,000 in 2000-01 for other USF programs. Also, delete language transferring the remaining assistance to institutions program commitments to TEACH, including the newly created appropriations, and authorize the PSC to pay the outstanding commitments from the USF appropriation. In total, base level funding of \$8,000,000 is retained for funding PSC USF programs. (See following entries for more information on eligible uses of the PSC USF funding and constraints imposed by the Committee on this funding.)

[Act 9 Sections: 226c, 2330 and 9141(1)]

## **2. TRANSFER PSC RESPONSIBILITIES FOR THE EDUCATIONAL TELECOMMUNICATIONS ACCESS PROGRAM**

**Governor/Legislature:** Transfer PSC's rulemaking and reporting functions related to the educational telecommunication access program to the TEACH Board.

Provide that effective on the first day of the third month beginning after the effective date of the budget bill all contracts, rules and pending matters relating to the educational telecommunications access program would be transferred from the PSC to the TEACH Board. Require the PSC to cooperate with the TEACH Board in providing orderly and efficient transferring of the program during the period between the effective date of the bill and the actual transfer. Provide that all contracts that were in effect would remain in effect until their specified expiration date or until they were rescinded or modified by the TEACH Board to the extent allowed in the contract. Specify that all rules promulgated and determinations made by the PSC that were in effect would remain in effect until their specified expiration date or until they are amended or repealed by the TEACH Board. Provide that pending matters and all materials submitted to the PSC or actions taken by the PSC concerning the pending matter would be considered as having been submitted to or been taken by the TEACH Board. Provide that all tangible personal property, including records, pertaining to the administration of the program would be transferred to the TEACH Board, as determined by the Secretary of DOA. Specify that all assets and liabilities pertaining to the administration of the program, as determined by the Secretary of DOA, would be transferred from the PSC to the TEACH Board.

Under current law, the TEACH Board is responsible for awarding grants for the educational telecommunication access program while the PSC is responsible for the rulemaking and reporting aspects of the program. Under this proposed change the TEACH Board would assume all of PSC's current responsibilities relating to the educational telecommunications access program, except for those relating to PSC's administering the universal service fund (USF) and making the assessments against telecommunication utilities necessary to fund the TEACH programs funded from the USF.

[Act 9 Sections: 116, 279m, 516, 2140, 2316 thru 2329, 2332, 2333, 2334 and 9141(1)]

### 3. ASSESSMENTS FOR USF FUNDED TEACH AND PSC PROGRAMS

**Governor:** Modify current law relating to assessments levied by the PSC on telecommunications utilities to provide revenues to the universal service fund (USF). The modification would provide that the assessment method used by the Commission shall ensure that assessment amounts collected are sufficient to generate the amounts necessary to fully fund the existing appropriations for those PSC programs and TEACH Board appropriations which are funded from the USF. Current law specifies that such assessments shall be sufficient to generate the amounts actually appropriated.

DOA staff indicate that the Governors' intent was that this change would allow the PSC to make a transfer of \$1,632,700 from estimated existing June 30, 1999, balances in the USF (an amount which DOA estimated was attributable to unexpended assessment amounts related to the PSC assistance for institutions program) to be used for a portion of the increased funds recommended by the Governor in 1999-00 for school districts and CESAs under the TEACH educational telecommunications access program. However, there is no language in the bill which provides for any such transfer of USF balances between accounts. Therefore, any increased funding for the educational telecommunications access program would be recovered in the normal way, which is by a specific assessment in 1999-01 for that program to "fully fund" (under the proposed changed assessment method language) that appropriation under the TEACH Board. A technical amendment would be required to accomplish the Governor's intent.

A related issue in connection with this assessment language concerns the proposal for the TEACH Board to make payments from a new appropriation under the Board for the remaining payments for the PSC assistance for institutions program. There is no provision in the bill to allow the PSC to either reallocate existing USF revenues to that new appropriation nor is there any modification in this assessment language section to allow the PSC to make an assessment to fund this new TEACH appropriation in the same manner as other TEACH appropriations funded from the USF. DOA staff have indicated that the Governor's intent was that these amounts should also be transferred from the estimated existing June 30, 1999, balances in the USF for PSC operated programs. A technical amendment would be required to accomplish the Governor's intent.

**Joint Finance/Legislature:** Delete provision.

### 4. NEWSLINE FOR THE BLIND PROGRAM

**Joint Finance/Legislature:** Require the PSC to allocate \$43,500 SEG in 1999-00 and \$45,500 SEG in 2000-01 from the USF appropriation to be transferred to DPI to fund the continuation of the Newsline for the Blind program. In addition, include statutory language enumerating the Newsline for the Blind program as a USF program. The Newsline program was first funded by

PSC in the 1997-99 biennial budget and provides dial-up telephone access to audio versions of major national newspapers for sight-impaired individuals.

[Act 9 Sections: 226c, 2332f, 9139(1d) and 9241(1d)]

## 5. MEDICAL TELECOMMUNICATIONS GRANT PROGRAM

**Joint Finance/Legislature:** Statutorily enumerate a new medical telecommunications equipment purchase program, as a part of the existing USF, to provide grants to nonprofit medical clinics and public health agencies for the purchase of telecommunications equipment for use in providing services to their clients. Specify that no more than \$500,000 SEG annually may be expended from USF for this purpose and is to be funded from within the existing \$8 million SEG annually appropriated for the USF programs. Direct the PSC to promulgate rules establishing the requirements and procedures for awarding the grants. Revenues for this program are provided from assessments made on telecommunications providers.

[Act 9 Sections: 226c, 2329m and 2332m]

## 6. PROGRAM COORDINATION WITH W-2 AGENCIES

**Joint Finance/Legislature:** Require the PSC to annually provide information booklets to all W-2 agencies describing the current assistance from the USF that is available to low-income individuals and how that assistance may be obtained. In addition, direct DWD to assist the PSC in identifying the W-2 agencies that should receive the information booklets.

[Act 9 Section: 2332t]

## 7. REHABILITATION TEACHERS FOR THE BLIND

**Assembly/Legislature:** Require the PSC to provide \$100,000 annually from the USF appropriation to DHFS to support: (a) salary and fringe benefits for 0.7 rehabilitation teacher (\$35,000); (b) travel costs for 14.8 rehabilitation teachers (\$40,000); and (c) adaptive equipment for clients served by the rehabilitation teachers (\$25,000). Create a PR continuing appropriation in DHFS to expend moneys transferred for this purpose.

DHFS is currently authorized 14.8 rehabilitation teachers that assist visually impaired individuals in their home to develop independent living skills. In some cases, DHFS funds the purchase of adaptive equipment, such as magnifiers, large print kitchen equipment and large print or braille clocks and watches for these individuals. These services are currently supported with GPR funds and federal matching funds available under Title IV-B of the 1973 Vocational Rehabilitation Act and transferred from DWD's Division of Vocational Rehabilitation (DVR).

This provision would replace revenue that had previously been available from the business enterprise program administered by DVR to support these costs.

**Veto by Governor [C-10]:** Delete provision.

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.435(6)(kd)), 226c, 445g and 2332n]

**8. BUDGETING FOR THE USF PROGRAMS [LFB Paper 811]**

SEG	- \$8,000,000
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**Joint Finance/Legislature:** Delete USF funding of \$8,000,000 in 2000-01 and instead place the funds in the Joint Finance Committee's supplemental SEG appropriation to be released under s. 13.10 upon approval by the Committee of a detailed expenditure plan from the PSC which identifies each program or activity under the universal service fund on which monies are proposed to be expended for the second year of the biennium. In addition, require the PSC to submit a proposed budget for each program as part of their biennial budget that includes the expenditure amount for each program by fiscal year and a description of each program. Finally, change the USF appropriation from a biennial appropriation to an annual appropriation.

[Act 9 Sections: 226c and 2333m]

## Regulation of Electric Utilities

**1. RELIABILITY 2000 INITIATIVE -- MODIFICATION OF ELECTRIC UTILITY REGULATION AND PUBLIC BENEFITS PROGRAMS**

PR	\$500,000
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**Senate:** Include provisions providing asset cap relief for public utility holding companies if they meet specified criteria, including transferring their transmission facilities to a new electric transmission company. Authorize creation of this company and specify its organization, duties, relation to PSC, and licensure requirements. Create a new public benefits program for low-income energy assistance and energy conservation, including the creation of new revenue sources. Provide numerous other provisions regarding the regulation of electricity.

### Asset Cap

Modify the current asset cap limitation on public utility holding companies if all public utility affiliates in a holding company system do the following: (a) agree to transfer

transmission facilities and land rights to a newly created transmission utility; and (b) satisfy the following requirements: (1) petition the PSC and the Federal Energy Regulatory Commission (FERC) for approval to transfer operational control of their electric transmission facilities that are located in Wisconsin, Iowa, Michigan, Minnesota and Illinois to the Midwest Independent System Operator (MISO); (2) file an unconditional, irrevocable and binding commitment to contribute, no later than June 30, 2000, all of the affiliate's transmission facilities in this state and land rights to the new transmission company; (3) file with the PSC an unconditional, irrevocable and binding commitment to also contribute transmission facility and land rights they may obtain after the effective date in Wisconsin; (4) notify the PSC in writing that they have become members of the MISO and will not withdraw their membership prior to contributing their transmission facilities to a new transmission company in this state; and (5) petition the PSC and FERC to approve the contributions.

If a public utility holding company meets the requirements above, then a modified asset cap formula for the holding company would be operative. First, a newly defined category of eligible assets of a nonutility affiliate in the holding company system would be excluded from both the sum of the assets of the public utility affiliates and of the nonutility affiliates in the asset cap formula. Second, the net book value of the transmission facility assets that the public utility contributes to a transmission company would be included in the sum of the assets of the public utility affiliate in the asset cap formula. Third, if the PSC, a court or a federal regulatory agency orders the public utility affiliate to transfer generation assets to another person, the net book value of the sum of these generation assets would be included in the sum of the assets of the public utility affiliate in the asset cap formula.

In addition, provide that the PSC would be prohibited from imposing upon a holding company that was established prior to 1985 and which is not itself a public utility (WICOR) any asset cap that is less than 25% and specify that the asset cap would not apply to the ownership, operation, management or control of any eligible asset, or an asset that is used for manufacturing, distributing or selling swimming pools or spas.

### **Creation of Transmission Company**

Authorize public utility companies in the eastern portion of the state to transfer ownership of their transmission facilities, in exchange for stock, to a new transmission company (TC) that has as its sole purpose the planning, construction, operating and maintaining and expanding its transmission facilities to provide an adequate and reliable transmission system. Authorize public utility affiliates to join the TC as a condition of receiving asset cap relief. Further, permit electric cooperatives and other public utilities to transfer their transmission facilities to the TC under the same terms. Allow transmission-dependent utilities and retail electric cooperatives to purchase equity interest in the TC.

**Transmission company organization.** Specify that the TC could be either a corporation or a limited liability corporation. Provide that the board of directors/managers would consist of no less than five and no more than 14 managers or directors. Require that: (a) at least four of

the directors/managers be elected by a majority vote of the security holders of the company and not be employees or independent contractors of a person engaged in the production, sale, marketing, transmission or distribution of electricity or natural gas or an affiliate of such a person; and (b) the remaining directors/managers be appointed by shareholders, or combination of shareholders, that meet a minimum ownership stake criteria.

**Transmission company duties.** Provide that the TC would be required to do all of the following: (a) apply for any state or federal approval to begin operations no later than November 1, 2000; (b) enter into a three-year contract with the transmission utilities that transfer their facilities to provide operation and maintenance; (c) assume existing obligations associated with the transferred facilities; (d) apply for membership in the MISO system as a single zone; (e) transfer, upon determination by the PSC, operational control of its transmission system to the MISO; (f) remain a member of the MISO or any federally approved successor for at least six years; and (g) elect to be included in a single zone for tariff purposes.

Provide that after the PSC has authorized the TC to begin operations, the TC would have the exclusive duty to provide transmission service in a specified area of the state. Specify that the TC would be authorized to construct transmission facilities, with PSC approval, and, subject to any approval required under federal law, purchase or acquire additional transmission facilities.

Require the TC to operate a single zone pricing systems and if necessary develop a five-year phase-in plan for this purpose. Stipulate that the TC would have to consult with all of the contributing public utility affiliates in developing the plan and require the TC to also seek plan approval from the FERC and the MISO.

**Restrictions on the transmission company.** Prohibit the TC from doing any of the following: (a) selling or transferring its assets unless they are sold, transferred or merged in an integrated manner that ensures that transmission facilities are planned, constructed, operated, maintained and controlled in a single transmission system; (b) by-passing the distribution facilities of an electric utility or providing direct retail service; and (c) owning generation facilities or selling, marketing or brokering electric capacity or energy, except if authorized or required by the FERC.

**PSC jurisdiction.** Provide that the TC would be subject to PSC jurisdiction except to the extent that it is subject to the exclusive jurisdiction of the FERC. Stipulate the PSC would be required to review the terms and conditions of any transfer of transmission facilities and arbitrate disagreements over land transfers unless it is subject to federal jurisdiction. Specify that any transfer must: (a) be at net book value; (b) minimize any adverse tax consequences; and (c) make allowance for merger-related accounting restrictions. Require that if a public utility affiliate commits to contributing land rights to the transmission company, the affiliate would have to comply with stipulated transfer requirements. Provide for forfeiture provisions and allow legal petitions to ensure execution of any commitment to contribute transmission facilities and land rights to the TC.

Repeal the PSC authority to approve any issuance of securities by the company or to exclude the TC from the definition of a holding company and, thus, the state holding company law. Prohibit the PSC from treating any dividends, gains or profits from a utilities investment in a transmission company as credits against the retail revenue requirements of the utility.

Provide that the PSC would be required to determine when the MISO would be authorized to begin operation. Specify that at that time each transmission utility in the transmission area that is a public utility would have to transfer operations control over its transmission facilities to the MISO. Also, require that all public utilities which did not contribute their transmission facilities to the TC would have to become part of the single zone within the MISO. Provide that after the MISO begins operations, the MISO would have the exclusive duty to provide transmission service in the transmission area. Specify that if the PSC determines the MISO has failed to commence operations or has ceased operations, the PSC would be required to designate another independent system operator that is authorized under federal law to operate in Wisconsin.

### **License Fees for Light, Heat, and Power Companies**

Define a transmission company as a light, heat and power company for the purposes of the annual license fee on such companies and therefore exempt from general property taxes. Provide that the annual license fee imposed on a transmission company would be an amount equal to the gross revenues multiplied by the rate specified for gross revenues of a private light, heat and power company. Specify that, for a transmission company, "gross revenues" would mean total operating revenues as reported to the PSC except revenues for transmission service that is provided to a municipal light, heat and power company, or to a public utility.

Provide that transmitting electric current for light, heat or power would be added to the businesses that, when carried out by an electric cooperative taxed under the license fee for electric cooperatives, would not be included in the definition of a "light, heat and power company" for the purpose of the license fee on such companies.

Specify that these provisions would first apply to taxable years beginning on January 1 of the year in which the bill generally takes effect, unless the bill's general effective date is after July 31. In that case, the provisions would first apply to taxable years beginning on January 1 of the following year.

### **Public Benefits Programs**

**Public benefits program elements.** Direct DOA, in consultation with a new Council on Public Benefits, to establish low-income energy assistance and energy conservation and efficiency services public benefit programs.

*Low-Income Energy Assistance Programs.* Create a program for awarding grants to be administered through DOA's Division of Housing to provide assistance to low-income households for weatherization and other energy conservation services, payment of energy bills

and the early identification and prevention of energy crises. Specify that in each fiscal year, the amount awarded under the program for weatherization and other energy conservation services would have to be sufficient to equal 47% of the sum of the federal low-income weatherization and energy conservation funds received by the state, all revenues spent by continuing low-income programs established by utilities, all funds expended under this new DOA program and 50% of the public benefits funds received from municipal utilities.

*Energy Conservation and Efficiency and Renewable Resources Programs.* Create a program for awarding grants for energy conservation and efficiency services and for renewable resources programs directed at: (a) the least competitive sectors of the energy conservation and efficiency services market; and (b) promoting environmental protection, electric system reliability or rural economic development. Specify that 4.5% of the funds for this program be expended for renewable resources and 1.75% of the funds be used for research and development proposals. Require DOA to establish requirements and grant application procedures for grants by rule.

**Program administration.** *Department of Administration.* Provide that DOA's Division of Housing shall contract with: (a) community action agencies, nonprofit corporations or local units of government to provide the low-income program services; and (b) with one or more nonprofit corporation to administer the energy conservation and related programs. Require that DOA, beginning in the 2004-05 fiscal year, determine whether to continue, discontinue or reduce any of the programs related to energy conservation and efficiency and renewable resources. Direct DOA to determine the amount of funding necessary for the programs that are continued or reduced and notify the PSC of this funding determination.

*Other DOA Duties.* Require that DOA encourage customers to make voluntary contributions to support public benefit programs. Specify that DOA conduct an annual independent audit of the public benefits programs for submission to the Legislature and Governor.

*Emergency Rules.* Specify that DOA promulgate emergency rules for the public benefits programs no later than 60 days after the general effective date of the biennial budget act and that draft permanent rules be submitted to the Legislative Council within six months of the general effective date of the biennial budget act.

*Council on Public Benefits.* Create an 11-member Council on Public Benefits, attached to DOA and require DOA to consult with the Council in the development of public benefits programs.

**Revenue sources for the public benefits programs.** *Continuation of Existing Utility Funding.* Require that the PSC determine the amount each major investor-owned electric or gas utility spent on public benefit programs in calendar year 1998 and require them to continue to collect such amounts through rates. Specify that for calendar years 1999, 2000 and 2001 utilities would have to phase over such revenue amounts from their programs to the DOA public benefits programs so that by 2002 the utilities would contribute the entire amount to DOA.



*New Fees -- Collected by Investor-Owned Utilities.* Specify that these new fees, set by DOA by rule, would have to be flat fees, not based on the customer's electric usage, but would vary between customer classes. Require that 70% of the amounts collected would have to be charged to residential customers and 30% would have to be charged to nonresidential customers. Provide that, through June 30, 2008, the total amount of fees payable by an individual customer would be capped at a 3% increase in the customer's total bill for all other charges or \$750 per month, whichever is less.

For the low-income programs in 1999-00, provide that the fees must be sufficient to generate \$27 million minus one-half of the amount raised by municipal utilities and cooperatives. For subsequent years, provide that the amount to be raised would have to be "the low-income need target" minus: (a) one-half of the amounts raised by municipal utilities and cooperatives; (b) all federal funds received for low-income programs; and (c) all funds collected by utilities at the 1998 level of public benefit program expenditures by the utilities. Define "low-income need" as the amount by which the cumulative energy bills of all low-income households in the state exceed 2.2% of the cumulative incomes of such households. Define "low-income need target" as the proportion of the low-income need funded in fiscal year 1999-00 times the low-income need of a given year. Require that the low-income need target be set such that it would fund from these fees the same proportion of a given year's low-income need as was funded in 1999-00 outside of funding from other sources.

For the energy conservation and efficiency services program in 1999-00, require that the fees be sufficient to generate \$20 million minus one-half of the amounts raised by municipal utilities and cooperatives. Require that for subsequent years the portion of fees for this program be the same as determined for 1999-00, except direct DOA to reduce the required funding level of the energy conservation public benefit programs if DOA determines to reduce the required funding level for such programs beginning in 2004-05.

*New Fees -- Collected by Municipal Utilities and Cooperatives.* Provide that municipal utilities and cooperatives would have to collect fees from their customers that average \$17 per electric meter per year. Specify that such utilities could charge different fee levels for different customer classes and could establish the same maximum per customer fee as authorized for investor-owned utilities.

*Federal Revenues.* Provide that the amount of federal revenues received by the state for the existing federal funding amounts under the low-income weatherization assistance program and the low-income home energy assistance program be included as part of the formula used to set the public benefit fees.

**Municipal utilities and cooperatives "commitment to community" programs.** Specify that municipal utilities and cooperatives would be authorized to implement all or part of the public benefit programs (referred to as "commitment to community" programs) for their customers. Authorize these utilities to implement such programs individually or jointly with other municipal utilities or cooperatives. Provide that, if a municipal utility or cooperative

implement both public benefits program components, it would retain all of the fee revenues collected and could use them for that purpose. Specify that: (a) if a municipal utility or cooperative implements only one component, it would retain one-half of the revenues for its program and pay the remaining half to the state; or (b) if a municipal utility or cooperative does not implement a commitment to community program, it would pay all of the fee revenues to the state.

Require each municipal utility or cooperative to notify DOA whether the utility intends to implement a commitment to community program within one year of the effective date of the proposal and every three years thereafter. Provide that, after implementing a commitment to community program, a utility would be required to continue it for a period of three years.

Specify that a municipal utility or cooperative with a commitment to community program submit an annual report to DOA. Require that the report include such information as an accounting of fees charged to customers, program expenditures and program description.

**Public benefits fund and appropriations structure.** Establish a new segregated utility public benefits fund as a separate nonlapsible trust fund. Provide that investor-owned utility public benefits fees, and municipal utility and cooperatives public benefits fees (full or partial) and voluntary contributions from utility customers be deposited to this fund.

Create a new SEG-funded annual appropriation under DOA, funded from the utility public benefits fund, to support the general program operations of DOA's public benefits function. No funding or position authority would be provided in this appropriation. Create two additional SEG-funded sum sufficient appropriations, funded from the utility public benefits fund, to support, respectively, low-income assistance grants and energy conservation and efficiency and renewable resource grants.

**Public benefits fiscal effect.** Require DOA to set public benefit fees such that: (a) for low-income program in 1999-00, \$27 million would have to be collected (less one-half of any amounts raised by municipal utilities and cooperatives); and (b) for the energy conservation and efficiency services program in 1999-00, \$20 million would have to be collected (less one-half of any amounts raised by municipal utilities and cooperatives). Municipal utility and cooperative fee collections are estimated to total \$7.4 million for all public benefits. Thus, in 1999-00 investor-owned utilities would be required to contribute a minimum of \$23.3 million to the utility public benefits fund for low-income programs and a minimum of \$16.3 million to the utility public benefits fund for energy conservation. [Note: The fiscal effect of the public benefits provisions are shown under the Department of Administration.]

Contribution rates for the 2000-01 fiscal year would have to be determined by DOA during the 1999-00 fiscal year. However, if it is assumed that they would be comparable to those set by this proposal for the 1999-00 fiscal year, additional contributions of \$39.6 million from investor-owned public utilities in 2000-01 could be expected, representing an estimated total of \$79.2 million in fee revenues for the 1999-01 biennium.

These amounts could be further increased if: (a) municipal utilities and cooperatives elected not to offer commitment to community programs and instead contributed their public benefits fees to DOA; and (b) investor-owned utilities began to phase-down their current utility-sponsored programs and to shift such revenues to DOA. The extent to which either of these shifts would occur during the next biennium cannot be determined at this time.

The amounts credited to the utility public benefits fund would be expended through the sum sufficient appropriations to fund low-income assistance grants and energy conservation and efficiency grants. All revenues credited to the public benefits trust fund could be expended through the new sum sufficient appropriations for low-income assistance grants and energy conservation and efficiency and renewable resource grants. It is estimated that grant expenditures would amount to \$39.6 million SEG annually; however, the final expenditure amounts would be determined by the number and amount of grant applications actually emissions received by DOA.

The federal funds for low-income weatherization assistance and energy assistance programs are currently funding existing programs and these appropriation amounts are already in the budget bill.

#### **Other Provisions**

**Renewable resource energy.** Require that each electric utility or retail electric cooperative meet targets for providing retail energy sales from renewable resources energy. The targets would initially be set at 0.5% of total retail energy sales, effective December 31, 2000 and increase to a maximum of 2.2%, effective December 31, 2010. The sale of renewable resources credits would be authorized to allow an entity to meet the renewable resources energy requirements. Require the PSC to promulgate rules for calculating credits but prohibit the PSC from placing restrictions on the sale price.

**Employment requirements for acquired energy units.** Require any person that sells a business unit engaged in certain energy related activities to provide as a condition of the sale certain employee protections. In general, require that employees must be retained for a 30-month period after the acquisition at the same or higher wage rates and similar terms and conditions of employment, including fringe benefits although a collective bargaining agreement may modify or waive these requirements. Stipulate that no person may sell an energy business unit unless PSC certifies that these conditions have been met.

**PSC approval of transmission lines.** Require the PSC, prior to issuing a certificate of public convenience and necessity for a high-voltage transmission line to make certain findings regarding environmental impacts and cost benefits. In addition to findings under current law, require the PSC to find that the use of existing rights-of-way and the routing and design of the line minimizes environmental impacts consistent with achieving reasonable electric rates. Also, direct the PSC to find that the transmission line provides usage, service or increased reliability

benefits to wholesale and retail customers in the state that are reasonable in relation to the cost of the line.

**New DOA fees.** Direct DOA to promulgate rules for two fees related to the PSC approval high-voltage transmission lines for operation at 345 kilovolts or more. Require that, prior to PSC issuing a certificate of public convenience and necessity to allow construction of a transmission line, an applicant pay to DOA a one-time environmental impact fee equal to 5% of the cost of the transmission line and also commence paying an annual impact fee equal to 0.3% of the cost of the transmission line. Direct DOA to distribute the fees by statutory formula to counties, towns, cities and villages through which the high-voltage transmission line is routed. Provide that the annual impact fees shall be distributed to each town, village, and city identified in proportion to the amount of investment that is allocated to such town, city, and village as determined by the PSC. Require that 50% of the one-time environmental impact fee be distributed to counties and the remaining 50% to each town, village and city in proportion to the amount of investment that is allocated by the PSC to each of these jurisdictions. Specify that the receiving jurisdictions may only use the funds for park, conservancy, wetland or other similar environmental offset programs and prohibit the use of the funds for any mitigation measure required as part of a PSC order regarding the project. The new fees would first apply to applications for certificates of public convenience and necessity that are filed with the PSC on the effective date of the budget bill.

**Nitrogen oxide emissions.** Specify that the DNR rule requiring emissions reductions may not regulate nitrogen oxide (NOx) emissions from utilities and cooperatives located in certain western counties of Wisconsin under the EPA-required NOx emission state implementation plan. In addition, prohibit DNR from requiring NOx emission reductions for any other electric utility or large industrial core sources in Wisconsin to make up for the prohibited reductions from the western Wisconsin utilities and cooperatives.

**Public intervenor financing.** Modify existing PSC authority to provide intervenor financing to certain organizations by requiring that PSC shall, rather than may, provide intervenor financing and by providing an additional \$250,000 PR annually for this activity.

**Interstate transmission compact.** Authorize the Governor to enter into a compact, with one or more states in the upper Midwest, to create a joint process for determining the need for and siting of regional electric transmission facilities. Require that such compact adhere to state laws regarding siting and environmental protection.

**PSC construction orders.** Amend the PSC authority to order an investor-owned utility to construct or procure transmission facilities by: (a) including any public utility, not just investor-owned utilities; (b) changing the PSC charge from "may order" to "shall order"; and (c) eliminating the December 31, 2004, sunset date and the requirement that the order be based upon a September, 1998, transmission constraint study.

**Additional PSC responsibilities.** Newly require the PSC to do all of the following: (a) establish requirements and procedures for environmental impact reviews; (b) promulgate rules requiring certain electric utilities and cooperative associations to submit reports on their electric reliability status; (c) in conjunction with DOA and DOR, study the establishment of a program for development of high-efficiency, small-scale electric generating facilities; (d) contract for a study regarding the horizontal market power of electric generators and their ability to frustrate the creation of an effectively competitive retail electric market in the state; (e) require investor-owned electric utilities to file with the PSC market-based rates that are consistent with market-based pricing options and individual contract options, except provide that the PSC may not establish such rates if the rates are likely to harm the utility's shareholders or customers who are not subject to the rates; and (f) order a public utility affiliate or the transmission company to make certain investments in its facilities if the PSC determines that the public utility affiliate or transmission company is not making investments that are sufficient to ensure reliable electric service.

**Conference Committee/Legislature:** Include the Senate provisions with the following modifications:

#### **Asset Cap Relief**

Extend from June 30, 2000, to September 30, 2000, the date by which a public utility affiliate in a holding company system must file with the PSC an unconditional, irrevocable and binding commitment to contribute all of its transmission facilities to the new transmission company in order to qualify for asset cap relief. Similarly extend the date by which the public utility affiliate must complete the contribution of transmission facilities. In addition, modify the asset cap calculation to include assets used for providing environmental engineering services in the definition of eligible assets of a nonutility affiliate in the holding company.

#### **Creation of Transmission Company (TC)**

Change the definition of "electric utility" relating to the formation and operation of the transmission company (TC), including transmission system requirements. Under the change, "electric utility" means either an electric public utility or a retail or wholesale electric cooperative. The impact of this change in definition is to include retail electric cooperatives and their members and to exclude nonutility entities such as wholesale merchant plants from the provisions regarding the creation and operation of the TC.

Define transmission facility for the purposes of determining what transmission facilities will be contributed to the TC, subject to any required federal approval, as the following: (a) the facility is not a radial facility and is designed for operation at a nominal voltage of more than 130kV; (b) the facility is not a radial facility and is designed for operation at a voltage greater than 50 kV and not more than 130kV, unless a person has demonstrated to the PSC that the particular facility is not a transmission facility on the basis of factors identified by FERC; (c) the

facility is a radial facility or is designed for operation at a nominal voltage of 50- kV or less, and a person has demonstrated to the PSC that the facility is a transmission facility on the basis of factors identified by FERC. [NOTE: An example of a radial facility would be a terminal transmission line.]

Limit the transfer of transmission facilities from electric utilities, other than a public utility affiliates or wholesale merchant plant owners or operators, to electric utilities that are located in the geographic area that is served by the Mid-America Interconnected Network, Inc., or the Mid-Continent Area Power Pool Reliability Council.

Clarify that the valuation of net book value of any transmission facilities contributed to the transmission company must be based upon the regulated books of account. In addition, expand the definition of "contribute a transmission facility" to include deferred investment tax credits to the extent permitted by state and federal law.

Authorize the PSC, in its review of the terms and conditions of transmission facility transfers, to allow an affiliate to recover in its retail rates any adverse tax consequences of the transfer of transmission facilities as a transition cost. In addition, authorize the PSC to take any action necessary to satisfy the transfer of transmission facilities by public utility affiliates.

### **Transmission Company Organization**

Modify the provisions regarding the organization of the TC to ensure comparable governance under either a corporation or a limited liability company (LLC) and conform to the general statutes governing LLC's. The modifications include: (a) clarifying that the managers of the LLC are to function like the board of directors; (b) deleting the secretary of the LLC, since the statutes do not create such a position in a LLC; (c) specifying that the LLC will make distributions rather than pay dividends; and (d) enumerating the contents of the LLC's operating agreement rather than its articles of organization.

Amend the provision relating to the process for appointing a manager or director to the TC to limit each security holder to one appointment. Also, clarify that only the voting security holders of the TC, rather than all security holders, elect the managers or directors of the TC.

### **Transmission Company Duties**

Clarify that the TC does not have the duty to provide transmission service provided by an electric utility or cooperative that has not contributed its transmission facilities to the TC. Similarly, clarify that, after the Midwest Independent System Operator (MISO) begins operations, it does not have the duty to provide transmission service in the transmission areas where control over transmission facilities has not been transferred to the MISO. Finally, clarify that the phase-in transmission tariffs and rates which the TC is required to develop are a component of the single-zone tariff administered by the MISO.

## **Restrictions on the Transmission Company**

Amend the provision prohibiting the TC from providing electric service directly to a retail customer or member to prohibit the provision of any kind of service directly to a retail customer or member.

## **Public Benefits**

**Public benefits program elements.** *Low-Income Energy Assistance Programs.* Clarify the formula to determine the annual amount of awards under the proposed new low-income energy assistance program. Specify that the annual amounts awarded under the new DOA program for weatherization and other energy conservation services must equal 47% of the sum of the following: all federal low-income weatherization and energy conservation funds received by the state, all revenues spent by continuing low-income programs established by utilities, all funds expended under this new DOA program and 50% of the public benefits funds received from municipal utilities.

Direct DOA to develop a mechanism for phasing in this formula during the 1999-00 and 2000-01 fiscal years and direct that the grants awarded during these fiscal years be made in accordance with this phase-in mechanism.

**Program administration.** *Department of Administration.* Clarify the manner by which DOA may reduce the amounts required for the energy conservation and efficiency and renewable resources program, commencing with the 2004-05 fiscal year. Specify that if DOA reduces the amounts for energy conservation and efficiency and renewable resources program awards by an amount greater than the public benefits fees collected from all utilities (\$20 million annually), DOA must report to the PSC the amount by which the reduction exceeds the amount of public benefit fees collected. Require the PSC to reduce the amount of public benefit fees that utilities are required to contribute for such programs by the amount of the difference. Provide that DOA and the Council on Utility Public Benefits could also specify topics to be addressed in the annual independent audits of the public benefits programs.

*Emergency Rules.* Provide that DOA would not be required to consult with the Council on Utility Public Benefits in promulgating rules for the public benefits programs. Specify that DOA would not have to make a finding of an emergency in order to promulgate emergency rules relating to public benefits programs during the period before the promulgation of permanent rules.

**Revenue sources for the public benefits programs.** *Continuation of Existing Utility Funding.* Require the PSC to direct the phase-over of utility-funded public benefits programs to the new DOA public benefits programs during calendar years 2000, 2001 and 2002 rather than during 1999, 2000 and 2001.

*Fees Collected by Investor-Owned Utilities.* Specify that for low-income programs, the initial fees collected in 1999-00 be set at \$24,000,000 rather than \$27,000,000. Provide that the amounts collected for low-income programs (\$24,000,000, less one-half of the amounts collected from municipal utilities) and for energy conservation and efficiency programs (\$20,000,000, less one-half of the amounts collected from municipal utilities) be reduced in proportion to the amount of time that has elapsed in 1999-00 before DOA has promulgated emergency rules setting the amount of fees that must be collected from the various utilities. Specify that the amount of the "low-income need target" used to develop fee collection requirements for low-income programs in future fiscal years be treated as if the full annual amounts for low-income programs had been collected.

*Fees Collected by Municipal Utilities and Cooperatives.* Provide that municipal utilities and cooperatives to collect fees from their customers that average \$16 per electric meter per year rather than \$17 per meter. It is estimated that \$7 million annually would be collected under this provision.

**Public benefits fiscal effect.** Under these modifications, DOA would have to set public benefits fees such that: (a) for low-income program in 1999-00, \$24 million would be collected (less one-half of any amounts raised by municipal utilities and cooperatives); and (b) for the energy conservation and efficiency services program in 1999-00, \$20 million would be collected (less one-half of any amounts raised by municipal utilities and cooperatives). Municipal utility and cooperative fee collections are estimated under the revised \$16 per electric meter per year provision to total \$7 million for all public benefits. Thus, in 1999-00 investor-owned utilities would be required to contribute a minimum of \$20.5 million to the utility public benefits fund for low-income programs and a minimum of \$16.5 million to the utility public benefits fund for energy conservation. However, the proposal would also require that the 1999-00 amounts be prorated to reflect the amount of time that elapses until DOA promulgates emergency rules governing the amount of fees to be collected in 1999-00. Assuming that such rules would be in place by January 1, 2000, total investor-owned utility collections for public benefits would be estimated to be \$18.5 million for the balance of the 1999-00 fiscal year.

Contribution rates for the 2000-01 fiscal year would have to be determined by DOA during the 1999-00 fiscal year. However, if it is assumed that they would be comparable to those set by this proposal for the 1999-00 fiscal year, additional contributions of \$37 million from investor-owned public utilities in 2000-01 could be expected, representing a total of \$74 million of fee revenues for the 1999-01 biennium.

These totals could be further increased if: (a) municipal utilities and cooperatives elected not to offer commitment to community programs and instead contributed their public benefits fees to DOA; and (b) investor-owned utilities began to phase-down their current utility-sponsored programs and shift such revenues to DOA. The extent to which either of these shifts would occur during the next biennium cannot be determined at this time.



The amounts credited to the utility public benefits fund would be expended through the sum sufficient appropriations created to fund low-income assistance grants and energy conservation and efficiency and renewable resource grants. Revenues credited to the public benefits trust fund would be available for expenditure through the new sum sufficient appropriations. It is estimated that grant expenditures would amount to \$37 million SEG annually; however, the final expenditure amounts would be determined by the number and amount of grant applications actually received by DOA.

**Renewable resource energy.** Delay by one year the compliance dates of the renewable resource target requirements. The revised requirement for electric providers would be to generate 0.5% of total retail electric sales from renewable sources by December 31, 2001 and to incrementally increase the requirement to a maximum of 2.2% by December 31, 2011. Also, authorize members of a municipal electric company to aggregate and allocate renewable energy among members in determining compliance with the renewable resource targets.

**Nitrogen oxide emissions.** Delete the provision prohibiting DNR from requiring nitrogen oxide (NOx) emissions reductions from utilities and cooperatives located in certain western counties. Instead include the following changes:

*New DNR NOx Requirements.* Require DNR to notify DOA and the PSC if it adopts a state implementation plan that requires electric generating facilities in the midcontinent area of Wisconsin (the geographic area served by the Mid-Continent Area Power Pool Reliability Council) to establish NOx emission reductions. Require that the DNR notice specify the date on which electric generating facilities in the midcontinent area are required to comply with the initial NOx emission reduction requirements.

Direct that when DNR establishes NOx emission reductions for the control of atmospheric ozone in another state pursuant to a call, DNR may not, in a state implementation plan, by rule or through the adoption of control strategies, establish NOx emissions standards or limitations that do any of the following: (a) require less than 2,234 tons, or the greater number of tons determined under a specified alternate method, in total NOx emissions each summer (May 1 through September 30) from all electric generating facilities located in northwestern counties that are owned by electric cooperatives; (b) require less than 315 tons, or the greater number of tons determined under a specified alternate method, in total NOx emissions each summer from all electric generating facilities located in northwestern counties in this state that are owned by public utilities; or (c) require less than 15,157 tons, or the greater number of tons determined under a specified alternate method, in total NOx emissions each summer from all electric generating facilities located in other counties in this state. Specify the "northwestern counties" as Ashland, Barron, Bayfield, Buffalo, Burnett, Chippewa, Clark, Douglas, Dunn, Eau Claire, Iron, Jackson, La Crosse, Monroe, Pepin, Pierce, Polk, Price, Rusk, Sawyer, St. Croix, Taylor, Trempealeau, Vernon and Washburn counties. Require DNR to issue NOx emissions allowances in a number that is sufficient to allow the emissions specified above. Prohibit DNR from requiring reductions of NOx emissions that are in addition to those

reductions required in a state implementation plan from any stationary source located in the state that is not an electric generating facility owned by a public utility or electric cooperative or any mobile source.

Require the DNR to use a specified alternate method to determine the amount of NOx emissions reductions if DNR implements a state implementation plan in a manner that requires reductions in NOx emissions that are lower than the reductions set forth in the call for control of atmospheric ozone in another state that was published by EPA on October 27, 1998. The alternate method would require DNR to: (a) determine the amounts by which the number of tons specified in (a), (b) and (c) of the preceding paragraph shall be increased to reflect the lower reductions; (b) take action that is necessary to relax any related NOx emissions control requirements in a manner that reflects the lower reductions; (c) determine the amount by which the \$2,400,000 in assessments by PSC to fund a newly created air quality improvement fund shall be decreased to reflect the lower reductions and provide notice of that decreased amount to PSC; and (d) determine the amount by which the \$2,500,000 that is deposited in the air quality improvement fund from the public benefit funds shall be decreased to reflect the lower reductions and provide notice of the decreased amount to DOA.

Require DNR to ensure that at least 866 tons of total annual reductions in NOx emissions required under the state implementation plan are achieved through the use of renewable energy, including renewable energy that is provided by electric providers, or by the implementation of low-income weatherization and energy conservation measures.

Direct DNR to establish or participate in a market-based trading program for the purchase, sale and transfer of NOx emissions credits for use in any state implementation plan that requires reductions in NOx emissions. Provide that, to the extent allowed under federal law, DNR shall allow NOx reductions by any source in the state, regardless of whether the source is subject to NOx controls under a state implementation plan, to be purchased, sold or transferred under the trading program.

*Air Quality Improvement Fund and Program.* Create a nonlapsible segregated air quality improvement fund. Contingent upon DNR notification of implementation of a new state implementation plan, require that the PSC assess new fees and that DOA redirect a portion of public benefit fees to the fund and implement a new air quality improvement program.

*Fund Financing.* Require that DOA deposit into the air quality improvement fund up to \$2,500,000 in each fiscal year from fees collected for public benefits. Provide that the deposits shall continue for a 10-year period that commences July 1 of the fiscal year ending before the initial date DNR requires utilities in the midcontinent area of the state to comply with initial NOx emission reductions. Allow a lesser amount to be deposited if DNR determines that lower NOx emissions reductions are required.

Direct that the PSC shall also assess up to \$2,400,000 annually against electric public utility affiliates to be deposited into the air quality improvement fund. Allow a lesser amount to be deposited if DNR determines that lower NOx emissions reductions are required.

*Grants Awards.* Create a new continuing segregated appropriation in DOA for grants to public utilities or electric cooperatives that generate electricity in the mid-continent area of the state to reduce NOx emissions pursuant to the state implementation plan. Provide that no public utility may receive more than \$500,000 per year in grants and that all applicants must identify the reduction in NOx emissions that are achievable with the grant. Allow grant recipients to assign the grant to a third party if the third party uses the grant for the purpose of reducing NOx emissions and the original grant recipient can demonstrate to the satisfaction of DOA that the third party is capable of achieving the reduction in NOx identified in the application. Direct DOA to promulgate rules for awarding grants. Specify that DOA would not have to make a finding of an emergency in order to promulgate emergency rules relating to the air quality improvement program.

**Employe protections.** Extend the employe protection provisions to employes of public utilities and electric cooperatives, in addition to employes of nonutility affiliates and holding company systems. Also, require the TC to offer employment to the nonsupervisory employes that are employed with the energy unit immediately prior to the transfer to the TC if the nonsupervisory employes are necessary for the operation and maintenance of the energy unit. Further, delete the requirement that the that PSC determine compliance with employe protections as a condition of the sale of an energy unit by a transmission utility to the TC.

**Horizontal market power study.** Expand the scope of the study of the potential of horizontal market power to frustrate the creation of an effectively competitive retail electricity market to include the potential effect on retail and wholesale electric cooperative workers, members and rates.

**Market-based rates.** Clarify that the customer shall assume the additional risk generated from market-based rates and contracts that are required to be developed by investor-owned utilities.

**PSC investigations of certain holding companies.** Provide an exemption for nonutility affiliates of a holding company that were nonutility affiliates of a holding company that was formed prior to November 28, 1985 [WICOR] from required periodic PSC investigations and reporting requirements regarding the utility-related business activities of the nonutility affiliate and the holding company.

#### **Electric Utility and Non-Utility Affiliates Real Estate Related Activities**

Prohibit investor-owned electric public utilities or associated non-utility affiliates from engaging in the following real estate activities: (a) real estate practice; (b) residential real estate

development; (c) property management for a third party; or (d) residential or commercial construction.

Specify that the prohibition on real estate activities would not preclude a public utility or non-utility affiliate from doing any of the following: (a) repairing, maintaining, installing or constructing a structure that is owned or used by or for a public utility or nonutility affiliate or their customers if related to furnishing heat, light; water or power to their customers; (b) engaging in construction that is specifically related to the evaluation, control, or remediation of hazardous substances; solid, liquid or gaseous wastes; soils; air or water; (c) engaging in any construction performed in order to comply with federal, state or local environmental laws, regulations, orders or rules; (d) consulting or making other financial or business arrangements with third parties who engage in commercial construction; (e) consulting or making other financial or business arrangements with third parties who engage in residential construction or residential real estate development, except that if a public utility or nonutility affiliate contracts for the development of more than one residential construction project or residential real estate development, the public utility or nonutility affiliate may not enter into an exclusive arrangement with a third party for all such residential construction or residential real estate development; (f) acquiring or disposing of property or interests in property if the transaction is related to the operation of a public utility and the transaction is conducted under contract with a third party real estate practice or by an individual engaged in a real estate practice or employed by a public utility; (g) owning a passively-held real estate company; and (h) engaging in residential real estate development at a brownfields facility or site.

Provide an exception from the real estate activity restrictions for any nonutility affiliate that has engaged in residential construction prior to, or is engaged in residential construction on, the effective date of this provision.

Require that any public utility or non-utility affiliate that does, causes, or permits to be done any prohibited real estate activity, or fails to comply with any requirements is liable to any person injured by that action in the amount of damages sustained in consequence of the prohibited action or failure to comply.

## **Taxes**

*Gross Revenues License Fees.* Specify that "gross revenues" for the purpose of determining the gross revenues license fee on light, heat and power companies and electric cooperatives would exclude the following items: (a) public benefits fees collected by an electric utility or retail electric cooperative; (b) grants awarded to a generator public utility or to an electric cooperative under the air quality improvement program; (c) public benefits fees received by a wholesale supplier from a municipal utility or retail electric cooperative or under a joint commitment to community program; and (d) public benefits fees received by a municipal utility or a retail electric cooperative from a municipal utility or retail electric cooperative under a joint commitment to community program.

*Real Estate Transfer Fee.* Provide an exemption from the real estate transfer fee for a conveyance to the TC of real property transmission facilities or land rights in exchange for securities.

*Sales Tax.* Provide a sales tax exemption for the transfer to the TC of transmission facilities (that are on land not owned by the transferor) that are made after the TC is organized in exchange for an equity interest in the TC. Under current law, such transfers would be subject to the sales tax, while transfers similar in every way except that they occurred as part of the organization of the TC would not be subject to the tax. Also, provide a sales tax exemption for the gross receipts from the collection of public benefits fees by electric utilities and retail electric cooperatives.

**Veto by Governor [F-1]: DOA Administrative Responsibilities.** Delete the specific requirement that the low-income energy assistance public benefits program be established and administered "through the Division of Housing." Modify the definition of Division of Housing as used in connection with the utility public benefits program, so that the term "Division of Housing" means the Department of Administration. The effect of these partial vetoes is to eliminate any requirements that a specific administrative unit within DOA be responsible for the implementation of utility public benefits programs. As a result, the Secretary of DOA could determine how he or she wishes the Department to administer these programs.

*Emergency Rules.* Delete the requirement that the emergency rules regarding the collection of public benefit fees by utilities regarding the collection of public benefits fees by utilities be promulgated no later than 60 days after the effective date of the biennial budget act.

[Act 9 Sections: 28at, 109m, 109no, 114nm, 511n, 511r, 587b, 587d, 695g, 699m, 718b, 718d, 1809b thru 1809zp, 1810gm, 1812Lmr, 1813v, 2310c thru 2310t, 2312x, 2334d thru 2334t, 2335ta thru 2335wp, 2335ya thru 2335z, 2336mt, 2336u, 2554j, 9101(1zt) thru 9101(1zw), 9141(2zt), 9341(1zt) and 9343(1zt)]

[Act 9 Vetoed Sections: 109m and 9101(1zu)]

## Office of the Commissioner of Railroads

### 1. COMPUTER EQUIPMENT

PR	\$12,000
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**Governor/Legislature:** Provide \$6,000 annually for the purchase of two personal computers per year. The intent of this item is to establish base funding for computers so that the Office of the Commissioner of Railroads (OCR) computers could be replaced on a four-year schedule.

**2. BUDGET REQUESTS [LFB Paper 815]**

**Governor:** Delete a provision that requires that all personnel and budget requests of OCR be forwarded by the PSC without change, except as requested and concurred in by OCR. Instead, require that personnel and budget requests be processed by DOT.

**Joint Finance:** Delete provision.

**Assembly/Legislature:** Require OCR to notify DOT at least 14 days prior to making any budget or personnel request that affects DOT's appropriations, first applying to personnel or budget requests submitted to the PSC on the effective date of the bill.

[Act 9 Sections: 13m, 2308rm and 9341(1m)]

**3. RAILROAD GRADE CROSSINGS COMMITTEE [LFB Paper 816]**

**Governor:** Create a Railroad Grade Crossings Committee composed of two members appointed by the DOT Secretary and two members appointed by the OCR. Require the Committee to review each at-grade railroad crossing in the state and permit the Committee to recommend to OCR that improvements be considered to any crossing if the Committee determines that existing warning or safety devices or other conditions at the crossing do not adequately protect and promote public safety. Specify that provisions requiring DOT to pay the cost of a crossing project that has been ordered by the OCR only apply if: (a) the Committee or DOT Secretary has recommended that the OCR consider improvements at the crossing; or (b) the OCR determines that immediate improvements are needed at the crossing to protect public safety. This would not apply to OCR orders issued before the effective date of the bill.

Specify that recommendations of the Committee shall be made by a majority of the Committee members, but that if no majority agrees on whether or not to recommend a crossing for improvements, then the DOT Secretary shall make that recommendation. Specify that a majority of the members of the Committee may reverse a recommendation by providing notice of the reversal to the OCR and the DOT Secretary.

Require the Committee to: (a) maintain a railroad grade crossings database; (b) establish threshold requirements for recommendations made under this provision; and (c) recommend to the DOT Secretary desirable funding levels for the railroad crossing improvement program.

Require the OCR and the DOT Secretary to make appointments to the Committee within 45 days of the effective date of the bill. Eliminate the Committee after it has reviewed every railroad grade crossing in the state and made its final recommendations, or on July 1, 2002, whichever occurs sooner.

There are currently 4,457 public, at-grade railroad crossings in the state, as well as 2,704 private crossings and 103 pedestrian crossings.

**Joint Finance:** Delete provision.

**Assembly:** Create a Council on Railroad Grade Crossings within DOT composed of: (a) three members appointed by the DOT Secretary, one of whom must have expertise in railroad matters, but who is not an employe of the OCR; and (b) two members appointed by the Commissioner of Railroads. Specify that the members shall serve at the pleasure of the appointing authority and that initial appointment shall be made within 45 days of the budget's general effective date. Require the Council to do the following: (a) meet at least once annually to review all railroad crossing improvements ordered by the OCR; (b) determine and recommend which projects should be constructed during the following three years and the order that those projects should be constructed to maximize the total safety benefits of the improvements; (c) establish and maintain a railroad crossing database, which shall be available to OCR and DOT; and (d) recommend to DOT and OCR a desirable funding level for railroad crossing protection installation and maintenance. Require the Council to consider the following in determining a priority order for railroad crossing improvements: (a) the volume and speed of trains and traffic at the crossing; (b) the physical features of the crossing, including curves, hills and other features that may reduce the visibility of motorists at the crossing; (c) the history of accidents at the crossing; (d) anticipated changes in the volume or speed of highway or train traffic at the crossing; and (e) any other factors that the Council considers appropriate.

Specify that, to the greatest extent practicable, improvements at railroad crossings shall be executed in the priority order recommend by the Council, except that this recommendation shall be disregarded if OCR determines that immediate improvements are needed at the crossing to protect public safety. Specify that this provision first applies to improvements that commence after the bill's general effective date.

**Conference Committee/Legislature:** Delete provision.

#### **4. APPORTIONMENT OF COSTS FOR CROSSING IMPROVEMENT PROJECTS**

**Assembly:** Require OCR to specify a percentage of the cost of crossing improvements ordered by the Office to be paid by the parties affected by the crossing improvement and specify that OCR may order the parties to pay these amounts for the improvement, first applying to orders made on the effective date of the bill.

**Conference Committee/Legislature:** Delete provision.

## REGULATION AND LICENSING

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	<u>Act 9 Change Over Base Year Doubled</u>	
						Amount	Percent
PR	\$19,244,200	\$23,334,100	\$23,499,900	\$23,499,900	\$23,499,900	\$4,255,700	22.1%

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	<u>Act 9 Change Over 1998-99 Base</u>
PR	131.50	138.50	137.50	137.50	137.50	6.00

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 820]

	<u>Governor (Chg. to Base)</u>		<u>Jt. Finance/Leg. (Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	-\$61,800	-1.00	-\$19,600	0.00	-\$81,400	-1.00

**Governor:** Provide adjustments totaling -\$30,900 annually and -1.0 position for: (a) turnover reductions (-\$146,600); (b) removal of non-continuing elements from the base (-\$294,100 and -1.0 position); (c) full funding of salary and fringe benefit costs (\$386,100); (d) full funding of financial services charges (\$4,000); (e) overtime (\$4,800); (f) night and weekend differential (\$400); and (g) fifth vacation week as cash (\$14,500).

**Joint Finance/Legislature:** Modify the Governor's recommendation by deleting \$9,800 annually from the salary and fringe benefits to reflect the actual salary and benefits of the deleted position instead of the budgeted amount.



2. EXAMINATION FEES -- VENDOR PAYMENTS [LFB Paper 821]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$0	\$470,200	\$470,200
PR-REV	2,843,400	990,600	3,834,000
PR	\$2,843,400	\$520,400	\$3,363,800

**Governor:** Provide \$1,421,700 annually to implement a change in the way Regulation and Licensing (R&L) pays outside test contractors that provide credential applicant examinations. Currently, for those examinations the vendor collects fees for these services directly from the credential applicant. However, DOA accounting procedures now require that these fees be collected by R&L and deposited in the state treasury and that the agency then pay the vendors based on an invoice detailing the services provided. To implement this requirement, the increased expenditure authority is provided to pay for the vendor costs of developing, conducting and grading examinations. Estimated additional fee collections from test applicants are estimated to be equal to the level of additional expenditures.

**Joint Finance/Legislature:** Modify the Governor's recommendation by providing an additional \$260,200 annually in expenditures above the Governor's recommended level for a total of \$1,681,900 per fiscal year based on a reestimate of likely expenditure levels. In addition, require that 10% of the total exam fee revenues, or \$235,100 GPR revenue annually, be deposited to the general fund.

[Act 9 Section: 226e]

3. OFFICE OF EXAMINATIONS -- REALLOCATION OF POSITIONS

PR	\$29,200
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**Governor/Legislature:** Provide \$14,600 annually for increased salary and fringe benefit costs associated with the reallocation of two positions within the Office of Examination as follows: (a) convert a half-time program assistant 2 into a half-time information specialist to assist with the implementation of the applicant tracking system; and (b) change a legal assistant position to a paralegal position to reflect what agency believes are the current responsibilities of the position.

4. DIVISION OF ENFORCEMENT STAFFING

	Funding Positions	
PR	\$541,000	7.00

**Governor/Legislature:** Provide \$229,800 in 1999-00 and \$311,200 in 2000-01 to continue 7.0 project positions (2.0 regulation compliance investigators and 5.0 paralegals) for R&L's enforcement pilot project for two additional years (until June 30, 2001). The Joint Committee on Finance approved the pilot

project and provided funding for and authorization of, these seven positions beginning October 1, 1998, to temporarily augment R&L enforcement staff. The goal of the project is to reduce the number of complaint cases pending legal action by the Department. The requested funds would be used for: (a) salary and fringe benefit costs (\$219,800 in 1999-00 and \$301,200 in 2001-00); and (b) supplies and services costs (\$10,000 annually).

**5. REGULATION OF PHYSICIANS**

PR	\$278,100
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**Governor/Legislature:** Provide \$146,800 in 1999-00 and \$131,300 in 2000-01 to fund 3.0 positions which were authorized by 1997 Wisconsin Act 311 for exclusive use by the Medical Examining Board but for which no funding was provided. The positions (1.5 program assistants and 1.5 paralegals) would handle additional workload related to the licensure of physicians and the processing of complaints of physician misconduct. Of the total funding, the majority (\$262,100) would be for salaries, fringe benefits, supplies and services, and one-time permanent property costs for the 3.0 positions and the remaining funds (\$8,000 annually) would be used to fund the establishment and operation of a toll-free telephone number to receive complaints involving physicians. The requirement for the establishment of a toll free number was also part of Act 311.

**6. INFORMATION TECHNOLOGY INITIATIVES [LFB Papers 822 and 823]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$250,300	-\$171,000	\$79,300

**Governor:** Provide \$143,800 in 1999-00 and \$106,500 in 2000-01 to: (a) hire an internet consultant to study the feasibility of internet technologies that would aid R&L in its regulatory activities and also provide funds for implementing projects that are found feasible [\$77,000 in 1999-00 and \$70,000 in 2000-01; (R&L will also be using \$33,000 of existing base funding for this project)]; (b) establish a centralized call center to allow increased use of the interactive voice response (IVR) system and imaging technologies to streamline the answering of incoming calls regarding the 97 different professions currently regulated by R&L (\$33,100 in 1999-00 and \$7,800 in 2000-01); (c) hire a minority student intern to provide personal computer support to departmental staff (\$13,500 annually); (d) continue funding for monthly user charges for a dedicated communications line to DHFS to handle background checks on child care, long-term care and healthcare facility employees licensed by R&L (\$10,200 annually; this funding was initially authorized in 1998-99 by the Joint Committee on Finance under s. 16.515); and (e) purchase computer imaging software and associated hardware improvements to improve the automation of the processing of complaints received by the agency [one-time financing of \$10,000 in 1999-00 and \$5,000 in 2000-01 (R&L will also be using \$68,200 of existing base funds for this project)].

**Joint Finance/Legislature:** Modify the Governor's recommendation by deleting \$85,500 annually for IT initiatives related to consulting services and LTE funding. Of the amounts deleted, \$72,000 annually for consulting services relating to internet capabilities is placed in the Finance Committee's supplemental PR appropriation for possible release under 14-day passive review process upon submittal to the Committee of a detailed plan for the use of the consulting services funding. The remaining \$13,500 deleted annually was requested for funding for a half-time LTE; these funds are already provided in the base budget.

**7. ADDITIONAL IT STAFF [LFB Paper 824]**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$108,800	1.00	-\$108,800	-1.00	\$0	0.00

**Governor:** Provide \$53,700 in 1999-00 and \$55,100 in 2000-01 for an additional IT staff position to replace a four-year project position in R&L's information technology unit. The position would assist two existing IT staff in working on agency IT application developments and programming.

**Joint Finance/Legislature:** Delete provision.

**8. LICENSURE OF ATHLETIC TRAINERS**

**Assembly/Legislature:** *Creation of Board.* Create a six-member Athletic Trainers Affiliated Credentialing Board, attached to the Medical Examining Board, to provide for the licensure of athletic trainers. Provide that Board members shall consist of four members who are licensed as athletic trainers, one member who is licensed to practice medicine and surgery and has experience with athletic training and sports medicine, and one public member.

GPR-REV	\$2,100
PR-REV	\$18,400

**Board duties.** Require the Board to: (a) maintain a list of licensed athletic trainers and provide the list to persons requesting a copy; (b) develop a form for the recording practice protocols; (c) establish the minimum amount of liability insurance or surety bonding which a licensee must have; and (d) with the Medical Examining Board, jointly promulgate rules for the required practice protocols.

**Definition of athletic training and athletic trainer.** Define an athletic trainer as an individual who engages in athletic training. Define athletic training as doing any of the following activities: (a) preventing, recognizing and evaluating athletic injuries; (b) managing and administering the initial treatment of athletic injuries; (c) giving emergency care or first-aid for an athletic injury; or (d) rehabilitating and physically reconditioning athletic injuries.

*Title protection.* Restrict the use of the title of athletic trainer, licensed athletic trainer, certified athletic trainer and registered athletic trainer in this state to persons licensed by the Athletic Trainers Affiliated Credentialing Board.

*Requirements for licensure.* Specify that the Board shall grant a license to a person who does all of the following: (a) files an application; (b) pays the application fee; (c) submits satisfactory evidence that he or she does not have a criminal record or a history of alcohol or other drug abuse; (d) submits evidence that he or she has received a baccalaureate degree; (e) submits evidence of meeting the requirements for certification established by the National Athletic Trainers Association Board for Certification and has passed the examination by that Board; (f) provides information regarding prior licensure in other states or countries; and (g) passes a state examination unless the Board chooses not to require a separate state exam for licensure. Provisions would also be made for temporary one- and two-year licenses.

*License renewal.* Provide that, to renew a license, a licensee would have to meet the following requirements: (a) complete 30 credit hours of continuing education within the preceding two years; (b) maintain current certification in cardiopulmonary resuscitation; and (c) provide proof of liability insurance. Provide for a renewal fee of \$44.

*Exemptions from licensure requirement.* Specify that the following are exempted from any licensure requirement: (a) any person already licensed in a different profession acting in that capacity as long as they do not represent themselves as an athletic trainer; (b) an athletic training student; and (c) an athletic trainer who is in this state temporarily participating in a specific athletic event or series of events and is licensed as an athletic trainer by another state or national organization.

*Practice requirements.* Specify that licensed athletic trainers must meet the following practice requirements: (a) establish and use an evaluation and treatment protocol that is approved by a consulting chiropractor or physician; (b) notify the consulting chiropractor or physician as soon as possible after a person being treated by the athletic trainer sustains new injuries; (c) keep a copy of the protocol at his or her place of employment at all times; and (d) update the protocol within 30 days after the renewal date of July 10<sup>th</sup> of each even-numbered year. Further, provide that a licensed athletic trainer may also do any of the following: (a) monitor the general behavior and general physical response of a person to treatment and rehabilitation; (b) suggest modifications in treatment or rehabilitation to the consulting chiropractor or physician or other health care provider who is providing treatment to an injured person; and (c) develop and administer an athletic training program for a person.

*Enforcement.* Authorize the Board to undertake disciplinary investigations and conduct hearings. Provide that the Board may reprimand a licensee, deny, limit, suspend, or revoke a license and impose a forfeiture of not more than \$10,000 for each violation of this new statute or any rules promulgated by the Board. Authorize the Board, the Department, the Attorney General or the district attorney of the appropriate county to investigate and bring action in the

name and on behalf of the state. Specify that any person who violates these provisions may be fined not more than \$10,000 or imprisoned for not more than nine months.

*Effective date.* Provide that the new licensure provisions would take effect on the first day of the 13th month after the date of publication of the budget bill.

*Fiscal effect.* Estimate in 2000-01 increased PR revenues of \$18,400 and increased GPR-Earned of \$2,100.

[Act 9 Sections: 37k, 2252m, 2305m, 2432r, 2841mt, 2923t, 2923v, 3113g, 3113m, 9142(2t) and 9442(1m)]

**9. REVISED CREDENTIAL FEE SCHEDULES [LFB Paper 825]**

GPR-REV	\$185,900
PR-REV	\$1,883,100

**Governor:** Modify the fees for the credentials issued for various regulated occupations, effective (except for registered music, art or dance therapists whose changed renewal fees would be effective October 2, 1999, and for hearing instrument specialists whose changed renewal fee would be effective February 1, 2000) the later of September 1, 1999, or the first day of the second month after publication of the bill.

*Initial credential fees.* Increase from \$41 to \$47 the statutory amount of the initial credential fee which a first-time applicant must pay when submitting application materials for an initial license. R&L estimates total initial credential fee revenues of \$1,571,400 annually in 1999-01, which would represent increased revenues compared to current law of \$95,600.

*Credential renewal fees.* Increase from \$41 to \$44 the basic, non-variable component of the biennial credential renewal fee. All credential holders who renew their licensure each biennium pay this base fee, which is based on an apportionment of R&L base administrative costs that are shared proportionately among all the credential holders. In addition to the base renewal fee, some credential holders pay a higher renewal fee which consists of the basic non-variable component plus a variable fee based on their occupation's portion of selected enforcement costs. The recommended changes in the variable renewal fees of certain professions are based on the amount of enforcement staff time associated with the complaint processing for each professions during the two-year period from July 1, 1996, through June 30, 1998. As a result of the proposed increase to the basic renewal fees and the proposed changes in some variable fees, R&L expects to receive a total of \$16,362,800 from credential renewal fees, which would represent increased revenues, compared to current law, of \$1,787,500 in the 1999-01 biennium. Increased GPR-Earned collections of \$185,900 in 1999-01 as a result of these fee increases is also estimated.

Current and proposed license renewal fees for each regulated occupation or activity are shown in the following table.

**Joint Finance/Legislature:** Modify the Governor's recommendation by specifying that the initial credential fee is increased to \$44 instead of the \$47 amount included in the Governor's budget bill. There is no revenue impact because the revenue assumptions used by the agency were based on a \$44 initial credential fee.

**Veto by Governor [E-17]:** Delete the session law provision stipulating that the initial and renewal license fee changes would be effective the later of September 1, 1999, or the first day of the second month after publication of the biennial budget act. In addition, delete the October 2, 1999, renewal date provision for registered music, art, and dance therapists. As a result of the partial vetoes, the changes become effective on the day following the publication of the biennial budget act (October 29, 1999).

[Act 9 Sections: 2824 and 2828 thru 2910]

[Act 9 Vetoed Section: 9442(1)]

## Current and Proposed License Renewal Fees

Credential Type	Renewal Fee			Credential Type	Renewal Fee		
	Current	Proposed	Change		Current	Proposed	Change
Accountant, Certified Public	\$47	\$52	\$5	Geology, Professional Corporation	\$42	\$44	\$2
Accountant, Public	41	44	3	Hearing Instrument Specialist	200	100	-100
Accounting Corporation or Partnership	41	47	6	Home Inspector	41	44	3
Acupuncturist	73	78	5	Hydrologist, Professional	42	44	2
Advanced Practice Nurse Prescriber	41	69	28	Hydrology, Professional Corporation	42	44	2
Aesthetician	77	58	-19	Interior Designer	41	47	6
Aesthetics Establishment	41	47	6	Land Surveyor	69	75	6
Aesthetics Instructor	142	47	-95	Landscape Architect	41	51	10
Aesthetics School	115	115	-	Manicuring Establishment	41	44	3
Aesthetics Specialty School	41	44	3	Manicuring Instructor	112	44	-68
Appraiser, Real Estate, Certified General	95	108	13	Manicuring School	118	118	-
Appraiser, Real Estate, Certified Residential	101	114	13	Manicuring Specialty School	41	44	3
Appraiser, Real Estate, Licensed	72	134	62	Manicurist	78	131	53
Architect	44	49	5	Marriage and Family Therapist	66	82	16
Architectural or Engineering Corporation	41	47	6	Massage Therapist or Body Worker	41	44	3
Art Therapist	41	44	3	Music Therapist	41	44	3
Athletic Trainer	NA	44	NA	Nurse, Licensed Practical	48	54	6
Auction Company	41	47	6	Nurse, Registered	46	52	6
Auctioneer	100	135	35	Nurse-Midwife	41	47	6
Audiologist	44	100	56	Nursing Home Administrator	102	111	9
Barber or Cosmetologist	52	55	3	Occupational Therapist	42	49	7
Barbering or Cosmetology Establishment	41	47	6	Occupational Therapy Assistant	42	48	6
Barbering or Cosmetology Instructor	139	91	-48	Optometrist	58	61	3
Barbering or Cosmetology Manager	61	68	7	Pharmacist	75	73	-2
Barbering or Cosmetology School	138	138	-	Pharmacy	41	47	6
Cemetery Authority	343	343	-	Physical Therapist	46	51	5
Cemetery Preneed Seller	61	61	-	Physician (MD & DO)	110	122	12
Cemetery Salesperson	90	90	-	Physician Assistant	51	59	8
Chiropractor	162	139	-23	Podiatrist	180	140	-40
Dance Therapist	41	44	3	Private Detective	178	89	-89
Dental Hygienist	41	48	7	Private Detective Agency	41	47	6
Dentist	98	105	7	Private Practice School Psychologist	67	69	2
Designer of Engineering Systems	47	52	5	Private Security Person	41	49	8
Dietitian	41	47	6	Professional Counselor	55	63	8
Drug Distributor	41	47	6	Professional Fund-Raiser	61	91	30
Drug Manufacturer	41	47	6	Psychologist	107	105	-2
Electrologist	77	65	-12	Real Estate Broker	125	109	-16
Electrology Establishment	41	47	6	Real Estate Business Entity	71	57	-14
Electrology Instructor	86	86	-	Real Estate Salesperson	73	79	6
Electrology School	71	71	-	Respiratory Care Practitioner	42	50	8
Electrology Specialty School	41	44	3	Social Worker	44	54	10
Engineer, Professional	43	49	6	Social Worker, Advanced Practice	46	53	7
Fund-Raising Counsel	41	44	3	Social Worker, Independent	49	55	6
Funeral Director	144	140	-4	Social Worker, Independent Clinical	57	69	12
Funeral Establishment	41	47	6	Soil Scientist, Professional	42	44	2
Geologist, Professional	42	48	6	Soil Science, Professional Corporation	42	44	2
				Speech-Language Pathologist	44	53	9
				Time-Share Salesperson	61	103	42
				Veterinarian	82	95	13
				Veterinary Technician	42	48	6

**10. ADDITIONAL SUPPLIES AND SERVICES COSTS FOR NEWLY-REGULATED PROFESSIONS [LFB Paper 826]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$80,400	-\$38,200	\$42,200

**Governor:** Provide \$40,200 annually for increased supplies and services costs related to the credentialing of professions newly regulated during the 1997 legislative session. These professions are: (a) home inspectors; (b) massage therapists and body workers; (c) art, music, and dance therapists; and (d) soil scientists and hydrologists. Funding would be used for: (a) board and advisory committee meetings and travel costs (\$23,700 annually); (b) postage costs (\$11,200 annually); (c) printing costs (\$3,400 annually); and (d) other miscellaneous costs (\$1,900 annually).

**Joint Finance/Legislature:** Modify the Governor's recommendation by deleting \$19,100 PR annually to reflect base level funding previously provided by the Committee under s. 16.515 of the statutes for the Examining Board of Geologists, Hydrologists, and Soil Scientists.

**11. REGIONAL MEETINGS OF BARBERING AND COSMETOLOGY EXAMINING BOARD [LFB Paper 827]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$17,000	-\$17,000	\$0

**Governor:** Provide \$8,500 annually to conduct quarterly regional meetings between the Barbering and Cosmetology Examining Board and the credential holders regulated by the Board. The purpose of the regional meetings would be to meet with credential holders licensed by the Board regarding sanitarian and unlicensed practice issues and other issues regarding credential holder practices. These meetings would be in addition to the regular meetings of the Board. The following activities are funded annually: (a) \$7,500 for Board member and staff travel expenses; and (b) \$1,000 for Board member per diems.

**Joint Finance/Legislature:** Delete provision.

**12. ENFORCEMENT -- EVALUATION OF SCREENING PROCESS**

PR	\$3,500
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**Governor/Legislature:** Provide one-time funding of \$3,500 in 1999-00 to re-evaluate the complaint screening process which is used by the Division of Enforcement for all of R&L's boards and affiliated credentialing boards. The process, originally developed for the Medical Examining Board, consists of a review by an initial screening panel



consisting of a member from the credentialing authority, an attorney and a regulatory compliance investigator. The role of the initial screening panel is to make an initial determination of whether a complaint has sufficient substance to merit formal investigation. The system was evaluated in 1995 prior to being integrated into the complaint process for all of the boards. The proposed funding would be used to contract for a study to review the use of the new screening process to ensure that complaints are handled appropriately by this process.

### 13. AUDIOLOGISTS, HEARING INSTRUMENT SPECIALISTS AND SPEECH -- LANGUAGE PATHOLOGISTS

**Governor/Legislature:** Modify provisions related to the regulation by the Hearing and Speech Examining Board of audiologists, hearing instrument specialists and speech-language pathologists to standardize license renewal dates and the applicability of continuing education requirements for these three professions, expand the list of exemptions from licensure of audiologists or speech-language pathologists, and provide a fee refund for audiologists who were previously required to obtain a second license to fit and sell hearing aids. The specific changes that would be made are as follows:

a. *Uniform credential renewal date.* Change the renewal date of hearing instrument specialists to be February 1 of each odd-numbered year instead of each even-numbered year, to be consistent with the other two professions regulated by the Board. Further, provide that any hearing instrument specialist required to renew by February 1, 2000, for a one-year license that expires on February 1, 2001, would only be required to pay one-half of the \$100 renewal fee.

b. *Effective date of continuing education requirements.* Delay the applicability of the continuing education requirements for hearing instrument specialists, audiologists, and speech-language pathologists to first apply for licenses that expire on or after February 1, 2001. A provision of 1997 Wisconsin Act 49 created these continuing education requirements and specified that the requirements would first apply to renewal of licenses that expire on or after February 1, 1999.

c. *Exemptions from licensure requirements.* Modify current law to exempt from the requirement for licensure as a speech language pathologist or an audiologist any individual who assists in the practice of speech-language pathology and audiology under the direct supervision of a licensed speech-language pathologist or a audiologist. Currently, only employees of the speech-language pathologist or audiologist are exempt from the licensure requirements.

d. *Special provisions relative to renewal fees.* Create session law provisions specifying that: (1) R&L shall provide a \$150 refund to licensed audiologists if they also hold a valid hearing instrument specialist license that was renewed on February 1, 1998, and the licensee surrenders the hearing instrument specialist license to the R&L before the first day of the third month beginning after the effective date of the budget; and (2) a person who renews a hearing

instrument specialist license that expires on February 1, 2000, shall pay only 50% of the other required \$100 renewal fee.

[Act 9 Sections: 2863, 2924 thru 2926, 9142(1) and 9342(2)]

#### **14. PAYMENT OF CREDENTIALING FEES BY CREDIT CARD**

**Governor/Legislature:** Amend current law to allow R&L to cancel a credential holder's credential issued by the agency if a required fee was paid by a credit or debit card and the charge or debit was denied by the holder's financial institution. These provisions would make the treatment of non-payment by credit card or debit card identical to the current treatment of non-payment by check. Provide that if R&L accepts payment of fees by debit or credit card and the transaction is not paid by the financial institution, the Department may cancel the credential on or after the 60<sup>th</sup> day after it is notified of non-payment by the financial institution. Specify that at least 20 days prior to canceling the credential, R&L must mail a notice to the credential holder indicating that the credit or debit card transaction was not honored. Require that the notice specify the date on which the credential will be cancelled unless the credential holder pays the original fee and any applicable penalty charges before that date.

Also repeal duplicative language which authorizes R&L to accept credit and debit cards for the payment of initial credential and renewal fees. Finally, make two technical changes to clarify the definition of a financial institution, and apply the definition to all of the department's statutory provisions.

[Act 9 Sections: 2826, 2827, 2912 thru 2915 and 2922]

#### **15. CREDENTIALING FEES -- EXPEDITED SERVICE CHARGES**

**Governor/Legislature:** Authorize R&L to charge a service fee for providing expedited service to an applicant for initial credentialing or for a credential holder's renewal of an existing credential. Provide that, if expedited service is requested, R&L is authorized to charge a service fee equal to its best estimate of the cost of providing that service, including special handling services and counter service costs. Require that R&L promulgate rules to implement this proposal. Ninety percent of the funds received from this service would be made available for R&L's general program operations and the remaining ten percent would be deposited in the general fund. No increased revenues are included in the budget for this provision.

[Act 9 Sections: 2823, 2825 and 2911]

#### **16. REQUIREMENTS FOR SALE OF FUNERAL GOODS AND SERVICES**

**Assembly/Senate/Legislature:** Require that anyone who sells, or offers for sale, caskets, outer burial containers, or cemetery merchandise (defined as goods associated with the burial of

human remains including monuments, markers, nameplates, vases and urns and any services associated with supplying those goods or with the burial of human remains) must do all of the following: (a) provide a price list and description for each type of casket, outer burial container or cemetery merchandise item that the person normally offers for sale without special ordering, along with the name, address and telephone number for the person's place of business and the effective date of the price list; (b) provide a price and description of : (1) any direct cremation or burial service offered by the person; (2) any service offered by the person for the use of any facilities, equipment or staff related to a viewing, funeral ceremony or memorial or graveside service; and (3) any basic service fee charged; (c) require the seller, upon completion of the sale, to provide the buyer with a receipt that includes the specific charges for merchandise and services provided; (d) prohibit the seller from providing misinformation regarding state, federal, local or individual cemetery burial requirements or from requiring an additional payment if a casket, outer burial container or cemetery merchandise is obtained from a third party; and (e) require the seller to retain copies of price information and sales receipts for one year and make these documents available to R&L upon request. Also, provide that any person who violates these provisions may be fined not more than \$1,000 or imprisoned for not more than six months or both. Provide that these requirements would first apply to sales or offers to sell that are made after the effective date of the budget bill.

[Act 9 Section: 2922g, 2922r and 9342(2g)]

## **17. REGULATION OF REAL ESTATE BROKERS**

**Assembly:** Require the Department to promulgate rules that specify the responsibility and supervision requirements for brokers over the actions of their employees. Under current law, a broker is liable for the acts of his or her employees. This provision would require R&L to promulgate rules that define the level of supervision that a broker is required to provide to his or her sales agents and the most appropriate means for a broker to fulfill such requirements.

**Conference Committee/Legislature:** Delete provision.

## **18. CEMETERY SITING EXEMPTION FOR CERTAIN PRIVATE MILITARY ACADEMIES**

**Assembly/Legislature:** Authorize any private military academy that provides an educational program for grades 7 through 12 in a fourth class city to establish a private cemetery within the city on land owned by the military academy if the common council of the city consents. Specify that no mausoleum within such a cemetery may exceed 3,500 square feet in area. This authorization would exempt any qualifying private military academy from current restrictions on cemetery locations such as minimum distances from houses and other buildings. The authorization is specifically created to allow the construction of a columbarium at the St. John's Northwestern Military Academy in Delafield, although other private military academies that meet the requirements would also qualify for the exemption.

[Act 9 Sections: 2283t and 2283u]

## REVENUE

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9*	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$128,896,800	\$136,612,900	\$157,053,500	\$282,421,000	\$220,656,400	\$91,759,600	71.2%
PR	36,481,600	36,885,500	13,694,400	13,694,400	13,694,400	- 22,787,200	- 62.5
SEG	<u>130,573,800</u>	<u>129,622,300</u>	<u>128,360,100</u>	<u>3,361,500</u>	<u>46,354,300</u>	<u>- 84,219,500</u>	- 64.5
<b>TOTAL</b>	<b>\$295,952,200</b>	<b>\$303,120,700</b>	<b>\$299,108,000</b>	<b>\$299,476,900</b>	<b>\$280,705,100</b>	<b>- \$15,247,100</b>	<b>- 5.2%</b>

\*The Act 9 amounts include \$2,357,500 GPR in 1999-00 for administering the sales tax rebate, which was authorized under 1999 Wisconsin Act 10.

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	907.75	914.25	1,095.75	1,209.25	1,209.25	301.50
PR	256.45	250.95	73.95	76.95	73.95	- 182.50
SEG	<u>136.00</u>	<u>132.50</u>	<u>132.50</u>	<u>23.50</u>	<u>23.50</u>	<u>- 112.50</u>
<b>TOTAL</b>	<b>1,300.20</b>	<b>1,297.70</b>	<b>1,302.20</b>	<b>1,309.70</b>	<b>1,306.70</b>	<b>6.50</b>

### Budget Change Items

## Tax Administration

### 1. STANDARD BUDGET ADJUSTMENTS

**Governor/Legislature:** Provide adjustments of \$859,000 GPR, -3.00 PR positions and -1.00 SEG position annually, -\$283,700 PR and -\$101,900 SEG in 1999-00 and -\$340,900 PR and -\$111,700 SEG in 2000-01 for standard budget adjustments.

Adjustments are for: (a) turnover reduction (-\$983,700 GPR, -\$181,100 PR and -\$108,700 SEG annually); (b) removal of noncontinuing funding and positions (-\$1,150,900 GPR, -3.00 PR positions and -1.00 SEG position annually, and -\$475,200 PR and -\$129,300 SEG in 1999-00 and -\$532,400 PR and -\$139,100 SEG in 2000-01); (c) full funding of continuing position salaries and fringe benefits (\$2,870,700 GPR, \$348,600 PR and \$104,200 SEG annually); (d) full funding of financial services charges (\$12,400 GPR, \$4,700 PR and \$20,300 SEG annually); (e) fifth week

Funding Positions		
GPR	\$1,718,000	0.00
PR	- 624,600	- 3.00
SEG	<u>- 213,600</u>	<u>- 1.00</u>
<b>Total</b>	<b>\$879,800</b>	<b>- 4.00</b>

vacation as cash (\$106,800 GPR, \$18,100 PR and \$8,500 SEG annually); (f) full funding of lease costs and directed moves (\$3,700 GPR, \$1,200 PR and \$3,100 SEG annually); and (g) minor transfers within the same appropriation. In total, changes due to standard budget adjustments would increase funding by \$473,400 in 1999-00 and \$406,400 in 2000-01. Total position authority would be reduced by 4.00 FTE annually.

**2. INTEGRATED TAX SYSTEM; INCREASE STATE SHARE OF COUNTY SALES TAX**  
 [LFB Papers 830 and 831]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$4,596,000	-\$34,200	\$4,561,800
PR-REV	\$1,865,000	\$0	\$1,865,000
GPR	\$4,596,000	-\$5,701,000	-\$1,105,000
PR	<u>1,865,000</u>	<u>-1,219,500</u>	<u>645,500</u>
Total	\$6,461,000	-\$6,920,500	-\$459,500

**Governor:** Provide \$2,315,500 GPR and \$915,000 PR in 1999-00 and \$2,280,500 GPR and \$950,000 PR in 2000-01 in additional funding to continue implementation of an integrated tax system (ITS) in the Department. The amount of county sales taxes retained by DOR for administration would be increased from 1.5% to 1.75%, to provide program revenue to fund a portion of the cost of incorporating the county sales tax system into the integrated tax system. The increase would first apply to the distribution of sales tax revenues to counties on the first day of the first month beginning after publication of the bill. As a result, administrative county sales tax program revenues retained by the Department would increase by an estimated \$492,800 in 1999-00 and \$564,500 in 2000-01.

The integrated tax system involves the use of technology to develop and implement a comprehensive modernization and upgrade of the Department's tax administration activities, processes and systems. It is anticipated that the integrated tax system would improve taxpayer services, the efficiency of tax collection activities and financial controls. The administration estimates audits related to implementation of the system will generate an additional \$4.78 million in state sales and use tax revenues in 2000-01.

Under current law, Wisconsin counties are authorized to adopt and impose a 0.5% sales tax on the same goods and services that are subject to the state sales tax. The county sales tax is "piggybacked" onto the state sales tax in that the county tax is administered, enforced and collected by DOR. The Department retains 1.5% of sales taxes it collects to cover administrative costs.

**Joint Finance/Legislature:** Adopt the Governor's recommended funding amounts with a modification to place \$5,701,000 GPR and \$1,219,500 PR in 2000-01 in the Joint Committee on Finance's GPR and PR supplemental appropriations. These funds, which represent the total

recommended budget for the system in 2000-01 (including base funding), could be released, under s.13.10, after the Committee approves a report submitted by DOR that details past and future expenditures for the ITS. The Department would also be required to prepare and submit a report to the Joint Committee on Finance by January 1, 2002, that identifies additional revenue generated by the integrated tax system. In addition, approve the Governor's recommendation to increase, from 1.5% to 1.75%, the amount of county sales taxes retained by the state for administrative expenses. Reestimate the lapses to be \$760,000 in 1999-00 and \$882,200 in 2000-01.

[Act 9 Sections: 613, 1816, 1817, 9143(1x) and 9343(16)]

**3. NEXUS AND TEMPORARY EVENTS TAX COLLECTION ACTIVITIES [LFB Paper 832]**

	<b>Governor (Chg. to Base)</b>		<b>Jt. Finance/Leg. (Chg. to Gov)</b>		<b>Net Change</b>	
	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>
GPR-REV	\$2,342,500	0.00	\$0	0.00	\$2,342,500	0.00
GPR	\$222,700	2.50	-\$222,700	-2.50	\$0	0.00

**Governor:** Provide \$109,700 in 1999-00 and \$113,000 in 2000-01 and 2.5 positions beginning in 1999-00 to contact nonresident businesses that have activities that establish nexus and to conduct special projects to identify, register and collect the appropriate state and local taxes from vendors at temporary events.

The Department's Nexus Unit consists of three nexus specialists. The primary function of the unit is to discover and investigate individuals, partnerships and corporations that are not registered or filing tax returns in Wisconsin but have business activities in the state that are sufficient to meet a tax filing requirement. The unit attempts get these entities to register and file tax returns. The bill would provide \$66,200 in 1999-00 and \$66,100 in 2000-01 and 1.50 positions in each year to address an increased workload faced by the Unit. The administration estimates that the Nexus Unit's increased activities would generate additional general fund tax revenues of \$448,500 in 1999-00 and \$897,000 in 2000-01.

Operators of temporary events are required to report certain information to the Department concerning vendors selling at their events. The information is used to identify and notify vendors that should obtain sellers' permits and collect state sales taxes. The bill would provide the program with \$43,500 in 1999-00 and \$46,900 in 2000-01 and 1.0 position in each year to increase voluntary compliance and improve enforcement. The administration estimates that the additional activities would generate \$997,000 in sales tax revenues in 2000-01.

The administration estimates that, in total, the additional funding and positions would generate general fund revenues of \$448,500 in 1999-00 and \$1,894,000 in 2000-01.

**Joint Finance/Legislature:** Delete \$66,200 in 1999-00 and \$66,100 in 2000-01 and 1.5

positions each year and direct the Department to reallocate existing positions to the Nexus Unit. In addition, delete \$43,500 in 1999-00 and \$46,900 in 2000-01 and 1.0 tax specialist position each year and authorize the Department to transfer 1.0 tax revenue agent position and related funding from the Audit Bureau to the Compliance Bureau.

**4. OCCASIONAL VEHICLE SALES FUNDING CONVERSION [LFB Paper 833]**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	\$0	0.00	\$407,400	0.00	\$407,400	0.00
GPR	\$796,400	4.00	\$950,000	0.00	\$1,746,400	4.00
PR	-1,190,000	-6.00	0	0.00	-1,190,000	-6.00
Total	-\$393,600	-2.00	\$950,000	0.00	\$556,400	-2.00

**Governor:** Delete \$595,000 PR and 6.0 PR positions in each year and provide \$397,200 GPR in 1999-00 and \$399,200 GPR in 2000-01 and 4.0 GPR positions in each year to convert the primary funding source for the audit program for occasional sales of motor vehicles from program revenue to GPR. As a result of the funding shift, there would be no program revenue funding for administration of the occasional motor vehicle sales audit program. This provision addresses a projected deficit in the program revenue appropriation used to fund the audit program.

Under current law, purchasers of motor vehicles through occasional sales are required to report and pay the state and county (if applicable) sales and use tax to the Department of Transportation at the time the vehicle is registered or titled. Occasional sales of motor vehicles are sales of automobiles, trucks, motorcycles and motor homes between private parties or fleet sales and auctions that are not conducted by licensed dealers. A separate PR appropriation is used to fund activities associated with auditing these sales of motor vehicles. The source of revenue for the appropriation is 25% of sales taxes collected through the audit program.

**Joint Finance/Legislature:** Approve the Governor's recommendation and, in addition, delete the program revenue appropriation used to fund the occasional motor vehicle sales audit program and provide \$950,000 GPR in 1999-00 to offset the deficit in the appropriation. This would increase state sales tax revenues by an estimated \$203,200 in 1999-00 and \$204,200 in 2000-01.

[Act 9 Section: 594d]

**5. NETWORK LINE COSTS**

GPR	\$316,200
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**Governor/Legislature:** Provide \$158,100 in each year to upgrade the Department's computer systems data transmission lines.

**6. POSTAGE RATE INCREASE**

**Governor/Legislature:** Provide \$80,300 GPR, \$12,900 PR and \$5,400 SEG annually to cover the cost of the January, 1999, postal rate increase.

GPR	\$160,600
PR	25,800
SEG	<u>10,800</u>
Total	\$197,200

**7. FINANCIAL SYSTEMS INTERNAL AUDITOR [LFB Paper 834]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$100,000	-\$100,000	\$0

**Governor:** Provide \$50,000 annually to contract with a consultant to review and ensure the integrity and accuracy of the Department's financial computer systems.

**Joint Finance/Legislature:** Delete provision.

**8. TAX FORMS AND INSTRUCTIONS PRINTING COSTS [LFB Paper 835]**

GPR	\$71,800
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**Governor:** Provide \$35,900 annually to fund the costs of incorporating recent tax law changes into the appropriate tax forms, booklets and instructions. The tax law modifications that will be added to the tax documents include the working families tax credit, manufacturers' sales tax credit, and modifications for long-term care insurance, higher education tuition and certain capital gains.

**Senate:** Delete provision.

**Conference Committee/Legislature:** Restore the Governor's provision.

**9. INVESTIGATOR FUNDING**

GPR	\$50,000
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**Governor/Legislature:** Provide \$25,000 annually to obtain investigative services during the course of litigation. The services would include research, taking statements, liaison with banks for financial needs, document gathering and public records requests. Currently, the Department's investigative needs are met through a shared employe arrangement with DFI or by reassigning Department staff.



**10. EXPERT WITNESS FUNDING**

GPR	\$44,000
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**Governor/Legislature:** Provide \$22,000 annually to obtain expert witnesses to support the Department in litigation.

**11. STATE OPERATIONS BASE LEVEL FUNDING REDUCTION**

GPR	-\$359,600
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**Governor/Legislature:** Provide a reduction of \$179,800 annually in base level state operations funding to implement a lapse required in the 1997-99 biennial budget (1997 Wisconsin Act 27) as a permanent reduction.

**12. BUSINESS TAX REGISTRATION PROJECT POSITION CONVERSIONS [LFB Paper 836]**

	<b>Governor (Chg. to Base)</b>		<b>Jt. Finance (Chg. to Gov)</b>		<b>Legislature (Chg. to JFC)</b>		<b>Veto (Chg. to Leg.)</b>		<b>Net Change</b>	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$305,000	3.00	-\$305,000	-3.00	\$0	3.00	\$0	-3.00	\$0	0.00

**Governor:** Provide \$123,900 in 1999-00 and \$181,100 in 2000-01 and 3.0 positions annually to convert project positions that provide support to the business tax registration system to permanent positions. The positions would be used to complete the business tax registration system, incorporate law changes and improvements into the system and include the business tax registration system in the Department's integrated tax system. The project positions and related funding are deleted through standard budget adjustments.

**Joint Finance:** Delete provision.

**Assembly/Legislature:** Provide 3.0 positions annually for the business tax registration system.

**Veto by Governor [F-41]:** Delete nonstatutory provision authorizing positions as part of veto to provide a one-time increase in funding for the school levy tax credit in 2001-02. [See "Shared Revenue and Tax Relief -- Property Tax Credits".]

[Act 9 Section: 9143(3gm)]

[Act 9 Vetoed Section: 9143(3gm)]

**13. FUNDING FOR INCREASED DELINQUENT TAX SYSTEM INFOTECH AND SOFTWARE MAINTENANCE COSTS [LFB Paper 131]**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	\$0		\$8,944,500		\$8,944,500	
GPR-Earned	0		24,620,800		24,620,800	
GPR	\$0	0.00	\$25,514,300	184.00	\$25,514,300	184.00
PR	<u>304,000</u>	<u>0.00</u>	<u>-21,666,600</u>	<u>-174.00</u>	<u>-21,362,600</u>	<u>-174.00</u>
Total	\$304,000	0.00	\$3,847,700	10.00	\$4,151,700	10.00

**Governor:** Provide \$152,000 annually to fund increased InfoTech costs and development tool software maintenance costs for the Delinquent Tax Collection System (DTC). The increased InfoTech costs are for mainframe processing, data storage and data access for the DTC. The software costs are for maintenance of the ObjectStudio development tool software which supports DTC.

**Joint Finance/Legislature:** Approve the Governor's recommendation. In addition, delete \$10,833,300 PR and 174.0 PR positions annually and provide \$13,053,100 GPR in 1999-00, \$11,203,300 GPR in 2000-01 and 174.0 GPR positions to convert the funding source for the DTC from PR to GPR. Provide that delinquent tax collection fees be placed in the general fund as GPR-Earned. In addition, (a) provide \$50,000 GPR in 1999-00 and \$209,600 GPR in 2000-01 for the Department to purchase predictive dialer technology; (b) provide \$468,600 GPR in 1999-00 and \$499,700 GPR in 2000-01 and 10.0 GPR revenue agent positions each year; (c) provide \$20,000 GPR in 2000-01 and charge delinquent taxpayers for costs incurred for court actions that are related to collection of delinquent taxes; and (d) provide \$10,000 GPR in 2000-01 and authorize the Department to charge a \$20 fee for installment agreements with delinquent taxpayers. In total, this alternative would delete \$10,833,300 PR and 174.0 PR positions annually and provide \$13,571,700 GPR in 1999-00, \$11,942,600 GPR in 2000-01 and 184.0 GPR positions each year. In addition, GPR-Earned would increase by an estimated \$12,430,600 in 1999-00 and \$12,190,200 in 2000-01; GPR tax revenues would increase by an estimated \$8,944,500 in 2000-01.

[Act 9 Sections: 594m, 1797m and 1797p]

**14. DEBT COLLECTION APPLICATIONS DEVELOPMENT**

	Funding Positions	
PR	\$109,400	1.00

**Governor/Legislature:** Provide \$55,300 in 1999-00 and \$54,100 in 2000-01 and 1.0 information systems analyst position to make enhancements to the computer system that supports the refund interception program. The position would make improvements to the computer system and prepare it for merger into the Department's integrated tax system. Under the refund interception program, the Department deducts debts owed to state and local government agencies from tax refunds and lottery winnings.

**15. FUNDING ADJUSTMENT FOR WISCONSIN/ILLINOIS BENCHMARK STUDY**

PR	-\$306,700
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**Governor/Legislature:** Delete \$126,200 in 1999-00 and \$180,500 in 2000-01 to adjust the funding level for the Wisconsin/Illinois reciprocity benchmark study to the amounts required to complete the study.

The provisions of 1997 Wisconsin Act 63 authorized funding to conduct a benchmark study to determine payments under the individual income tax reciprocity agreement with Illinois. Under the agreement, residents of one state are not subject to the other state's income tax on income earned in that state. The agreement requires payments for the amount of revenue loss that results from one state's residents being taxed in the other state. Act 63 provided the Department with one-time funding of \$74,300 PR and base funding of \$231,200 PR in 1998-99 to conduct a benchmark study to determine reciprocity payments over a three-year period. The source of revenue for the PR appropriation is a separate GPR appropriation under miscellaneous appropriations. This provision reduces base level funding for the benchmark study in 1999-00 and 2000-01 to the amounts that will be required to complete the study.

**16. MINING INVESTMENT AND LOCAL IMPACT FUND ADMINISTRATIVE EXPENSES**

	Funding Positions	
PR	-\$84,000	- 0.50

**Governor/Legislature:** Delete \$42,000 and 0.50 positions annually for administration of the Investment and Local Impact Fund (ILIF). As a result, base level funding and positions would be eliminated to reflect the cessation of mining activities in the state. In addition, require that an amount that is equal to the administrative expenses incurred in 1998-99 be transferred from the ILIF to the ILIF administration appropriation on the effective date of the bill. The administration estimates that the amount would be sufficient to fund the 1998-99 expenditure authority of \$41,800.

Under current law, a net proceeds tax is imposed on metalliferous mining operations, in lieu of local property taxation. Revenues from the net proceeds tax are placed in the ILIF which is administered by the Investment and Local Impact Fund Board. The Board, which is attached to DOR for administrative support, makes various required and discretionary payments from the fund to compensate counties, municipalities and Native American communities for the costs associated with mining. However, no metalliferous mines are currently operating in Wisconsin.

[Act 9 Section: 9243(1)]

17. RECYCLING SURCHARGE ADMINISTRATION [LFB Paper 722]

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	-\$683,200	-2.50	\$368,900	1.50	-\$314,300	-1.00

**Governor:** Delete \$341,600 and 2.50 positions annually for administration of the recycling surcharge to reflect elimination of the surcharge in April, 1999. As a result, funding for administration of the recycling surcharge would be eliminated. In addition, the appropriation used to fund administrative costs would be deleted.

Under current law, the recycling surcharge is designed to apply to most businesses to generate revenues that are sufficient to fund appropriations from the state recycling fund. The Department of Revenue administers collection of the recycling surcharge. However, the surcharge was eliminated in April, 1999. This provision reflects elimination of the Department's administrative responsibilities that will occur when the surcharge is ended.

**Conference Committee/Legislature:** Provide the Department of Revenue with \$123,000 in 1999-00 and \$245,900 in 2000-01 to retain 1.5 positions to administer the recycling surcharge. This provision reflects reimposition of the recycling surcharge, beginning with tax year 2000.

[Act 9 Section: 9143(3dm)]

18. LOTTERY CREDIT ADMINISTRATION

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$0	0.00	\$76,800	3.00	-\$33,500	0.00	\$43,300	3.00
SEG	<u>-93,400</u>	<u>0.00</u>	<u>-76,800</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>-170,200</u>	<u>0.00</u>
Total	-\$93,400	0.00	\$0	3.00	-\$33,500	0.00	-\$126,900	3.00

**Governor:** Delete \$46,700 annually to reflect lower costs that will be incurred in administering the lottery credit. Initially, the lottery credit was applied only to principal residences. However, that credit was found unconstitutional in 1996. As a result, 1997 Wisconsin Act 27 included a provision which extended the credit to all taxpayers. Because the credit applies to all taxpayers, rather than solely to principal residences, the cost of administering the credit, particularly in terms of audit activities, has been reduced.

**Assembly:** Convert \$43,300 SEG in 1999-00 and \$33,500 SEG in 2000-01 to GPR funding for lottery credit administration. Create an annual GPR appropriation for this purpose and provide that no monies may be encumbered or expended from the GPR appropriation after the effective date of the 2001-03 biennial budget act. Retain the SEG appropriation for this purpose,

but prohibit the expenditure or encumbrance of funds from the SEG appropriation in the 1999-01 biennium.

**Conference Committee/Legislature:** Include the Assembly provision and also provide 3.0 GPR positions beginning in 1999-00 for lottery credit administration to reflect the actions of the Joint Committee on Finance under s. 13.10 of the statutes.

**Veto by Governor [F-41]:** Delete \$33,500 GPR in 2000-01 for administering the lottery credit. In his veto message, the Governor indicates that he is requesting DOA not to allot the \$33,500 funding in the GPR appropriation in 2000-01. In addition, the provision prohibiting expenditure or encumbrance of funds from the SEG appropriation in the 1999-01 biennium was deleted. The Governor indicates that this will allow lottery credit administrative expenses to be made from the SEG appropriation during the 1999-01 biennium. Consequently, lottery SEG funding for administration of the lottery credit could be restored through separate legislation or action by the Joint Committee on Finance under s. 13.10 of the statutes. In September, the Committee provided DOR with 3.0 SEG permanent positions and supplemental funding of \$130,600 SEG in 1999-00 and \$152,900 SEG in 2000-01 to administer the lottery credit. This action reflected 1999 Wisconsin Act 5 which extended the lottery credit to primary residences only. The Governor's veto will allow the Department to use the SEG funding and positions provided under s. 13.10 for administration of the lottery credit in each year of the 1999-01 biennium.

[Act 9 Sections: 595g, 717ym, 717yn and 9143(3f)&(3g)]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.566(2)(am)), 595m and 9143(3g)]

## 19. TRANSFERS BETWEEN APPROPRIATIONS

**Governor/Legislature:** Provide adjustments for the following transfers between appropriations within the same funding source: (a) transfer a position from income, sales and excise tax audit to utility tax audit; (b) transfer a position from income, sales and excise tax administration to provide a local area network coordinator; (c) transfer a position from income, sales and excise tax administration to create a recruiter position; (d) transfer 0.25 position from income, sales and excise tax administration to the Secretary's Office to create a communications position; and (e) transfer funds for rent and salaries and fringe benefits between the Department's general program operations appropriations.

## 20. ADMINISTRATIVE SERVICES APPROPRIATION

**Governor/Legislature:** Modify statutory provisions governing the Department's administrative services general program operations appropriation to permit the Department to use the appropriation to fund all Department organizational units. Currently, statutory

provisions require that the appropriation be used to fund the administrative services and research and analysis divisions.

[Act 9 Section: 596]

## 21. LOCAL EXPOSITION TAXES

	Jt. Finance (Chg. to Base)	Assembly /Leg. (Chg. to JFC)	Net Change
PR-REV	-\$245,700	\$157,000	-\$88,700

**Joint Finance:** Reduce the amount of local exposition district tax collections retained by DOR for administration of the tax collections from 3.0% of collections to 1.75% effective on the first day of the first month beginning after publication of the bill. Based on 1997 district tax collections, the provision would increase revenues to the Wisconsin Center district by \$134,000 annually and would result in a corresponding decrease in DOR revenues. The estimated revenue increase to the district, and revenue decrease to DOR, would be \$111,700 in 1999-00 and \$134,000 in 2000-01, assuming an effective date of September 1, 1999.

**Assembly/Legislature:** Modify the Joint Committee on Finance provision that would reduce the amount of local exposition taxes retained by DOR for administration of the tax collections from 3.0% to 1.75% by establishing this percentage at 2.55%. Compared to the Joint Finance provision, this would increase revenues retained by the Department by \$71,500 in 1999-00 and \$85,500 in 2000-01 and would decrease revenue to the district by corresponding amounts. Compared to current law, the estimated revenue decrease to DOR, and corresponding increase to the district, would be \$40,200 in 1999-00 and \$48,500 in 2000-01.

[Act 9 Sections: 594f, 613e, 1638m, 1817d, 1817g and 9443(7f)]

## 22. COMPREHENSIVE LOCAL PLANNING GRANT ASSESSMENTS

**Joint Finance:** Authorize the Secretary of DOA to annually assess the Department \$250,000 to be paid from the agency's GPR general operations appropriations to fund a local planning grant program administered by the Department of Administration that is created under the bill. The assessments would be for grants to counties, cities, villages, towns or regional planning commissions to finance the local cost of planning activities and the cost of program delivery.

**Assembly:** Delete provision.

**Senate:** Modify the Joint Finance provision to specify that the assessment could be made against any of the agency's appropriations for general program operations rather than only GPR appropriations.

**Conference Committee/Legislature:** Delete provision.

### **23. SMART GROWTH DIVIDEND AID PROGRAM**

**Joint Finance:** Require DOA and DOR to jointly propose a smart growth dividend aid program in their budget requests for 2001-03 to provide aid beginning in 2005-06. The proposal would be required to include provisions that would distribute aid to towns, villages, cities and counties that meet the following requirements: (a) the local government has adopted a comprehensive plan that the Wisconsin Land Council and DOA have determined meets provisions established under administrative rule; (b) the local government has implemented the plan in accordance with provisions under the comprehensive planning statute; and (c) the population density within the local government's boundaries has increased. The proposal would also have to include a provision requiring the Wisconsin Land Council to approve or disapprove grant applications within 60 days of submission.

**Assembly:** Delete provision.

**Senate:** Modify the requirements that local governments would have to meet to receive aid payments to specify that local governments must have zoning and subdivision ordinances that are consistent with their comprehensive plans and to specify that aid would be distributed to eligible local governments on the basis of credits that the local governments would accumulate for new housing units that are sold or rented in the previous year on lots of one-quarter acre or less and for new housing units that were sold at prices less than 80% of the median sale price for new homes in the county in the previous year.

**Conference Committee/Legislature:** Delete the requirement that the 2001-03 budget requests of DOA and DOR contain a provision that would require aid recipients to be local governments where the population density has increased, and, instead, require the aid recipients to have zoning and subdivision ordinances that are consistent with their comprehensive plan. Specify that aid would be distributed to eligible local governments on the basis of credits that the local government would accumulate for new housing units that were sold or rented in the previous year on lots of one-quarter acre or less and for new housing units that were sold at prices less than 80% of the median sale price of new homes in the county in the previous year.

[Act 9 Section: 9101(18zo)]

### **24. SUSTAINABLE URBAN DEVELOPMENT ZONE PROGRAM**

**Joint Finance:** Direct DNR, in cooperation with the Departments of Health and Family Services, Transportation, Revenue, Administration and Commerce, and the Cities of Milwaukee, Green Bay, La Crosse and Oshkosh, to develop a pilot program no later than January 1, 2001, that promotes the use of financial incentives to clean up and redevelop

contaminated properties in the listed cities. Of the \$2,250,000 in total funding, the following amounts would be available as grants to the cities: (a) \$1,000,000 for the City of Milwaukee; (b) \$500,000 for the City of Green Bay; (c) \$500,000 for the City of La Crosse; and (d) \$250,000 for the City of Oshkosh. The state funds could be used for the assessment, investigation and cleanup of brownfields properties in the cities. A sustainable urban development zone tax credit would be created that was equal to 50% of the cost of an environmental remediation project in a zone. The Department of Commerce would be required to certify claimants as eligible for tax credits. The fiscal effect of this provision is shown under "Natural Resources -- Air, Waste and Contaminated Land."

**Senate:** Provide \$250,000 SEG in 1999-00 from the environmental management account of the environmental fund to expand the sustainable urban development zone pilot program created by Joint Finance to include the City of Beloit (which would receive the \$250,000), and provide a total of \$2,500,000 in funding (instead of \$2,250,000 under Joint Finance) for the sustainable urban development zone program.

The amounts provided to the other four cities would remain the same as under the Joint Finance provision. The Department of Transportation would be required to work with Beloit, in addition to the four other cities to develop transportation planning, transportation access and infrastructure improvements for inclusion in the DOT 2001-03 biennial budget request.

**Conference Committee/Legislature:** Approve the Senate provision, as modified to: (a) provide \$200,000 SEG for Beloit instead of \$250,000; and (b) provide \$130,000 of the \$200,000 from the environmental management account of the environmental fund and the remaining \$70,000 from the all-terrain vehicle (ATV) account of the conservation fund. (See Natural Resources -- Air, Waste and Contaminated Land, Item #23.)

**Veto by Governor [B-31]:** Delete the sustainable urban development zone tax credit and eliminate the requirement that the Departments of Health and Family Services, Revenue and Transportation assist in developing the pilot program.

[Act 9 Sections: 332e, 1709c, 1719g, 1798 and 2649h]

[Act 9 Vetoed Sections: 332m, 1684d, 1719m, 1722bd, 1740c, 1743d, 1747m, 1748bm, 1749k, 1756h, 1760q, 1798, 2649h, 9150(3v) and 9343(22c)]

## 25. STUDY OF BROWNFIELDS INITIATIVES

**Joint Finance/Legislature:** Direct DNR, DOA, Commerce, DOR and DOT to submit an annual consolidated report on June 30 of each year to the Joint Committee on Finance and the appropriate standing committees of the Legislature that evaluates the effectiveness of the state's brownfields initiatives.



**Veto by Governor [B-36]:** Delete the following requirements: (a) that DOR and DOT participate in the report preparation; (b) that the report be submitted annually by June 30; and (c) that the report be submitted to the appropriate standing committees and the Joint Committee on Finance.

[Act 9 Section: 2611d]

[Act 9 Vetoed Section: 2611d]

**26. SALES TAX REBATE ADMINISTRATIVE FUNDING**

GPR	\$2,357,500
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**Act 10:** Provide \$2,357,500 GPR to DOR in 1999-00 to administer the sales tax rebate. The following chart shows a breakdown of the components of the administrative costs.

**Sales Tax Rebate Administrative Costs**

<b>Personnel</b>	
Permanent salaries (for overtime)	\$240,400
LTE salaries	139,200
Fringe benefits	<u>65,500</u>
Subtotal	\$445,100
<b>Administration</b>	
Contract programming, InfoTech costs and other related expenses	\$241,900
Printing claim forms, envelopes, postage	702,400
Distributing rebate checks and related expenses	93,400
Furniture, rent and telephone expenses	67,200
Printing, storage, security and transportation of rebate checks	480,000
Processing rebate checks	<u>327,500</u>
Subtotal	\$1,912,400
<b>TOTAL</b>	<b>\$2,357,500</b>

[Act 10 Section: 7]

## Lottery Administration

### 1. LOTTERY SALES PROJECTIONS

**Governor:** Estimate lottery sales at \$426.8 million in 1999-00 and \$435.1 million in 2000-01. The following table shows these projections, as well as 1998-99 actual lottery sales.

#### Projected Lottery Sales -- Governor (\$ in Millions)

<u>Game Type</u>	<u>Actual 1998-99</u>	<u>1999-00</u>	<u>Percent Change from 1998-99</u>	<u>2000-01</u>	<u>Percent Change from 1999-00</u>
Scratch	\$224.9	\$251.5	11.8%	\$256.4	1.9%
Pull-tab	5.9	6.3	6.8	6.3	0.0
On-line	<u>197.4</u>	<u>169.0</u>	<u>-14.4</u>	<u>172.4</u>	<u>2.0</u>
Total	\$428.2	\$426.8	-0.3%	\$435.1	1.9%

The Governor's sales estimates are identical to those made by DOR in the Department's 1999-01 budget request. In the request, DOR estimated 1998-99 sales at \$418.5 million and projected sales increases of 2% in 1999-00 and 4% in 2000-01 predicated on a new retailer performance program, summarized below. Actual 1998-99 sales exceeded the Department's estimate, as shown in the table above.

**Joint Finance/Legislature:** Reestimate lottery sales to \$419.1 million in 1999-00 and \$427.3 million in 2000-01, as shown in the following table:

#### Projected Lottery Sales -- Act 9 (\$ in Millions)

<u>Game Type</u>	<u>1999-00</u>	<u>2000-01</u>
Scratch	\$239.7	\$244.4
Pull-tab	6.0	6.1
On-line	<u>173.4</u>	<u>176.8</u>
Total	\$419.1	\$427.3

The reestimate is \$7.7 million less in 1999-00 and \$7.8 million less in 2000-01 than the sales projections under the bill. The revised estimate assumes increases of 2% in 1999-00 and 4% in 2000-01 over revised 1998-99 estimated sales of \$411.0 million. The sales increases are projected to result from the retailer performance program summarized below. Actual 1998-99 sales of \$428.2 million exceeded the estimate of \$411.0 million.

## 2. BASIC RETAILER COMPENSATION

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR	\$0	\$0	\$52,193,500	-\$26,341,500	\$25,852,000
SEG	-6,870,100	-1,118,800	-52,193,500	26,341,500	-33,840,900
Total	-\$6,870,100	-\$1,118,800	\$0	\$0	-\$7,988,900

**Governor:** Delete \$3,684,900 SEG in 1999-00 and \$3,185,200 SEG in 2000-01 to adjust base level funding for retailer compensation to reflect projected lottery sales in the 1999-01 biennium. Basic retailer compensation rates under current law are 5.5% for online ticket sales and 6.25% for instant ticket sales. Base level funding of \$30,091,200, established under 1997 Act 27, was based on estimated lottery sales of \$487.0 million in 1998-99. The Department projects lottery sales of \$426.8 million in 1999-00 and \$435.1 million in 2000-01, allowing basic retailer compensation funding to be reduced.

**Joint Finance:** Delete \$554,300 SEG in 1999-00 and \$564,500 SEG in 2000-01 to reflect reestimated lottery sales in the 1999-01 biennium.

**Assembly:** Convert \$25,852,000 SEG in 1999-00 and \$26,341,500 SEG in 2000-01 for basic retailer compensation to GPR funding. Create a sum sufficient GPR appropriation for this purpose and provide that no monies may be encumbered or expended from the GPR appropriation after the effective date of the 2001-03 biennial budget act. Retain the SEG appropriation for retailer compensation, but prohibit the expenditure or encumbrance of funds from the SEG appropriation in the 1999-01 biennium.

**Senate:** Convert \$26,341,500 SEG in 2000-01 for basic retailer compensation to GPR funding. Create a sum sufficient GPR appropriation for this purpose. Repeal the SEG appropriation for retailer compensation effective July 1, 2000.

**Conference Committee/Legislature:** Include Assembly provision.

**Veto by the Governor [F-41]:** Delete \$26,341,500 GPR for basic retailer compensation in 2000-01 and provide that no monies may be encumbered or expended from the GPR retailer compensation appropriation after the "2000 budget." Under the partial veto, no monies may be encumbered or expended from the retailer compensation SEG appropriation only during 1999-00. As a result, SEG expenditures under the sum sufficient appropriation for retailer compensation in 2000-01 will increase by an estimated \$26,341,500.

[Act 9 Sections: 596r and 597c]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.566(8)(b)), 596r and 597c]

3. RETAILER PERFORMANCE PROGRAM [LFB Paper 840]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR	\$0	\$0	\$6,307,900	-\$4,232,300	\$2,075,600
SEG	6,421,500	-113,600	-6,307,900	4,232,300	4,232,300
Total	\$6,421,500	-\$113,600	\$0	\$0	\$6,307,900

**Governor:** Provide \$2,113,000 SEG in 1999-00 and \$4,308,500 SEG in 2000-01 for a retailer performance program funded from the lottery's retailer compensation appropriation. Authorize DOR to establish a program, under rules promulgated by DOR, for additional compensation to be paid to retailers who meet certain performance goals identified by DOR. Provide that compensation under the program could not exceed 1.0% of gross lottery sales revenue. The effective date of the provision would be January 1, 2000. The Department estimates that the performance program would increase lottery sales by \$8.3 million in 1999-00 and 16.6 million in 2000-01 (2% and 4% increases respectively, compared to 1997-98 actual for-profit sales).

**Joint Finance:** Delete \$37,400 SEG in 1999-00 and \$76,200 SEG in 2000-01 to reflect reestimated amounts for a retailer performance program of \$2,075,600 in 1999-00 and \$4,232,300 in 2000-01. Require the Department to provide the Committee with a performance program plan based on proposed administrative rules. Place the approved funding in unallotted reserve for release by DOA following approval of the proposed plan by the Joint Committee on Finance under a 14-day passive review process.

**Assembly:** Convert \$2,075,600 SEG in 1999-00 and \$4,232,300 SEG in 2000-01 for the retailer performance program to GPR funding. Fund the program, in the 1999-01 biennium, from the sum sufficient GPR appropriation for retailer compensation. Provide that no monies may be encumbered or expended from the GPR retailer compensation appropriation after the effective date of the 2001-03 biennial budget act. Retain the SEG appropriation for retailer compensation, but prohibit the expenditure or encumbrance of funds from the SEG appropriation in the 1999-01 biennium.

**Senate:** Convert \$4,232,300 SEG in 2000-01 for the retailer performance program to GPR funding. Fund the program in 2000-01 from a sum sufficient GPR appropriation for retailer compensation. Repeal the SEG appropriation for retailer compensation effective July 1, 2000.

**Conference Committee/Legislature:** Include Assembly provision.

**Veto by the Governor [F-41]:** Delete \$4,232,300 GPR from the retailer compensation appropriation for the retailer performance program in 2000-01 and provide that no monies may be encumbered or expended from the GPR retailer compensation appropriation after the "2000 budget." Under the partial veto, no monies may be encumbered or expended from the retailer

sum sufficient appropriation for retailer compensation in 2000-01 will increase by an estimated \$4,232,300 to fund the retailer performance program.

[Act 9 Sections: 596r, 597c, 3024, 3025, 9143(2t) and 9443(1)]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.566(8)(b)), 596r and 597c]

#### 4. VENDOR FEES

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR	\$0	\$0	\$24,597,700	-\$12,419,000	\$12,178,700
SEG	<u>476,500</u>	<u>- 29,800</u>	<u>- 24,597,700</u>	<u>12,419,000</u>	<u>- 11,732,000</u>
Total	\$476,500	-\$29,800	\$0	\$0	\$446,700

**Governor:** Provide \$117,900 SEG in 1999-00 and \$358,600 SEG in 2000-01 to adjust funding for vendor fees to reflect projected lottery sales in the 1999-01 biennium. Base level funding for vendor fees in \$12,075,500. Vendor fees are paid on major procurement contracts for the provision of data processing services relating to on-line and scratch ticket lottery games. The fees are calculated on the basis of a formula containing both fixed costs and a percentage of on-line and scratch ticket sales. Under the request, vendor fees would total 2.9% of on-line and scratch ticket sales in the 1999-01 biennium.

**Joint Finance:** Delete \$14,700 SEG in 1999-00 and \$15,100 SEG in 2000-01 to reflect reestimated lottery sales in the 1999-01 biennium.

**Assembly /Legislature:** Convert \$12,178,700 SEG in 1999-00 and \$12,419,000 SEG in 2000-01 for vendor fees to GPR funding. Create a sum sufficient GPR appropriation for this purpose and provide that no monies may be encumbered or expended from the GPR appropriation after the effective date of the 2001-03 biennial budget act. Retain the SEG appropriation for vendor fees, but prohibit the expenditure or encumbrance of funds from the SEG appropriation in the 1999-01 biennium.

**Veto by the Governor [F-41]:** Delete \$12,419,000 GPR for vendor fees in 2000-01 and provide that no monies may be encumbered or expended from the GPR vendor fees appropriation after the "2000 budget." Under the partial veto, no monies may be encumbered or expended from the vendor fees SEG appropriation only during 1999-00. As a result, SEG expenditures under the sum sufficient appropriation for vendor fees in 2000-01 will increase by an estimated \$12,419,000.

[Act 9 Sections: 596s and 597f]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.566(8)(c)) and 596s and 597f]

**5. LOTTERY FUNDING FOR COMPULSIVE GAMBLING AWARENESS CAMPAIGNS**  
[LFB Paper 164]

**Governor/Legislature:** Delete the requirement that the general program operations appropriation under the state lottery provide 36% of the amount appropriated to the Department of Health and Family Services (DHFS) for compulsive gambling awareness campaigns. Under current law, the Department of Health and Family Services (DHFS) is provided \$100,000 annually (\$50,000 from tribal gaming, \$14,000 from pari-mutuel racing and \$36,000 from the state lottery) for grants to one or more individuals or organizations in the private sector to conduct compulsive gambling awareness campaigns. Under the bill, payments for this purpose from pari-mutuel racing and the state lottery would be eliminated and the amount provided from tribal gaming revenue would be increased by \$200,000, for a total of \$250,000 annually.

[Act 9 Section: 455]

**6. DESIGNATION OPTIONS FOR LOTTERY PRIZE WINNERS** [LFB Paper 116]

**Joint Finance/Legislature:** Modify current lottery provisions to allow prize winners to make a designation of whether to receive the prize as a lump-sum payment or as an annuity within 60 days after winning, if the lottery prize is payable over at least ten years. In addition, allow individuals who won a lottery prize in the form of an annuity payable over at least ten years, on or before October 21, 1998, and who currently receive the prize as an annuity, to designate a lump-sum payment for the remaining portion of the prize. The option must be exercised no earlier than July 1, 1999, and no later than December 31, 2000.

[Act 9 Sections: 3025g and 3025j]

**7. GENERAL PROGRAM OPERATIONS FUNDING**

	Jt. Finance/Leg. (Chg. to Base)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$42,191,600	110.50	-\$21,095,800	0.00	\$21,095,800	110.50
SEG	<u>-42,191,600</u>	<u>-110.50</u>	<u>0</u>	<u>0.00</u>	<u>-42,191,600</u>	<u>-110.50</u>
Total	\$0	0.00	-\$21,095,800	0.00	-\$21,095,800	0.00

**Assembly:** Convert \$21,095,800 SEG and 110.5 SEG positions annually for general program operations to GPR funding and positions. Create a sum certain GPR appropriation for this purpose and provide that no monies may be encumbered or expended from the GPR appropriation after the effective date of the 2001-03 biennial budget act. Retain the SEG appropriation for general program operations, but prohibit the expenditure or encumbrance of funds from the SEG appropriation in the 1999-01 biennium.

**Senate:** Convert \$21,095,800 SEG and 110.5 SEG positions in 2000-01 for general program operations to GPR funding and positions.

**Conference Committee/Legislature:** Include Assembly provision.

**Veto by the Governor [F-41]:** Delete \$21,095,800 GPR for general program operations in 2000-01 and eliminate the prohibition of the expenditure or encumbrance of funds from the SEG appropriation in the 1999-01 biennium. Under the partial veto, although encumbrances and expenditures from the general program operations SEG appropriation are allowed in the 1999-01 biennium, no SEG appropriation is made for this purpose under the act. As vetoed, funding for general program operations is provided in 1999-00 only. In 2000-01, the 110.5 GPR positions remain, but no funding is provided in the act (GPR or SEG) for lottery general program operations.

In his veto message, the Governor indicates that lottery SEG funding for general program operations in 2000-01 could be restored through separate legislation or action by the Joint Committee on Finance under s. 13.10 of the statutes.

[Act 9 Sections: 596q and 9143(3e)]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.566(8)(a)) and 597g]

## 8. CONVERT LOTTERY PRIZE FUNDING

**Senate:** Convert \$119,868,100 SEG in 1999-00 and \$244,368,500 SEG in 2000-01 for lottery prizes to GPR funding. Create a sum sufficient GPR appropriation for this purpose. Specify that lottery prizes after January 1, 2000, be paid from the new, GPR appropriation. Repeal the current law provision that requires at least 50% of each year's lottery ticket sales revenue to be returned as prizes.

**Conference Committee/Legislature:** Delete provision.

## 9. LOTTERY DEFINITIONS AND EXPENSE LIMITATION

**Assembly:** Modify statutory definitions of gross lottery revenues, proceeds and expenses to reflect the conversion of operational costs to GPR funding in the 1999-01 biennium. Restore current law definitions of gross lottery revenues, proceeds and expenses on the effective date of the 2001-03 biennial budget act. Eliminate the statutory limitation on lottery expenditures (10% of gross revenue) and the biennial expense limitation report required under current law for the 1999-01 biennium only.

**Senate:** Modify statutory definitions of gross lottery revenues, proceeds and expenses to reflect the conversion of operational costs to GPR funding. Eliminate the statutory limitation on

lottery expenditures (10% of gross revenue) and the biennial expense limitation report required under current law.

**Conference Committee/Legislature:** Include the Assembly provision.

**Veto by the Governor [F-41]:** Provide that the modifications of the statutory definitions of gross lottery revenues and lottery proceeds, to reflect the conversion of operational costs to GPR funding, would be in effect in 1999-00 only and provide that current law definitions of gross lottery revenues and lottery proceeds are restored on the effective date of the "2001 budget." Eliminate the statutory limitation on lottery expenditures (10% of gross revenue) in 1999-00 only and restore the limitation on the effective date of the "2001 budget."

[Act 9 Sections: 717xa thru 717xg, 717xi, 717xj, 3025w and 9443(24e)]

[Act 9 Vetoed Section: 9443(24e)]

#### 10. REIMBURSEMENT OF PRIOR YEAR LOTTERY EXPENSES

	Legislature (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR-REV	-\$253,896,300	\$253,896,300	\$0
SEG-REV	\$253,896,300	-\$253,896,300	\$0

**Conference Committee/Legislature:** Transfer, from the general fund to the lottery fund, \$37,202,000 on March 27, 2000, and \$216,689,300 on March 26, 2001, for the purpose of reimbursing the lottery fund for expenditures from October, 1995, through June, 1999, under the appropriations for general program operations of the lottery, retailer compensation, vendor fees, gaming law enforcement at the Department of Justice, lottery credit administration at the Department of Revenue and the farmland tax relief credit.

**Veto by Governor [F-41]:** Delete provision.

[Act 9 Section: 9143(3g)]

[Act 9 Vetoed Sections: 717xh, 9143(3g) and 9243(2c)]

#### 11. USE OF LOTTERY PRIZES FOR LOAN SECURITY AND ASSIGNMENT

**Assembly/Legislature:** Allow lottery prizes to be used as security for a loan or assigned to another person, as follows:

a. *Lottery Prize as Security for a Loan.* Provide that a lottery prize winner may use a lottery prize or part of a lottery prize as security for a loan if authorized by a court order. Provide that any prize winner who intends to use part or all of a lottery prize as security for a loan must petition the



circuit court of the county in which the prize winner resides or the circuit court of Dane County for a court order confirming the use of a lottery prize as security for a loan. Require the circuit court of the county in which the prize winner resides or the circuit court of Dane County to issue an order confirming the use of a lottery prize as security for a loan only if all of the following occur:

- (1) The prize winner is represented by independent legal counsel.
- (2) A copy of the contract that provides for using any part of the lottery prize as security for the loan is attached to the petition.
- (3) The contract is executed by the prize winner, is subject to the laws of this state and provides that the prize winner has the right to cancel the contract until midnight of the 3rd business day after the date on which the prize winner entered into the contract.
- (4) The prize winner attests, by sworn affidavit, that he or she is of sound mind, is not acting under duress and acknowledges that the state will not make any of the lottery prize payments or parts of lottery prize payments to the prize winner that are being used as security for the loan in the event the prize winner defaults on the loan.
- (5) The prize winner, by sworn affidavit, provides the court with an accounting of all claims to, or judgments, liens, security interests, garnishments, assignments or attachments against, all or any part of the lottery prize payments.
- (6) The prize winner provides the court a certification from the lottery administrator that lists the amounts of the lottery prize payments, if any, that the administrator is required to withhold for the prize winner relating to: (a) income taxes; (b) delinquent state taxes, child support, spousal support, maintenance, family support or debts owed the state; and (c) assessments, fines, restitutions and surcharges.
- (7) The part of the lottery prize that is being used as security for the loan does not include the amounts of any withholdings relating to: (a) income taxes; (b) delinquent state taxes, child support, spousal support, maintenance, family support or debts owed the state; and (c) assessments, fines, restitutions and surcharges.
- (8) The court determines that the interest rate on the loan does not exceed the weekly prime rate for the week prior to the date on which the court received a copy of the contract, as reported by the federal reserve board in federal reserve statistical release H. 15, plus 6%. In making this calculation, require the court to subtract from the compensation received by the individual or organization making the loan any required fees or other costs charged the prize winner.

Require that the court order relating to the use of a lottery prize as security for a loan must include all of the following:

- (1) The name of the prize winner.
- (2) The prize winner's social security number if the prize winner is an individual, or federal income tax identification number if the prize winner is an organization.
- (3) The name of the individual or organization that is making the loan to the prize winner.
- (4) The social security number of the individual or the federal income tax identification number of the organization that is making the loan to the prize winner.
- (5) If an individual is making the loan to the prize winner, the citizenship of the individual. If the individual is not a citizen of the United States of America, the individual's resident alien number.

Require the individual or organization making the loan, upon receipt of the court order, to provide a certified copy of the court order to the lottery administrator. Require the lottery administrator to acknowledge receipt of the court order in writing to the individual or organization making the loan and to make all lottery prize payments according to the terms specified in the court order. Authorize the lottery administrator to charge an initial processing fee, in an amount determined by rule, to cover any costs associated with processing the lottery prize payments in accordance with the terms specified in the court order.

b. *Assignment of Lottery Prizes.* Allow a lottery prize winner, acting as an "assignor," to make a voluntary assignment of a lottery prize or part of a lottery prize if authorized by a court order.

Larger lottery prizes associated with the on-line games of Powerball and Megabucks may be paid out in annual installments, usually over a 25-year period, or as a smaller one-time payment, depending on the option chosen by the purchaser of the ticket at the time of purchase. Under current law, the right of any person to a lottery prize may not be assigned. Assignment refers to the transfer to another of any property, in whole or in part, which may be executed for a variety of reasons. Assignment, in the context of lottery prizes, would involve the ability of a prize winner to "sell" or assign his or her right to collect all or part of future lottery prize payments to a third party in exchange for a more immediate payment or other return made by the third party to the prize winner. Examples of such third parties could include investors, banks or loan companies.

Require that any assignor who intends to voluntarily assign part or all of a lottery prize to any individual or organization to petition the circuit court of the county in which the assignor resides or the circuit court of Dane County for a court order confirming the assignment. Require the circuit court of the county in which the assignor resides or the circuit court of Dane County to issue an order confirming the assignment only if all of the following occur:

- (1) The assignor is represented by independent legal counsel.
- (2) A copy of the assignment is attached to the petition.
- (3) The assignment is in writing, is executed by the assignor and is subject to the laws of this state.
- (4) The contract for the assignment provides that the assignor has the right to cancel the contract until midnight of the 3rd business day after the date on which the assignor entered into the contract.
- (5) The contract for the assignment provides that the assignor, from the proceeds received from the individual or organization to whom part or all of the lottery prize is assigned, agrees to pay in full any delinquent payments that may be owed by the assignor relating to: (a) income taxes; (b) delinquent state taxes, child support, spousal support, maintenance, family support or debts owed the state; and (c) assessments, fines, restitutions and surcharges.
- (6) The assignor attests, by sworn affidavit, that he or she is of sound mind, is not acting under duress and acknowledges that the state will not make any of the assigned lottery prize payments or parts of lottery prize payments to the assignor.
- (7) The assignor, by sworn affidavit, provides the court with an accounting of all claims to, or judgments, liens, security interests, garnishments, assignments or attachments against, all or any part of the lottery prize payments.
- (8) The assignment does not include the amounts of any withholdings relating to: (a) income taxes; (b) delinquent state taxes, child support, spousal support, maintenance, family support or debts owed the state; and (c) assessments, fines, restitutions and surcharges.
- (9) The assignor provides the court a certification from the lottery administrator that lists the amounts of the lottery prize payments, if any, that the administrator is required to withhold for the assignor relating to: (a) income taxes; (b) delinquent state taxes, child support, spousal support, maintenance, family support or debts owed the state; and (c) assessments, fines, restitutions and surcharges.
- (10) The payment that the assignor will receive as compensation for the assignment is at least equal to the present value of the assigned lottery prize payments, discounted at a rate no greater than the weekly prime rate for the week prior to the date on which the court received a copy of the assignment, as reported by the federal reserve board in federal reserve statistical release H. 15, plus 6%. In making this calculation, require the court to subtract from the compensation received by the assignor any required fees or other costs charged the assignor.

(11) The individual or organization to whom part or all of the lottery prize is assigned specifies in an affidavit that the individual or organization agrees to report and pay any state income or franchise tax that is owed on any income or gain realized from the purchase and subsequent sale or redemption of any lottery prize.

Require the court order relating to assignments to include all of the following:

(1) The name of the prizewinner or the name of the assignor, if different from the prizewinner.

(2) The assignor's social security number if the assignor is an individual, or federal income tax identification number if the assignor is an organization.

(3) The name of the individual or organization to whom part or all of the lottery prize is assigned.

(4) The social security number of the individual or the federal income tax identification number of the organization to whom part or all of the lottery prize is assigned.

(5) If part or all of the lottery prize is assigned to an individual, the citizenship of the individual. If the individual is not a citizen of the United States of America, the individual's resident alien number.

(6) The number of assigned lottery prize payments and the dates on which the assigned lottery prize payments are to be paid.

(7) The gross amount of each of the lottery prize payments that are subject to withholding for tax purposes and that are assigned.

Require the individual or organization to whom the lottery prize is assigned, upon receipt of the court order, to provide a certified copy of the court order to the lottery administrator. Require the lottery administrator to acknowledge receipt of the court order in writing to the individual or organization to whom the lottery prize is assigned and to make all lottery prize payments according to the terms specified in the court order. Authorize the lottery administrator to charge an initial processing fee, in an amount determined by rule, to cover any costs associated with processing the lottery prize payments in accordance with the terms specified in the court order.

Annually, require the lottery administrator to provide each clerk of circuit court with a list of new assignees of a lottery prize that is payable in installments. Require the lottery administrator, if he or she receives a notice of the assignment of lottery prizes for the payment of fines, assessments, surcharges or restitution payments, to periodically determine if the person subject to the assignment is an assignee of a lottery prize that is payable in installments. If the lottery administrator determines that a person subject to the assignment of lottery prizes for the

payment of fines, forfeitures and related charges is an assignee of a lottery prize that is payable in installments, require the lottery administrator to withhold the amount of the judgment that is the basis of the assignment from the next installment payment. Require the lottery administrator to submit the withheld amount to the court that issued the assignment. Require the lottery administrator to notify the assignee of the reason that the amount is withheld from the lottery prize. If the initial installment payment is insufficient to pay the judgment, require the lottery administrator to withhold and submit to the court an amount from any additional installment payments until the judgment is paid in full or until the court notifies the lottery administrator that the judgment is paid and the assignment is no longer in effect. Provide that the lottery administrator may not withhold from any payment to an assignee of a lottery prize any amount owed for the payment of fines, assessments, surcharges or restitution by a winner of a lottery prize, nor may the lottery administrator withhold any such payment to a winner any amount that is owed by an assignee.

Require the lottery administrator, if requested by a lottery prize winner, to provide a certification that lists the amounts of the lottery prize payments, if any, that the administrator is required to withhold relating to: (a) income taxes; (b) delinquent state taxes, child support, spousal support, maintenance, family support or debts owed the state; and (c) assessments, fines, restitutions and surcharges.

Provide that current law provisions relating to the withholding of delinquent state taxes, child support or debt owed the state by a winner of a lottery prize equal to or greater than \$1,000 would also apply to any person to whom a lottery prize equal to or greater than \$1,000 has been assigned. Provide that current law provisions relating to the withholding of child support, spousal support, maintenance or family support by a winner of a lottery prize that is payable in installments would also apply to any person to whom a lottery prize that is payable in installments has been assigned. Provide the lottery administrator may not withhold from any payment to an assignee of a lottery prize any child support, spousal support, maintenance or family support that is owed by a winner of a lottery prize, nor may the lottery administrator withhold from any payment to a winner any child support, spousal support maintenance or family support that is owed by an assignee.

[Act 9 Sections: 1674v, 1682pd, 1685c, 1722y, 1722yb, 1722ym, 1738t, 1748Lm, 1748Ln, 1748y thru 1748ym, 1749p, 1753d, 1753m, 1786, 3023t, 3025m, 3025p, 3025pc thru 3025pp and 9343(23cm)]

## **12. LOTTERY FUND CONDITION**

The lottery fund is a segregated fund, the net proceeds of which are constitutionally required to be used for property tax relief. Under current law, lottery property tax relief is provided through a lottery and gaming credit distributed to owners of primary residences and through a farmland tax relief credit. The lottery fund condition summarizes, for each fiscal year of the biennium: (a) the opening balance of the fund; (b) estimated lottery revenues, including

interest earnings; (c) projected expenditures for lottery operations, regulation, enforcement and credit administration; and (d) the amounts available for the lottery and gaming credit and the farmland tax relief credit.

The lottery fund condition under current law is affected by: (a) 1999 Act 5, relating to lottery fund property tax credits; (b) 1999 Act 9, the 1999-01 biennial budget act; (c) September, 1999, action of the Joint Committee on Finance under s. 13.10 of the statutes; and (d) the October, 1999 lottery and gaming credit certification process under s. 79.10(11)(b) of the statutes.

Under Act 5, a number of provisions relating to the administration and use of gambling revenues, including provisions relating to the lottery property tax credit, were enacted to reflect new Constitutional requirements. On April 6, 1999, state voters approved an amendment to the Wisconsin Constitution relating to the distribution of gaming proceeds. The amendment requires that state revenues from the lottery, pari-mutuel wagering activities and charitable bingo, including interest earnings, be used for property tax relief, with the exception of funds used for lottery operations and the regulation and enforcement of these gambling activities. The amendment also specifies that the distribution of monies for property tax relief may not be based on the recipient's age or income and is not subject to the rules of uniform taxation required under Section 1 of Article VIII of the Wisconsin Constitution.

Under Act 5, the lottery credit was renamed the lottery and gaming credit. This credit applies only to property used as the owner's principal dwelling. Act 5 also provides for lottery gaming and credit certification payments to reimburse counties and cities in 1999-00 for certifying principal dwellings (at a rate of \$0.70 for each certification) that would qualify an owner for the lottery and gaming credit. This reimbursement is included in the following fund condition statement and is estimated at \$892,500 in 1999-00.

In addition, Act 5 creates and amends appropriations to effectuate the Constitutional requirements for state gaming revenue to be used for property tax relief. The provisions direct that available pari-mutuel- and bingo-related revenue, including interest earnings, are transferred to the lottery fund. The fund condition below estimates gaming-related revenue (associated with state pari-mutuel and bingo revenue) available for property tax relief at \$4.7 million in 1999-00 and \$3.3 million in 2000-01.

The provisions under Act 9 that affect the lottery fund condition are summarized in the following sections: Revenue -- Lottery Administration (the entries above for Lottery Sales Projections, Basic Retailer Compensation, Retailer Performance Program, Vendor Fees and General Program Operations Funding); (b) Justice (the entry for Gaming Law Enforcement Appropriations); (c) Revenue -- Tax Administration (the entry for Lottery Credit Administration); and (d) Shared Revenue and Tax Relief -- Property Tax Credits (the entries for Lottery Tax Credit and Farmland Tax Relief Credit -- Funding Level).

On September, 16, 1999, the Joint Committee on Finance, under s. 13.10 of the statutes, approved funding and positions for Department of Revenue administration of the lottery and gaming credit. The Committee provided \$130,600 SEG in 1999-00 and \$152,900 SEG in 2000-01

and 3.0 SEG positions. Act 9 also provided an additional \$43,300 GPR in 1999-00 for this purpose.

Under s. 79.10(11)(b) of the statutes, the Department of Administration (DOA) is required to provide the Joint Committee on Finance, before October 16 of each year, an estimate of total funds available for distribution under the lottery and gaming credit applied to property taxes levied in that year. The Department of Revenue must be notified of the total amount available for distribution under the lottery and gaming credit by November 1. This estimate provides DOR with the basis for calculating the fair market value, termed the credit base, necessary to distribute the lottery and gaming credit. Lottery and gaming credits are calculated by multiplying the credit base by school tax rates. The Committee is authorized to revise the DOA estimate and may do so at a meeting that takes place before November 1, 1999. If the Committee chooses to accept the DOA estimate, no Committee action is required.

On October 29, 1999, the Committee and DOA reestimated lottery sales for 1999-00 and certified the amount available for the lottery and gaming credit (\$212,595,300). Under Act 9, lottery sales were estimated at \$419.1 million in 1999-00. The revised 1999-00 sales estimate totals \$421.8 million, which is 0.63% higher than the lottery sales estimate made in Act 9. The amount available in 1999-00 for the lottery and gaming credit reflects this sales reestimate, as well as budgetary provisions enacted under Acts 5 and 9.

The following fund condition statement reflects the provisions of 1999 Acts 5 and 9, the September, 1999, s. 13.10 action and the October, 1999, lottery and gaming credit certification process.

## Lottery Fund Condition Statement

	<u>1999-00</u>	<u>2000-01</u>
Fiscal Year Opening Balance	\$33,467,000	\$8,437,200
<b>Operating Revenues</b>		
Ticket Sales	\$421,776,400	\$427,279,200
Retailer Fees and Miscellaneous	<u>84,000</u>	<u>84,000</u>
Gross Revenues	\$421,860,400	\$427,363,200
<b>Expenditures</b>		
Prizes	\$241,690,100	\$244,368,500
Basic and Bonus Retailer Compensation <sup>1</sup>	0	30,573,800
Vendor Payments <sup>2</sup>	0	12,419,000
General Program Operations <sup>3</sup>	0	0
Appropriation to DOJ - Lottery Enforcement <sup>4</sup>	0	0
Appropriation to DOR -- Credit Administration <sup>5</sup>	130,600	152,900
Appropriation to Counties and Cities--Credit Certification <sup>6</sup>	<u>892,500</u>	<u>0</u>
Total Expenditures	\$242,713,200	\$287,514,200
<b>Net Proceeds</b>	\$179,147,200	\$139,849,000
Interest Earnings	\$3,730,000	\$2,400,000
Gaming-Related Revenue <sup>7</sup>	\$4,688,300	\$3,302,200
<b>Total Available for Tax Relief <sup>8</sup></b>	\$221,032,500	\$153,988,400
<b>Appropriations for Property Tax Relief</b>		
Lottery and Gaming Credit <sup>9</sup>	\$212,595,300	\$130,441,100
Farmland Tax Relief Credit <sup>10</sup>	<u>0</u>	<u>15,000,000</u>
Total Appropriations for Property Tax Relief	\$212,595,300	\$145,441,100
Gross Closing Balance	\$8,437,200	\$8,547,300
Reserve (2% of Gross Revenues)	\$8,437,200	\$8,547,300
Net Closing Balance	\$0	\$0

<sup>1</sup> Under Act 9, \$27,927,600 GPR is provided for this purpose in 1999-00.

<sup>2</sup> Under Act 9, \$12,178,700 GPR is provided for this purpose in 1999-00.

<sup>3</sup> Under Act 9, \$21,095,800 GPR is provided for this purpose in 1999-00. Funding in 2000-01 (\$21,095,800) is not provided at this time.

<sup>4</sup> Under Act 9, \$226,000 GPR is provided for this purpose in 1999-00. Funding in 2000-01 (\$226,700) is not provided at this time.

<sup>5</sup> The SEG funding indicated was provided on September 16, 1999, under s. 13.10 of the statutes. In addition \$43,300 GPR is provided under Act 9 for this purpose in 1999-00.

<sup>6</sup> Estimated amount based on Act 5 provisions.

<sup>7</sup> Estimated amounts based on constitutional requirement and Act 5 provisions.

<sup>8</sup> Opening balance, net proceeds, interest earnings and gaming-related revenue.

<sup>9</sup> Restoration of lottery general program operations funding in 2000-01 (\$21,095,800 SEG) and DOJ enforcement funding in 2000-01 (\$226,700 SEG) would reduce the estimated lottery and gaming credit amount in 2000-01 to \$109,118,600.

<sup>10</sup> Under Act 9, \$15,000,000 GPR is provided for this purpose in 1999-00.



## SECRETARY OF STATE

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
PR	\$1,075,800	\$1,205,000	\$1,249,000	\$1,249,000	\$1,249,000	\$173,200	16.1%

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS

PR	\$15,000
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**Governor/Legislature:** Provide adjustments of \$6,500 in 1999-00 and \$8,500 in 2000-01 as follows: (a) full funding of continuing position salaries and fringe benefits (-\$6,000 annually); (b) full funding of financial services charges (\$300 annually); (c) reclassifications (\$4,700 in 1999-00 and \$5,800 in 2000-01); (d) overtime (\$4,300 annually); (e) fifth week vacation as cash (\$1,200 in 1999-00 and \$2,100 in 2000-01); and (f) full funding of lease costs and directed moves (\$2,000 annually).

#### 2. RECORDS PRESERVATION [LFB Paper 850]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-Earned	\$0	0.00	-\$45,900	0.00	-\$45,900	0.00
PR	\$104,200	0.00	\$44,000	1.00	\$148,200	1.00

**Governor:** Provide \$57,900 in 1999-00 and \$46,300 in 2000-01 to begin a document preservation project for certain historic documents filed with the Office of the Secretary of State. The Office has over 700,000 documents that have been filed over the past 150 years. Many of the documents are paper, with no duplicates. The funding would be used to begin microfilming the documents and developing compact disc copies for public access.

**Joint Finance/Legislature:** Modify the Governor's recommendation to provide an additional \$18,800 in 1999-00 and \$25,200 in 2000-01 and an 18-month project position to perform documents preparation and related activities for the documents preservation project. This provision would reduce GPR-Earned by an estimated \$19,600 in 1999-00 and \$26,300 in 2000-01.

**3. COMPUTER EQUIPMENT**

PR	\$10,000
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**Governor/Legislature:** Provide \$5,000 annually to replace computer equipment. The funding would be used to purchase personal computers and printers and to upgrade servers.

## SHARED REVENUE AND TAX RELIEF

### Budget Summary by Funding Source

	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9*	Act 9 Change Over	
						Base year Doubled Amount	Percent
<b>Direct Aid Payments</b>							
Shared Revenue	\$1,860,919,600	\$1,860,919,600	\$1,860,919,600	\$1,879,528,800	\$1,860,919,600	\$0	0.0%
Expenditure Restraint Program	96,000,000	96,000,000	96,000,000	105,000,000	105,000,000	9,000,000	9.4
County Mandate Relief	40,318,000	40,318,000	40,318,000	40,922,800	40,922,800	604,800	1.5
Small Municipalities Shared Revenue	20,000,000	20,000,000	20,000,000	21,875,000	21,000,000	1,000,000	5.0
Payments For Municipal Services	36,130,600	36,130,600	36,130,600	41,504,800	39,630,600	3,500,000	9.7
State Aid For Exempt Computers	0	156,000,000	134,800,000	134,050,000	134,800,000	134,800,000	N.A.
<b>Property Tax Credits</b>							
School Levy Tax Credit	938,610,000	938,610,000	938,610,000	938,610,000	938,610,000	0	0.0
Homestead Tax Credit	164,000,000	167,700,000	159,800,000	166,000,000	175,900,000	11,900,000	7.3
Farmland Preservation Credit	40,000,000	39,600,000	37,100,000	35,400,000	36,700,000	-3,300,000	-8.3
Farmland Preservation Acreage Credit	0	1,500	0	0	0	0	0.0
Farmland Tax Relief Credit**	0	0	0	30,000,000	15,000,000	15,000,000	N.A.
<b>Other Credits</b>							
Sales Tax Rebate	0	0	0	0	700,000,000	700,000,000	N.A.
Earned Income Tax Credit	153,000,000	154,000,000	29,600,000	25,200,000	25,200,000	-127,800,000	-83.5
Cigarette and Tobacco Product Tax Refunds	24,400,000	15,341,500	18,840,000	18,840,000	19,277,500	-5,122,500	-21.0
Development Zones Jobs Credit	900,000	300,000	300,000	300,000	300,000	-600,000	-66.7
Development Zones Sales Tax Credit	400,000	300,000	300,000	300,000	300,000	-100,000	-25.0
Development Zones Investment Credit	5,000	5,000	5,000	5,000	5,000	0	0.0
Development Zones Location Credit	4,000	5,000	5,000	5,000	5,000	1,000	25.0
<b>GPR TOTAL</b>	<b>\$3,374,687,200</b>	<b>\$3,525,231,200</b>	<b>\$3,372,728,200</b>	<b>\$3,437,541,400</b>	<b>\$4,113,570,500</b>	<b>\$738,883,300</b>	<b>21.9%</b>
<b>Other Credits</b>							
Earned Income Tax Credit; Temporary Assistance for Needy Families	\$0	\$0	\$119,000,000	\$105,000,000	\$105,000,000	\$105,000,000	N.A.
<b>PR TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$119,000,000</b>	<b>\$105,000,000</b>	<b>\$105,000,000</b>	<b>\$105,000,000</b>	<b>N.A.</b>
<b>Property Tax Credits</b>							
Lottery Credit	\$272,205,800	\$222,121,000	\$209,160,100	\$628,858,300	\$295,613,200	\$23,407,400	8.6%
Farmland Tax Relief Credit**	23,600,000	20,600,000	39,000,000	0	15,000,000	-8,600,000	-36.4
<b>SEG TOTAL</b>	<b>\$295,805,800</b>	<b>\$242,721,000</b>	<b>\$248,160,100</b>	<b>\$628,858,300</b>	<b>\$310,613,200</b>	<b>\$14,807,400</b>	<b>5.0%</b>
<b>TOTAL</b>	<b>\$3,670,493,000</b>	<b>\$3,767,952,200</b>	<b>\$3,739,888,300</b>	<b>\$4,171,399,700</b>	<b>\$4,529,183,700</b>	<b>\$858,690,700</b>	<b>23.4%</b>

\*The Act 9 amounts include \$700,000,000 for the sales tax rebate, a \$500,000 increase in the homestead tax credit and a \$200,000 increase in the farmland preservation credit in 2000-01 due to 1999 Wisconsin Act 10.

\*\*The farmland tax relief credit is converted to GPR funding for 1999-00.

## Budget Change Items

### Direct Aid Payments

#### 1. STATE AID FOR EXEMPT COMPUTERS [LFB Paper 855]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. To Leg.)	Net Change
GPR	\$156,000,000	-\$21,200,000	-\$750,000	\$750,000	\$134,800,000

**Governor:** Provide \$76,000,000 in 1999-00 and \$80,000,000 in 2000-01 to reflect estimated sum sufficient aid amounts to compensate local governments for the tax base lost due to the property tax exemption for computers and related equipment. The exemption became effective on January 1, 1999, and the first aid payments will occur in 1999-00. The exemption and related aid payment were enacted in 1997 Act 237. In addition, Act 237 created the computer escrow fund and placed \$64 million in the fund for aid payments in 1999-00. On July 1, 1999, the amount in the computer escrow fund was transferred to the general fund.

**Joint Finance:** Decrease the sum sufficient appropriation by \$12,200,000 in 1999-00 and \$9,000,000 in 2000-01 based on reports of exempt computer value filed with DOR by local governments and manufacturers. This would result in aid payments estimated at \$63,800,000 in 1999-00 and \$71,000,000 in 2000-01.

**Senate:** Decrease the sum sufficient appropriation by \$63,800,000 in 1999-00 and \$71,000,000 in 2000-01 to reflect a delay in the property tax exemption for computers and related equipment from assessments as of January 1, 1999, to assessments as of January 1, 2002.

**Conference Committee/Legislature:** Include Joint Finance provision and decrease the sum sufficient appropriation by an additional \$750,000 in 2000-01 to reflect the provision in the enrolled bill that removes automatic teller machines from the definition of computers, which are exempt from property taxes, effective January 1, 2000.

**Veto by Governor [F-35]:** Increase the sum sufficient appropriation by \$750,000 in 2000-01 to reflect the Governor's partial veto of the provision that would have removed automatic teller machines from the definition of computers.

**2. SHARED REVENUE -- FUNDING LEVEL**

	Legislature (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR	\$18,609,200	-\$18,609,200	\$0

**Senate:** Increase funding for the shared revenue program by \$37,218,400 in 2000-01. Set the distribution levels for calendar year 2000 and thereafter at \$791,937,100 for the municipal component and \$175,741,100 for the county component. Specify that shared revenue payments for 2000 be calculated based on distributions of \$761,478,000 for municipalities and \$168,981,800 for counties and that the resulting amounts for each municipality and county be increased by 4% so that total payments equal \$791,937,100 for municipalities and \$175,741,100 for counties. Specify that the incremental amounts calculated under this procedure be included in the base year amounts for purposes of calculating minimum and maximum entitlements for 2001.

**Conference Committee/Legislature:** Increase funding for the shared revenue program by \$18,609,200 in 2000-01. Set the distribution levels for calendar year 2000 and thereafter at \$776,707,600 for the municipal component and \$172,361,400 for the county component. Specify that shared revenue payments for 2000 be calculated based on distributions of \$761,478,000 for municipalities and \$168,981,800 for counties and that the resulting amounts for each municipality and county be increased by 2% so that total payments equal \$776,707,600 for municipalities and \$172,361,400 for counties. Specify that the incremental amounts calculated under this procedure be included in the base year amounts for purposes of calculating minimum and maximum entitlements for 2001.

**Veto by Governor [F-39]:** Delete provision (a portion of the language related to the computation of payments for calendar year 2000 is retained as part of the Governor's creation of an expanded school levy credit using a partial veto).

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.835(1)(d)), 1818Lp and 9143(3mv)]

**3. COUNTY MANDATE RELIEF -- FUNDING LEVEL**

GPR	\$604,800
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**Senate:** Increase funding for the county mandate relief program by \$806,400 in 2000-01. Set the distribution level for calendar year 2000 and thereafter at \$20,965,400. The additional funding represents an increase of 4% over the current law funding level of \$20,159,000.

**Conference Committee/Legislature:** Increase funding for the county mandate relief program by \$604,800 in 2000-01. Set the distribution level for calendar year 2000 and thereafter at \$20,763,800. The additional funding represents an increase of 3% over the current law funding level of \$20,159,000.

[Act 9 Sections: 1818Ls and 1818Lt]

**4. EXPENDITURE RESTRAINT -- FUNDING LEVEL**

GPR	\$9,000,000
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**Senate:** Increase funding for the expenditure restraint program by \$12,000,000 in 2000-01. Set the distribution level for calendar year 2000 and thereafter at \$60,000,000. The additional funding represents an increase of 25% over the current law funding level of \$48,000,000.

**Conference Committee/Legislature:** Increase funding for the expenditure restraint program by \$9,000,000 in 2000-01. Set the distribution level for calendar year 2000 and thereafter at \$57,000,000. The additional funding represents an increase of 18.75% over the current law funding level of \$48,000,000.

[Act 9 Section: 1818Lk]

**5. SMALL MUNICIPALITIES SHARED REVENUE -- FUNDING LEVEL**

	Legislature (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR	\$1,875,000	-\$875,000	\$1,000,000

**Senate:** Increase funding for the small municipalities shared revenue (SCIP) program by \$2,500,000 in 2000-01. Set the distribution level for calendar year 2000 and thereafter at \$12,500,000. The additional funding represents an increase of 25% over the current law funding level of \$10,000,000.

**Conference Committee/Legislature:** Increase funding for the small municipalities shared revenue (SCIP) program by \$1,875,000 in 2000-01. Set the distribution level for calendar year 2000 and thereafter at \$11,875,000. The additional funding represents an increase of 18.75% over the current law funding level of \$10,000,000.

**Veto by Governor [F-38]:** Delete \$875,000 of the funding increase for 2000-01 by deleting the \$11,875,000 shown in the appropriation schedule and in the statutory provision establishing the distribution level for 2000 and each year thereafter and by writing in a lower amount (\$11,000,000).

[Act 9 Section: 1818Ln]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.835(1)(b)) and 1818Ln]

**6. PAYMENTS FOR MUNICIPAL SERVICES**

	<b>Legislature (Chg. to Base)</b>	<b>Veto (Chg. to Leg.)</b>	<b>Net Change</b>
GPR-REV	\$2,472,100	-\$862,100	\$1,610,000
GPR	\$5,374,200	-\$1,874,200	\$3,500,000

**Senate:** Increase funding for payments for municipal services by \$2,284,300 in 1999-00 and \$5,374,200 in 2000-01. Estimate additional GPR-Earned through agency chargebacks under the payments for municipal services program at \$1,050,800 in 1999-00 and \$2,472,100 in 2000-01.

**Conference Committee/Legislature:** Increase funding for payments for municipal services by \$5,374,200 in 2000-01. Estimate additional GPR-Earned through agency chargebacks under the payments for municipal services program at \$2,472,100 in 2000-01.

**Veto by Governor [F-40]:** Delete \$1,874,200 of the funding increase for payments for municipal services in 2000-01 by deleting the \$23,439,500 shown in the appropriation schedule and writing in a lower amount (\$21,565,300). As a result of the veto, \$862,100 of the increase in GPR-Earned will not occur.

[Act 9 Vetoed Section: 172 (as it relates to s. 20.835(5)(a))]

**7. EXPENDITURE RESTRAINT -- BUDGET TEST**

**Senate/Legislature:** Exclude amounts paid by municipalities as state recycling tipping fees from the budget test under the expenditure restraint program, effective with municipal budgets that are used to determine eligibility for aid payments in 2000.

[Act 9 Sections: 1818Lq and 9343(22md)]

**8. DEFINITION OF POPULATION FOR SHARED REVENUE**

**Senate:** Specify that inmates in county jails be counted as residents of the last municipality where they resided prior to their incarceration, effective with shared revenue payments made in November, 1999. The definition of population modified by this provision is used to compute aidable revenues and per capita entitlements under the shared revenue formula, small municipalities shared revenue payments and county mandate relief payments. Currently, inmates are counted as residents of the municipality where the jail, in which they are incarcerated, is located.

**Conference Committee/Legislature:** Delete provision.

## Property Tax Credits

### 1. LOTTERY TAX CREDIT

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. To Leg.)	Net Change
SEG	-\$50,084,800	-\$12,960,900	\$419,698,200	-\$333,245,100	\$23,407,400

**Governor:** Decrease funding by \$25,734,900 in 1999-00 and \$24,349,900 in 2000-01 for the sum sufficient appropriation to reflect reestimates of lottery proceeds available for distribution. As a result, lottery credit distributions are estimated at \$110,368,000 for 1999-00 and \$111,753,000 for 2000-01. The reductions occur, in part, because the lottery fund had a 1998-99 opening balance of \$48,194,400, which increased the amount of proceeds available for distribution in 1998-99, but which is not expected to recur in 1999-00.

**Joint Finance:** Decrease the sum sufficient appropriation by \$3,131,000 in 1999-00 and \$9,829,900 in 2000-01 based on reestimated lottery sales and the Committee's action on SB 114 (SSA 2 to SB 114). This would provide total funding of \$107,237,000 in 1999-00 and \$101,923,100 in 2000-01 for the lottery credit.

**Assembly:** Increase the sum sufficient appropriation by \$5,200,000 in 1999-00 and \$3,800,000 in 2000-01 to reflect final legislative action on 1999 Wisconsin Act 5 (SB 114, as enacted). Increase the sum sufficient appropriation by an additional \$76,471,400 in 1999-00 and \$79,348,800 in 2000-01 to reflect the conversion of the appropriations for lottery operations, retailer compensation, vendor fees, DOJ gaming law enforcement, DOR lottery credit administration and the farmland tax relief credit from SEG to GPR funding for 1999-00 and 2000-01. Total lottery credit expenditures would be an estimated \$188,908,400 in 1999-00 and \$185,071,900 in 2000-01. Under these modifications, the estimated, statewide average lottery tax credit would increase from \$90 to \$151 in 1999-00 and from \$85 to \$148 in 2000-01.

**Senate:** Increase the sum sufficient appropriation by \$5,200,000 in 1999-00 and \$3,800,000 in 2000-01 to reflect final legislative action on 1999 Wisconsin Act 5 (SB 114, as enacted). Increase the sum sufficient appropriation by an additional \$119,868,100 in 1999-00 and \$296,038,100 in 2000-01 to reflect the conversion of the appropriations for lottery prizes, lottery operations and retailer compensation from SEG to GPR funding beginning on January 1, 2000 (for prizes), and July 1, 2000 (for lottery operations and retailer compensation). Total lottery credit expenditures would be an estimated \$232,305,100 in 1999-00 and \$401,761,200 in 2000-01. Under these modifications, the estimated, statewide average lottery tax credit would increase from \$90 to \$186 in 1999-00 and from \$85 to \$321 in 2000-01.



**Conference Committee/Legislature:** Include the Assembly provision with the following modifications: (a) increase the sum sufficient appropriation by \$37,207,000 in 1999-00 and \$216,689,300 in 2000-01 to reflect the transfer of \$253,896,300 from the general fund to the lottery fund for the purpose of reimbursing the lottery fund for expenditures from October, 1995, through June, 1999, under the appropriations for lottery operations, retailer compensation, vendor fees, DOJ gaming law enforcement, DOR lottery credit administration and the farmland tax relief credit; and (b) increase the sum sufficient appropriation by \$981,700 in 1999-00 to reflect the transfer to the lottery fund of the 1998-99 balance in the PR appropriation for pari-mutuel racing. Total lottery credit expenditures would be an estimated \$227,097,100 in 1999-00 and \$401,761,200 in 2000-01. Under these modifications, the estimated, statewide average lottery tax credit would increase from \$90 to \$181 in 1999-00 and from \$85 to \$321 in 2000-01.

**Veto by Governor [F-41]:** Reduce the amount available for the lottery and gaming credit by \$37,207,000 in 1999-00 and \$296,038,100 in 2000-01. The reduction is associated with the deletion of the provisions that would have converted the following lottery fund expenses from SEG to GPR: (a) \$37,207,000 in 1999-00 and \$216,689,300 in 2000-01 associated with lottery fund expenses incurred from October, 1995, through June, 1999; (b) \$64,088,600 in 2000-01 associated with lottery fund operations; (c) \$15,000,000 in 2000-01 associated with the farmland tax relief credit; (d) \$226,700 in 2000-01 associated with 2.75 DOJ gaming law enforcement positions; and (e) \$33,500 in 2000-01 for lottery credit administration. Under these modifications, total lottery credit expenditures would be an estimated \$189,890,100 in 1999-00 and \$105,723,100 in 2000-01 and the estimated, statewide average lottery tax credit would be \$152 in 1999-00 and \$85 in 2000-01. However, the actual amount available for the credit each year is certified in October by the Department of Administration and the Joint Committee on Finance. The amount certified for the 1999-00 credit was \$212,595,300, which would provide an estimated, statewide average lottery tax credit of \$166 in that year.

## 2. LOTTERY TAX CREDIT CERTIFICATION

**Conference Committee/Legislature:** Extend the lottery tax credit to properties that have been sold or transferred after January 1, but the owner as of January 1 failed to apply for the credit, if the new owner of the property applies for the credit and attests that the property was used as the primary residence of the prior owner on January 1, to the new owner's knowledge. Specify that the new owner must apply for the credit in subsequent years as required under current law for the credit to be extended to the property.

[Act 9 Sections: 1818Lu and 9343(14g)]

## 3. SCHOOL LEVY TAX CREDIT

**Veto by Governor [F-41]:** As passed by the Legislature, Assembly Bill 133 would not have made any changes to the school levy tax credit program. The Governor's partial veto of nonstatutory provisions relating to the reimbursement of prior-year lottery expenses, DOR

position increases for the business tax registration system, the transfer of certain pari-mutuel racing revenue to the lottery fund and the shared revenue distribution for 2000 has the effect of providing a one-time increase in funding of \$60,000,400 GPR for the school levy tax credit in 2001-02. Because this occurs outside the 1999-01 biennium, no fiscal effect is shown. However, the increase will affect property tax bills issued in December, 2000, which become payable in 2001. The Governor selectively vetoed individual words and numbers from the nonstatutory provisions in the enrolled bill to accomplish the funding increase.

[Act 9 Section: 9143(3g)]

[Act 9 Vetoed Sections: 172 (as it relates to s. 835(2)(dn)) and 9143(3g),(3gm),(3h)&(3mv)]

**Act 10:** Delete the \$60,000,400 GPR increase created by the Governor's partial veto. The funds reserved for making this payment in 2001-02 were used to partially fund a one-time sales tax rebate of \$700 million in 1999-00.

[Act 10 Section: 5]

**4. FARMLAND TAX RELIEF CREDIT -- FUNDING LEVEL [LFB Paper 865]**

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. To Leg.)	Net Change
GPR	\$0	\$0	\$30,000,000	-\$15,000,000	\$15,000,000
SEG	<u>-3,000,000</u>	<u>18,400,000</u>	<u>-39,000,000</u>	<u>15,000,000</u>	<u>-8,600,000</u>
Total	-\$3,000,000	\$18,400,000	-\$9,000,000	\$0	\$6,400,000

**Governor:** Decrease funding by \$1,200,000 SEG in 1999-00 and \$1,800,000 SEG in 2000-01 for the sum sufficient appropriation to reflect anticipated costs under the current law credit. The estimate is based primarily on assumptions regarding reduced property taxes on agricultural land under the state's use value assessment provisions. With these adjustments, estimated total funding would decrease from the adjusted base level of \$11,800,000 to \$10,600,000 in 1999-00 and \$10,000,000 in 2000-01.

**Joint Finance:** Increase funding by \$9,600,000 SEG in 1999-00 and \$8,800,000 SEG in 2000-01 to reflect the anticipated costs of the sum sufficient appropriation. Total credits are estimated at \$20,200,000 in 1999-00 and \$18,800,000 in 2000-01. This reestimate reflects an analysis of projected changes in statewide property tax levies on agricultural land and the number of claimants. Further, the reestimate reflects the proposed increase in the credit to 20% of property taxes on agricultural land, up to a \$2,000 maximum credit, under SSA 2 to SB 114 and the estimated impact of SSA 2 to SB 114 on the statewide level of property taxes on agricultural land.

**Assembly:** Decrease funding by \$20,200,000 SEG in 1999-00 and \$18,800,000 SEG in 2000-01 and increase funding by \$20,000,000 GPR annually as follows: (a) -\$5,200,000 SEG in 1999-00 and -\$3,800,000 SEG in 2000-01 to reflect final legislative changes to the credit under 1999

Wisconsin Act 5 (SB 114, as enacted); (b) -\$15,000,000 SEG and \$15,000,000 GPR annually to reflect the proposed conversion of the credit to GPR funding during the 1999-01 biennium; and (c) \$5,000,000 GPR annually to reflect the proposed expansion of the credit during the 1999-01 biennium. Create a GPR, sum sufficient appropriation for the credit and provide that no monies may be encumbered or expended from the GPR appropriation after the effective date of the 2000-01 biennial budget act. Retain the SEG appropriation for the credit, but prohibit the expenditure or encumbrance of funds from this appropriation in the 1999-01 biennium.

**Senate:** Decrease funding by \$5,200,000 SEG in 1999-00 and \$3,800,000 SEG in 2000-01 to reflect final legislative changes to the credit under 1999 Wisconsin Act 5 (SB 114, as enacted).

**Conference Committee/Legislature:** Include the Assembly provision, except for the \$5,000,000 GPR annual expansion of the credit during the 1999-01 biennium.

**Veto by Governor [F-41]:** Delete \$15,000,000 GPR for the farmland tax relief credit in 2000-01 and specify that no monies may be encumbered or expended from the appropriation after the "2000 budget." Under the partial veto, the prohibition on encumbering or expending monies from the farmland tax relief credit SEG appropriation applies only to 1999-00. As a result, SEG expenditures under the sum sufficient appropriation in 2000-01 will increase by an estimated \$15,000,000. As vetoed, GPR funding for the credit would only be provided in 1999-00.

[Act 9 Sections: 606t, 612p, 1710db, 1710dc, 1710dd, 1710de, 1744bd, 1744be, 1744bf, 1744bg, 1757bd, 1757be, 1757bf, 1757bg, 1818mLb, 1818mLc, 1818mLd, 1818mLf, 1818mLg, 1818mLh, 9143(3g) and 9443(24e)]

[Act 9 Vetoed Sections: 606t, 612p, 1818mLf, 1818mLg, 1818mLh, 9143(3g) and 9443(24e)]

## 5. FARMLAND TAX RELIEF CREDIT -- DISTRIBUTION FORMULA

**Assembly:** Modify the farmland tax relief credit as follows:

a. Replace the reimbursement rate, which is set at 10% under current law, with a percentage, determined annually by DOR and incorporated into the income tax forms and instructions, that will distribute the estimated expenditures under the farmland tax relief credit for the current year;

b. Increase the maximum farmland tax relief credit from \$1,000 to \$2,000 for 1999-00 and 2000-01 and set the maximum credit at \$1,500 for 2001-02 and thereafter; and

c. Define estimated expenditures under the farmland tax relief credit as follows: (1) for 1999-00, \$20 million; (2) for 2000-01, \$20 million plus an amount equal to the amount estimated to be expended as farmland tax relief credits in the previous year minus the actual expenditure of farmland tax relief credits in the previous year; and (3) for 2001-02 and

thereafter, \$15 million plus an amount equal to the amount estimated to be expended as farmland tax relief credits in the previous year minus the actual expenditure of farmland tax relief credits in the previous year.

**Conference Committee/Legislature:** Delete provision (1999 Wisconsin Act 5 made similar changes to the credit formula, but set the maximum credit at \$1,500 for 1999-00 and thereafter and established \$15 million as the annual increment in the calculation of estimated expenditures).

**6. TRIBAL GAMING REVENUE FOR FARMLAND TAX RELIEF CREDIT**

**Senate:** Provide that a share of a tribe's payments under its state-tribal gaming compact would be applied towards the cost of the farmland tax relief credit, if the tribe acquires a pari-mutuel racetrack currently operating in Wisconsin and the tribe converts the racetrack into a casino gaming facility or expands the racetrack to include casino gaming. Provide that the amount so applied would be calculated on March 1 of each year, by: (a) dividing the net win in the prior calendar year at all of a tribe's gaming facilities at which pari-mutuel racing is conducted and at which pari-mutuel racing was conducted on the effective date of this provision, by the net win in the prior calendar year at all of the tribe's gaming facilities; and (b) multiplying the number calculated in (a) by the amount of Indian gaming receipts received by the state from the tribe in the prior calendar year. Provide that "net win" would be the amount wagered at an Indian gaming facility, less the amount paid out as winnings.

**Conference Committee/Legislature:** Adopt the Senate provision, but technically correct a requirement that would transfer the calculated share of tribal gaming payments to the lottery fund, to instead transfer the amount to a farmland tax relief credit appropriation authorized to receive Indian gaming receipts.

[Act 9 Sections: 586h, 612g, 612p, 1710db, 1744bd, 1757bd, 3025t, 3026h and 3026p]

**7. FARMLAND PRESERVATION CREDIT REESTIMATE [LFB Paper 865]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance (Chg. to Gov)</b>	<b>Legislature (Chg. to JFC)</b>	<b>Veto (Chg. to Leg.)</b>	<b>Act 10 (Chg. to Act 9)</b>	<b>Net Change</b>
GPR	-\$400,000	-\$2,500,000	-\$1,700,000	\$1,100,000	\$200,000	-\$3,300,000

**Governor:** Increase funding by \$100,000 in 1999-00 and decrease funding by \$500,000 in 2000-01 for the sum sufficient appropriation to reflect anticipated costs under the current law credit. The reduction in 2000-01 is based primarily on assumptions regarding reduced property taxes on agricultural land under the state's use value assessment provisions. With these adjustments, estimated total funding would be increased from an adjusted base level of \$20,000,000 to \$20,100,000 in 1999-00 and decreased to \$19,500,000 in 2000-01.

**Joint Finance:** Decrease funding by \$1,100,000 in 1999-00 and \$1,400,000 in 2000-01 to reflect anticipated costs of the sum sufficient appropriation. Total credits are estimated at \$19,000,000 in 1999-00 and \$18,100,000 in 2000-01. This reestimate reflects an analysis of projected changes in statewide property tax levies on agricultural land and farm improvements, household income of credit claimants and the number of claimants. Further, the reestimate reflects the estimated impact of SSA 2 to SB 114 (1999 Wisconsin Act 5) on the statewide level of property taxes on agricultural land and farm improvements.

**Conference Committee/Legislature:** Decrease the sum sufficient appropriation by \$500,000 in 1999-00 and \$1,200,000 in 2000-01 to reflect the reduced property taxes paid by claimants as a result of the proposed increase in the lottery credit. Total credits are estimated at \$18,500,000 in 1999-00 and \$16,900,000 in 2000-01.

**Veto by Governor [F-41]:** Increase the sum sufficient appropriation by \$100,000 in 1999-00 and \$1,000,000 in 2000-01 to reflect the estimated net increase in property taxes paid by claimants as a result of the Governor's partial vetoes that reduce the lottery credit and expand the school levy tax credit. Total credits are estimated at \$18,600,000 in 1999-00 and \$17,900,000 in 2000-01.

**Act 10:** Increase the sum sufficient appropriation by \$200,000 in 2000-01 to reflect the deletion of the expanded school levy tax credit created by the Governor's partial vetoes. Total credits are estimated at \$18,100,000 in 2000-01.

## **8. FARMLAND PRESERVATION CREDITS -- FORMULA CHANGES AND SUNSET** [LFB Paper 866]

**Governor:** Modify the formula used to compute farmland preservation credits, effective with claims filed for tax years beginning after December 31, 2000. Sunset the farmland preservation credit program, with no new credits to be paid for a tax year that begins after December 31, 2002.

Under the bill, farmland preservation credits filed prior to tax year 2001 would be claimed under the filing requirements and credit computation provisions of the program that exist under current law. For new claims filed for a tax year beginning after December 31, 2000, make the following modifications to the farmland preservation credit:

*Eligible Applicants.* Delete the requirement that claimants submit a copy of their farmland preservation agreement or a certificate from their local zoning authority that certifies that their land is subject to, and conforms with, an approved exclusive agricultural zoning ordinance. Replace this with a requirement that claimants submit a copy of a certificate of compliance with local soil and water conservation requirements, issued by the county land conservation committee having jurisdiction over the claimants' farmland. A certificate of compliance would certify that the state and local soil and water conservation standards that apply to a claimant's

farmland are being met. The effect of these changes is to allow all farmers who meet soil and water conservation standards to claim a credit, rather than only those covered by a farmland preservation agreement or exclusive agricultural zoning. The bill would not require county land conservation committees to provide potential claimants a certificate of compliance with soil and water conservation standards.

*Credit Computation.* Reduce the amount of property taxes that can be used in computing a credit from \$6,000 to \$4,000. Specify that the potential credit would be calculated as 40% of the first \$2,000 of excessive property taxes plus 60% of the next \$1,000 of excessive property taxes plus 70% of the next \$1,000 of excessive property taxes. Under current law, the potential credit is calculated as 90% of the first \$2,000 of excessive property taxes plus 70% of the second \$2,000 of excessive property taxes plus 50% of the third \$2,000 of excessive property taxes. Excessive property taxes equal total eligible property taxes minus an income factor, which the bill would not modify. Under the bill, the maximum potential credit would be \$2,100, rather than \$4,200 under current law. Specify that claimants may receive a credit equal to 10% of their total eligible property taxes, which would be limited to \$4,000, or the amount computed under the proposed formula, whichever is greater.

Establish that the credit amount, using the household income and property taxes for the year for which a claim is filed, could be the greater of the credit as calculated under farmland preservation law: (a) as it exists at the end of the year for which the claim is filed; or (b) as it existed on the date on which the farmland became subject to a current certificate of compliance issued by a county land conservation committee.

Specify that current law provisions that reduce the potential credit based on the type of land use restrictions affecting the claimant's farmland do not apply to claims filed for tax years beginning after December 31, 2000. This change would allow all claimants to receive 100% of their potential credit computed under the formula or 10% of their total eligible property taxes, whichever is greater.

The formula changes made by the bill and the sunset provision would apply to all farmland preservation claimants. According to DOA, it was the intended that these modifications not apply to claimants that hold a farmland preservation agreement, but rather to new claimants and claimants that currently file under exclusive agricultural zoning. DOA intended that current agreement holders would continue to receive credits as calculated under current law until their agreement expires or is relinquished. In order to meet this intent, the bill would have to be amended.

**Joint Finance/Legislature:** Delete provision.

9. FARMLAND PRESERVATION -- CHANGES TO LAND USE PROVISIONS [LFB Papers 866 and 867]

**Governor:** Make the following modifications to the farmland preservation agreement, exclusive agricultural zoning and soil and water conservation requirements of the farmland preservation program:

*Farmland Preservation Agreements.* Eliminate the Department of Agriculture, Trade and Consumer Protection's (DATCP) authority to enter into, or extend, any farmland preservation agreement, effective on the bill's general effective date. Require DATCP to relinquish land from a farmland preservation agreement upon the request of the owner, rather than releasing it on request only after the land has been under agreement for 10 years. Any relinquishment of an agreement would be subject to the credit payback and lien requirements of the program.

*Initial Farmland Preservation Agreements.* Effective on January 1, 2001, repeal Subchapter III of Chapter 91 of the statutes, relating to initial agreements, which were available until October 1, 1982, for land not covered by an agricultural preservation plan and exclusive agricultural zoning. Remaining statutory references to initial agreements would reference the initial agreement provisions of the 1997 statutes.

*Exclusive Agricultural Zoning Ordinances.* Effective on January 1, 2001, make the following modifications to the exclusive agricultural zoning statutes:

- a. Eliminate the requirement that a 35-acre parcel is the minimum parcel size needed to establish a farm operation or a residence under exclusive agricultural zoning. Rather, require only that the exclusive agricultural zoning ordinance specify a minimum lot size.
- b. Delete lien requirements for those claiming a farmland preservation credit under exclusive agricultural zoning when land is rezoned or granted a special exception or conditional use permit.
- c. Delete the requirements that ordinances: (1) be consistent with a county agricultural preservation plan; and (2) include land identified as an agricultural preservation area in a county agricultural preservation plan.
- d. Delete provisions related to submitting copies of exclusive agricultural zoning ordinances to the Land and Water Conservation Board (LWCB) for review.
- e. Delete the statutory purpose statement for the exclusive agricultural zoning ordinance statutes, which relates to allowing owners of land affected by these ordinances to claim farmland preservation credits.

*County Agricultural Preservation Plans.* Effective on January 1, 2001, repeal Subchapter IV of Chapter 91 of the statutes, relating to county agricultural preservation plans. Remaining

statutory references would reference the county agricultural planning provisions of the 1997 statutes and plans prepared under those provisions.

*Soil and Water Conservation Standards.* Beginning on January 1, 2001, require that county soil and water conservation standards be consistent with the tolerable erosion levels established by the LWCB and DATCP's nutrient management administrative rules. Require county land conservation committees to submit revised soil and water conservation standards that comply with these requirements to the LWCB no later than September 1, 2000. Specify that notice of LWCB approval of these standards shall be made to the county land conservation committee, rather than the local zoning authority.

Beginning on the bill's general effective date, delete a reference to establishing specifications for certain agricultural facilities and practices, retaining only a reference to establishing standards for these facilities and practices. Delete the requirement that county land conservation committees submit a notice of noncompliance with soil and water conservation standards (or the cancellation of such a notice) to the local zoning authority having jurisdiction over the land operated by the farming operation receiving the notice. Instead, require all such notices (or cancellations) to be submitted to DOR.

Effective on January 1, 2001, specify that county soil and water conservation standards apply to the land and farming operations of all farmland preservation claimants. Currently, these standards do not apply to the land and farming operations of a person applying for a farmland preservation credit under a farmland preservation agreement that was applied for prior to July 1, 1986.

Specify that any county, city, village or town may adopt an ordinance requiring that land owned by a farmland preservation claimant be farmed in compliance with reasonable county soil and water conservation standards. This provision currently only applies to claimants under exclusive agricultural zoning.

*Soil and Water Conservation Plans.* Effective on January 1, 2001, delete statutory references to the soil and water conservation plan requirements that relate to those applying for farmland preservation credits under a farmland preservation agreement that was applied for prior to July 1, 1986, except references related to actually claiming a credit, which would be modified to refer to the requirements under the 1997 statutes. Delete the following requirements:

- a. County land conservation committees must ensure that a soil and water conservation plan is prepared for all lands covered by a farmland preservation agreement.
- b. Soil and water conservation plans, approved by the county land conservation committee, must be included in any farmland preservation agreement for that county.
- c. County land conservation committees must monitor the farmland under an agreement to ensure that the county soil and water conservation plan is followed.



d. County land conservation committees must issue notices of noncompliance, and forward a copy of the notices to DOR, to farming operations that are not in compliance with the county soil and water conservation plan.

e. No farmland preservation credit is allowed to any claimant that is subject to a notice of noncompliance with a county soil and water conservation plan.

Effective on January 1, 2001, delete the statutory references to the county soil and water conservation plans under DATCP's soil and water resource management program and the DNR's priority watershed program.

*Land and Water Conservation Board.* Effective January 1, 2001, delete the requirement that the LWCB review farmland preservation plans and exclusive agricultural use zoning ordinances that are submitted to the Board. Delete the requirement that the Board certify, to the appropriate zoning authority, whether these plans and ordinances meet the standards established under the agricultural preservation planning and exclusive agricultural zoning statutes. Remaining statutory references to this authority and the resulting certifications would reference the authority exercised or certifications made under the 1997 statutes.

*DATCP Emergency Rules.* Provide DATCP the authority to promulgate an emergency rule to implement the changes in the farmland preservation program, if the rule is necessary to implement these changes before any permanent rule could become effective. Specify that an emergency rule promulgated under this authority could not be effective for more than 150 days, unless an extension of up to 120 days is granted. Provide that DATCP would not be required to provide evidence that the rule is necessary for the preservation of public peace, health, safety or welfare or provide a finding of emergency.

The bill would modify some of the soil and water conservation requirements associated with existing farmland preservation agreement holders. According to DOA, it was intended that such agreement holders be subject to the soil and water conservation requirements required under their existing agreements, until their agreements expire or are relinquished. In order to meet this intent, the bill would have to be amended.

**Joint Finance:** Delete provision.

**Assembly/Legislature:** Restore the Governor's recommendation to repeal the current 35-acre minimum parcel size requirement for exclusive agricultural zoning ordinances and, instead, require only that the ordinances specify a minimum lot size, effective on January 1, 2001.

[Act 9 Sections: 1903 and 9404(6m)]

**10. FARMLAND PRESERVATION ACREAGE CREDITS [LFB Paper 866]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,500	-\$1,500	\$0

**Governor:** Provide \$500 in 1999-00 and \$1,000 in 2000-01 to fund the estimated cost of the farmland preservation acreage income tax credit, created under the bill. Specify that the acreage credit would be a refundable income or franchise tax credit that would first be available in tax years beginning after December 31, 1998, with funding provided from a sum sufficient, general fund appropriation. Allow a claimant to receive both a farmland preservation credit and a farmland preservation acreage credit. Provide that if a claimant sells, donates or transfers the development rights to the claimant's land, the amount of the acreage credit for such land would be: (a) 50 cents per acre, if the farming rights on the acreage are retained; or (b) 30 cents per acre, if the farming rights on the acreage are not retained. Specify that no new claims for the acreage credit could be made for a tax year beginning after December 31, 2002.

Establish the following related to the creation of the farmland preservation acreage credit:

*Eligible Claims.* Specify that eligible claimants would be those who sell, donate or otherwise transfer the development rights of their farmland, on which the credit would be based, to the state, a political subdivision or a nonprofit entity, and who meet the program requirements. Provide that an acreage credit could not be claimed until a claimant files, with the register of deeds in the county in which the farmland is located, a certificate that verifies that the development rights have been transferred. Specify that only the person that owns the farmland when the development rights are initially transferred could claim the credit. The credit would be available to those individuals and corporate entities that are eligible for the existing farmland preservation tax credit.

*Development Rights.* Define development rights to mean a holder's nonpossessory interest in farmland that imposes a limitation or affirmative obligation the purpose of which is to retain or protect natural, scenic or open space values of farmland, assuring the availability of farmland for agricultural, forest, wildlife habitat or open space use, protecting natural resources or maintaining or enhancing air or water quality.

*Sale, Donation or Transfer of Rights to a Political Subdivision.* For the purposes of the program, define a political subdivision as a town, village, city or county. Provide that if a claimant sells, donates or otherwise transfers development rights to a political subdivision, the political subdivision may develop the farmland only in a way that is consistent with a local comprehensive plan.

*Sale, Donation or Transfer of Rights to a Nonprofit Entity.* For the purposes of the program, define a nonprofit entity as any entity described in section 501(c)(3) of the Internal Revenue

Code that is exempt for federal tax purposes under section 501(a) of that code. Specify that claims relating to the sale, donation or transfer of rights to a nonprofit entity would be subject to the following:

a. A credit may not be claimed unless the nonprofit entity enters into a signed agreement with the Department of Agriculture, Trade and Consumer Protection (DATCP) and that agreement, as well as the instrument of conveyance of the development rights, is recorded in the office of register of deeds in the county in which the farmland is located.

b. Any agreement between the nonprofit entity and DATCP would have to contain standards for the management of the farmland, a prohibition against using the development rights to the farmland as security for any debt, unless DATCP approves the incurring of the debt, and a clause stating that any subsequent conveyance of the rights is subject to the statutory provisions related to such conveyances.

c. A nonprofit entity may subsequently sell, donate or otherwise transfer the acquired development rights to the farmland to the state or to a city, village, town or county, or to a third party, other than a creditor, if the third party is also a nonprofit entity.

d. Any subsequent sale, donation or transfer of the development rights from one nonprofit entity to another would have to be approved by DATCP and the entity acquiring the development rights would have to sign a subsequent agreement with DATCP that would be subject to the same requirements as the initial agreement covering the development rights of the land.

e. A nonprofit entity may subsequently sell, donate or transfer the acquired development rights to satisfy a debt or other obligation with DATCP approval.

f. With the written consent of DATCP and the property owner, a nonprofit entity that holds the development rights to a property may develop the property in a way that retains or protects natural, scenic or open space values of farmland, assuring the availability of farmland for agricultural, forest, wildlife habitat or open space use, protecting natural resources or maintaining or enhancing air or water quality.

g. The instrument conveying the development rights to the nonprofit entity shall state that if the nonprofit entity violates any essential provision of the signed agreement, the development rights that were acquired shall vest in the state.

*DATCP Responsibilities.* Require DATCP to maintain a list of nonprofit entities with which the Department has entered into a development rights agreement and to make the list available to DOR and landowners who are interested in transferring their development rights.

Provide DATCP the authority to promulgate an emergency rule to implement the changes in the farmland preservation program or the Department's authority relating to development rights agreements under the bill, if the rule is necessary to implement these

provisions before any permanent rule could become effective. Specify that an emergency rule promulgated under this authority could not be effective for more than 150 days, unless an extension of up to 120 days is granted. Provide that DATCP would not be required to provide evidence that the rule is necessary for the preservation of public peace, health, safety or welfare or provide a finding of emergency.

*Ineligible Claims.* Specify that no credit would be allowed unless the claim is filed with DOR in conformity with filing requirements required under the farmland preservation program. Provide that a claim would be ineligible if DOR determines that ownership has been transferred to a claimant primarily to maximize benefits under the farmland preservation program.

*Statutory References.* Change current law references to Subchapter IX of Chapter 71 of the statutes that are intended to refer to the farmland preservation credit to refer instead to sections 71.59 and 71.60 of the statutes. Since the bill would create the farmland preservation acreage credit in Subchapter IX of Chapter 71, the narrower cross-references would be required. Under the bill, some of these cross-references would not be effective until January 1, 2001, although the farmland preservation acreage credit would be created for tax years beginning after December 31, 1998.

**Joint Finance/Legislature:** Delete provision.

## Property Taxation

### 1. PROPERTY TAX RELIEF FUND

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR-REV	-\$119,328,400	\$119,328,400	\$0
SEG-REV	\$119,328,400	-\$119,328,400	\$0

**Joint Finance:** Transfer \$119,328,400 from the general fund to the segregated, property tax relief fund on June 30, 2000.

**Assembly/Senate/Legislature:** Delete provision.

## 2. PROPERTY TAX EXEMPTION FOR COMPUTERIZED EQUIPMENT [LFB Paper 856]

**Governor:** Provide a property tax exemption for fax machines, copiers, cash registers and automatic teller machines. Extend the exemption to property subject to locally-imposed property taxes under Chapter 70 of the statutes and to public utility property subject to state-imposed ad valorem taxes under Chapters 66 and 76 of the statutes. Specify that the creation of this exemption takes effect on January 1 of the year following enactment of the bill.

Extend the property tax exemption for mainframe computers, minicomputers, personal computers, networked personal computers, servers, terminals, monitors, disk drives, electronic peripheral equipment, tape drives, printers, basic operational programs, systems software, prewritten software and custom software, which currently applies to property subject to locally-imposed property taxes and to telephone companies subject to state-imposed ad valorem taxes, to the property of air carrier, conservation and regulation, municipal electric, pipeline and railroad companies subject to state-imposed ad valorem taxes. Specify that the extension of this exemption to these companies takes effect retroactively to January 1, 1999.

Estimate decreased state taxes from public utility taxpayers at \$100,000 in 1999-00 (\$50,000-general fund and \$50,000-transportation fund) and at \$200,000 in 2000-01 (\$100,000-general fund and \$100,000-transportation fund). Estimate decreased state forestry tax collections at \$100,000 in 2000-01 due to the proposed Chapter 70 exemption. The state fiscal effects are reflected in this document under the sections for "General Fund Taxes -- Other General Fund Taxes," "Natural Resources -- Forests and Parks" and "Transportation -- Transportation Finance."

The administration estimates that the proposed general property tax exemption will apply to property with a value of \$490 million and will shift \$12 million in locally-imposed property taxes from the owners of the exempted property to owners of property that remains taxable.

**Joint Finance:** Delete the provisions establishing an exemption for fax machines, copiers, cash registers and automatic teller machines under Chapter 70 of the statutes for property subject to locally-imposed property taxes and under Chapters 66 and 76 of the statutes for public utility property subject to state-imposed ad valorem taxes. [Under DOR's interpretation of the existing exemption for computers and related property, automatic teller machines would continue to be exempt from taxation.] Modify the provision to extend the property tax exemption for computers and related property to the property of air carrier, conservation and regulation, municipal electric, pipeline and railroad companies subject to state-imposed ad valorem taxes by specifying that the exemption would take effect with property assessed as of January 1, 2000. Decrease the estimated reductions in state taxes from public utility taxpayers by \$70,000 in 1999-00 (-\$50,000-general fund and -\$20,000-transportation fund) and by \$140,000 in 2000-01 (-\$100,000-general fund and -\$40,000-transportation fund). The state fiscal effects are reflected in this document under the sections for "General Fund Taxes -- Other General Fund Taxes," "Natural Resources -- Forests and Parks" and "Transportation -- Transportation Finance."

**Senate:** Delay the property tax exemption for mainframe computers, minicomputers, personal computers, networked personal computers, servers, terminals, monitors, disk drives, electronic peripheral equipment, tape drives, printers, basic operational programs, systems software, prewritten software and custom software, as it applies to property subject to locally-imposed property taxes and to public utility property of companies subject to state-imposed ad valorem taxes under Chapters 66 and 76 of the statutes, until January 1, 2002. Modify the exemption to exclude automatic teller machines. Reduce estimated expenditures under the state aid for exempt computers program by \$63,800,000 in 1999-00 and \$71,000,000 in 2000-01. Increase estimated state forestry tax collections by \$505,900 in 1999-00 and \$573,800 in 2000-01. Increase estimated state taxes from public utility taxpayers by \$955,000 in 1999-00 (\$925,000-general fund and \$30,000-transportation fund) and \$1,110,000 in 2000-01 (\$1,050,000-general fund and \$60,000-transportation fund).

**Conference Committee/Legislature:** Modify the provisions adopted by Joint Finance to exclude automatic teller machines from the property tax exemption for computers, effective with property assessed as of January 1, 2000. Decrease estimated expenditures under the state aid for exempt computers program by \$750,000 in 2000-01 to reflect this change. The state fiscal effect for this provision is reflected in this document under the section for "Shared Revenue and Tax Relief -- Direct Aid Payments."

**Veto by Governor [F-35]:** Delete the Conference Committee provision related to automatic teller machines, thereby increasing estimated expenditures under the state aid for exempt computers program by \$750,000 in 2000-01. The state fiscal effect associated with the partial veto of this provision is reflected in this document under the section for "Shared Revenue and Tax Relief -- Direct Aid Payments."

[Act 9 Sections: 1807, 1808 and 9343(23c)]

[Act 9 Vetoed Sections: 1653b and 9343(23c) (as it relates to s. 70.11(39))]

**3. PROPERTY TAX EXEMPTION FOR DIGITAL BROADCASTING EQUIPMENT**

SEG-REV	Unknown
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**Assembly/Legislature:** Provide a property tax exemption for digital broadcasting equipment owned and used by television and radio stations, effective with property assessed as of January 1, 2000. Specify that the exemption does not extend to property of cable television systems. This provision would reduce state forestry tax revenues by an unknown amount and would shift taxes from the exempt property to other property that remains taxable. Based on information provided by local assessors and by broadcast industry sources, broadcasting equipment has a 1999 value estimated at \$165 million, but the portion of that value that is comprised of digital equipment is unknown. As digital equipment replaces analog equipment, the tax base would decline from \$165 million to \$0, but analog equipment will continue to be used until 2006, or later, under the Federal Communications Commission mandate requiring

digital broadcasting. Currently, the property taxes on broadcasting equipment are estimated at \$4.2 million, of which an estimated \$33,000 is state forestry taxes.

[Act 9 Sections: 1653f and 9343(22tx)]

**4. PROPERTY TAX EXEMPTION FOR CERTAIN MOTION PICTURE THEATER EQUIPMENT**

SEG-REV	-\$2,000
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**Assembly/Legislature:** Provide a property tax exemption for projection equipment, sound systems and projection screens owned and used by motion picture theaters, effective with property assessed as of January 1, 2000. Estimate decreased state forestry taxes at \$2,000 (SEG) in 2000-01. The value of the affected property is estimated at \$9.8 million, statewide. Assuming the property is taxed at the statewide average tax rate for cities, the gross taxes on the property are estimated at \$252,000. After deducting state property tax credits, the net taxes on the property are estimated at \$236,000. The proposed exemption would shift the taxes on the property that would become exempt to property that remains taxable.

[Act 9 Sections: 1653d and 9343(23b)]

**5. PROPERTY TAX EXEMPTION FOR EQUIPMENT USED BY COMMERCIAL FISHING BOATS**

SEG-REV	Unknown
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**Assembly/Legislature:** Extend the property tax exemption for commercial fishing boats to equipment that is used by commercial fishing boats, effective with property assessed as of the first January 1 after the general effective date of the bill. The fiscal effect of the proposed exemption is unknown.

[Act 9 Sections: 1653dm and 9443(7i)]

**6. PROPERTY TAX EXEMPTION FOR CHARTER TOUR BOATS**

SEG-REV	Unknown
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**Assembly/Legislature:** Provide a property tax exemption for charter boats that are used for tours, effective with property assessed as of the first January 1 after the general effective date of the bill. The fiscal effect of the proposed exemption is unknown.

[Act 9 Sections: 1653dm and 9443(7i)]

**7. EXCLUDE CHURCHES AND RELIGIOUS ASSOCIATIONS FROM PROPERTY TAX EXEMPTION REPORTING FEES**

**Assembly/Legislature:** Exclude churches and religious associations that file property tax exemption reports from the fees that municipalities charge to defray their costs of complying with the reporting requirement. Provide that the exclusion takes effect with fees that are due on March 31, 2000 (the date by which the next reports must be filed). Currently, organizations owning exempt property are required to file property tax exemption reports with municipal clerks biennially, in even-numbered years.

**Veto by Governor [F-32]:** Delete religious associations from the reporting fee exclusion.

[Act 9 Sections: 1655p and 9343(23h)]

[Act 9 Vetoed Section: 1655p]

**8. ENVIRONMENTAL REMEDIATION TIF DISTRICTS -- EXPANDED POWERS [LFB Paper 875]**

**Governor:** Make the following modifications related to environmental remediation tax incremental financing (TIF) districts, effective with districts for which the written remediation proposal is approved by the associated city, village, town or county on the effective date of the bill.

*Eligible Costs.* Modify the definition of eligible costs that can be paid from tax increments to include: (a) property acquisition costs; (b) demolition costs, including asbestos removal; and (c) the cost of removing and disposing of abandoned containers containing hazardous substances. Specify that current law eligible cost categories, plus these new categories, would be extended to air, surface water and sediments affected by environmental pollution. Current law applies only to soil and groundwater affected by environmental pollution.

Include as a reduction to eligible costs any amounts that a city, village, town or county that establishes an environmental remediation TIF district received, or reasonably expects to receive, from a local, state or federal program for the remediation of contamination in the district, if these amounts do not have to be reimbursed or repaid.

*Eligible Properties.* Allow an environmental remediation TIF district to include private properties by deleting the requirement that the property on which an environmental remediation tax increment may be used to defray the costs of remediation must be owned by a city, village, town or county at the time of the remediation and then transferred to another person following completion of the remediation. Allow a city, village, town or county to use an environmental remediation TIF to pay the costs of remediating environmental pollution of groundwater regardless of whether or not the city, village, town or county owns the property



above the groundwater. Specify that environmental remediation TIF districts may only include contiguous parcels of property.

*Certification.* Allow a city, village, town or county to apply to DOR for certification of an environmental remediation tax increment base prior to incurring all costs associated with the remediation of the environmental contamination. Under current law, a city, village, town or county must indicate, in a statement to DOR, the total eligible costs incurred associated with the remediation of contamination on the parcel of property to be included in the proposed environmental remediation TIF district and must include certification from the DNR that the property has been remediated. Modify this statement to require the city, village, town or county to submit information on costs already incurred plus a detailed proposed remedial action plan containing cost estimates for anticipated eligible costs, both of which are with respect to the parcel or contiguous parcels of property to be included in the proposed TIF district. In addition, delete the required certification that remediation has occurred and, instead, require that the statement include a certificate from DNR indicating that DNR has approved the site investigation report that relates to the affected parcel or contiguous parcels of property.

*Certification Period.* Expand the period of certification for an environmental remediation TIF district from 16 years to 23 years. The period of certification is the maximum number of years that DOR may certify the district and for which eligible costs may be paid using the tax increments.

**Joint Finance:** Delete the Governor's recommendation to expand the certification period for an ER-TIF district from 16 years to 23 years. Modify the remaining provisions by specifying the following: (a) that the detailed remedial action plan site investigation reports presented to the joint review board and DOR be DNR-approved and that the action plan contain a schedule for design, implementation and necessary construction to complete the remedial action; (b) that the political subdivision is required to seek cost recovery from the person who caused the discharge, rather than the person in possession of the property; (c) that any contiguous parcels within an ER-TIF district be within the political subdivision creating the district; and (d) that the property could not be sold to the party responsible for the contamination (properties could still be transferred to other private persons prior to completion of remediation).

Further, make the following changes related to the costs eligible for reimbursement under an ER-TIF: (a) limit the period for which eligible expenditures could be made to seven years, as under general TIF law; (b) require that all eligible expenditures must be public expenditures; (c) allow costs associated with groundwater investigations and remediation that occur outside the boundaries of the ER-TIF district to be eligible for reimbursement; (d) allow costs associated with the removal of underground storage tanks to be eligible for reimbursement; and (e) allow any property taxes cancelled by the political subdivision associated with properties within the ER-TIF district to be eligible for reimbursement.

Provide that a joint review board, prior to approving any proposed ER-TIF district that has incurred costs, or has an environmental remedial action plan containing cost estimates, in excess of

\$80,000, must either: (a) require that any contract entered into by the county or municipality to remediate the identified contamination within the proposed ER-TIF district contain a guaranteed maximum cost that is to be paid by the county or municipality that is consistent with the costs identified in the detailed remedial action plan; or (b) require that the county or municipality have insurance to cover any costs in excess of the costs identified in the detailed remedial action plan.

**Conference Committee/Legislature:** Include the following modifications:

a. Increase the number of years for which expenditures that are to be reimbursed through the allocation of tax increments can be incurred from seven, under the Joint Finance provision, to 15 years after the district is created.

b. Delete the Joint Finance provision that would require that contaminated properties within an ER-TIF district could not be sold to the party responsible for the contamination.

c. Delete the Joint Finance provision that would require that a joint review board, prior to approving any proposed ER-TIF district that has incurred costs, or has an environmental remedial action plan containing cost estimates, in excess of \$80,000, must either: (1) require that any contract entered into by the county or municipality to remediate the identified contamination within the proposed ER-TIF district contain a guaranteed maximum cost that is to be paid by the county or municipality that is consistent with the costs identified in the detailed remedial action plan; or (2) require that the county or municipality have insurance to cover any costs in excess of the costs identified in the detailed remedial action plan.

d. Add a requirement that no costs incurred after DNR notification that a remedial action has been completed would be eligible for reimbursement through the allocation of tax increments unless the costs were identified as a required condition of site closure.

**Veto by Governor [B-35]:** Delete the Joint Finance provision that would have included the cancellation of delinquent taxes as an eligible cost that could be repaid through the allocation of positive tax increments associated with an ER-TIF district.

[Act 9 Sections: 1632, 1634a, 1634c, 1636, 1636e, 1636s, 1636u and 9358(2)]

[Act 9 Vetoed Section: 1632]

## **9. ENVIRONMENTAL REMEDIATION TIF DISTRICTS -- JOINT REVIEW BOARD**

**Governor/Legislature:** Clarify that a city, village or town with taxing authority over the property within a proposed environmental remediation TIF district would have one representative on the joint review board. Currently, the board members include one representative each from the school district, technical college district and county that have the authority to levy taxes on the property, one representative from the city, village, town or county creating the district and one public member. Under this composition, the joint review board

for an environmental remediation TIF proposed by a county could be construed as including two county representatives and no municipal representative. Specify that if more than one city, village or town within the proposed district has the power to levy taxes on property within the district, the municipality with the greatest affected property value shall choose the representative.

Under current law, a joint review board must be created before any city, village, town or county may use environmental remediation tax incremental financing. The board reviews and approves the TIF proposal before the city, village, town or county can proceed with the creation of an environmental remediation TIF district.

[Act 9 Section: 1635]

#### **10. INCLUDE ENVIRONMENTAL POLLUTION IN DEFINITION OF BLIGHTED AREAS**

**Governor:** Include environmental pollution in the list of factors that are used in determining blighted areas for purposes of the blighted area, blight elimination and slum clearance and tax incremental financing laws. These laws provide procedures for the redevelopment of blighted areas, including the creation of redevelopment authorities, the undertaking of redevelopment projects, acquisition of property and the creation of tax incremental financing (TIF) districts. This provision would not change any of these procedures, but would expand the criteria used to define which areas are blighted. This could make additional areas subject to the redevelopment provisions of these laws and could allow some regular TIF districts to be created in areas not currently allowed (at least 50% of the area of a proposed TIF must be blighted or suitable for industrial sites).

Environmental pollution would be defined as the contaminating or rendering unclean or impure the air, land or waters of the state, or making the same injurious to public health, harmful for commercial or recreational use or deleterious to fish, bird, animal or plant life.

**Joint Finance/Legislature:** Delete provision.

#### **11. SPECIAL CHARGES FOR CANCELLED TAXES ON CONTAMINATED, TAX DELINQUENT PROPERTY [LFB Paper 876]**

**Governor:** Require county treasurers to charge back as a special charge on the next tax levy any or all property taxes the county cancelled because the property is subject to a hazardous substance clean-up agreement. Provide that the charge would be made against the taxation district (municipality) that included the associated property on its tax roll. Specify that the provision takes effect with the tax year beginning on January 1 of the year the bill takes effect, unless the bill takes effect after July 31, in which case the provision takes effect for the tax year beginning on January 1 following the bill's effective date. Under this provision, the cost of the cancelled taxes would be shifted from the county to the municipality. Through the tax

settlement process, other taxing jurisdictions that levied taxes on the property, such as school, technical college and special purpose districts, would continue to be made whole for the unpaid taxes that they levied.

**Joint Finance:** Modify the provision to require county treasurers to charge back as a special charge on the next tax levy all cancelled property taxes subject to a hazardous substance clean-up agreement and provide that the cost of the cancelled taxes be spread among the governments that levied taxes on the property.

**Conference Committee/Legislature:** Delete provision.

## **12. TRANSFER OF TAX DELINQUENT, CONTAMINATED PROPERTY**

**Governor/Legislature:** Require counties to issue a tax deed on property for which a tax certificate has been issued and which is contaminated by a hazardous substance if the municipality where the property is located requests in writing that the county issue the tax deed and if the request occurs within two years after the period for redeeming delinquent taxes on the property expires (two years after a tax certificate is issued). Authorize the county to retain ownership of the property or, if the county does not wish to retain ownership, require the county to transfer the property for no consideration to the municipality where the property is located within 180 days after the municipality requests the tax deed's issuance. Specify that these provisions take effect beginning with land for which a tax certificate is issued on the bill's effective date.

[Act 9 Sections: 1806 and 9343(13)]

## **13. TAX INCREMENTAL FINANCING -- VILLAGE OF JACKSON**

**Joint Finance/Legislature:** Exempt a TIF district, for which an amended certification was applied for in 1998 by a village that was incorporated in 1912, that has a population of at least 3,800 and that is in a county with a population of at least 108,000 from the current law requirement that no TIF district may be created and no project plan may be amended unless the joint review board approves a resolution creating or amending a TIF project plan by a majority vote not less than 10 days nor more than 30 days after receiving the resolution. Further, specify that DOR would be required to determine the amended aggregate base for that district using the January 1, 1998, aggregate base value. This provision would apply to the Village of Jackson in Washington County.

[Act 9 Sections: 1630em, 1630f and 1630j]

#### 14. TAX INCREMENTAL FINANCING -- VILLAGE OF BIRNAMWOOD

**Joint Finance/Legislature:** Specify that if a village clerk of a village that created a tax incremental district in July, 1997, filed the forms and applications for that district with the Department of Revenue by May 31, 1999, DOR would be required to certify the base for the district as if the forms and applications had been filed by December 31, 1997. Further, specify that DOR would be required to allocate tax increments and treat the district in all other respects as if the forms had been filed on or before December 31, 1997, except that DOR could not certify a TIF value increment before 1999. This provision would apply to the Village of Birnamwood in Shawano County.

[Act 9 Section: 1630h]

#### 15. TAX INCREMENTAL FINANCING -- VILLAGE OF ASHWAUBENON

**Assembly/Legislature:** Extend the period for which expenditures may be made in TIF district number two in the Village of Ashwaubenon from three to five years after the village board adopted an amended project plan adding territory to the district. The Village of Ashwaubenon would have until July 30, 2001, to incur expenditures that could be repaid through the allocation of tax increments. Under current law, no expenditures resulting from such an amended plan can be incurred more than three years after the date on which the amended plan was adopted.

[Act 9 Section: 9158(7g)]

#### 16. TAX INCREMENTAL FINANCING -- VILLAGE OF GILMAN

**Conference Committee/Legislature:** Make the following modifications to current law provisions for a TIF district in a village that has a population of less than 10,000, that was incorporated in 1914 and is located in a county of less than 25,000 which contains a portion of the Yellow River and the Chequamegan Waters Flowage: (a) extend the period during which a TIF district project plan could be amended to modify the district's boundaries by adding contiguous properties that are served by public works improvements that were created under the TIF project plan from seven to eleven years; (b) extend the period during which expenditures may be made under the amended plan from three to five years after the amended plan is adopted by the Village; (c) extend the period a district may exist before termination is required from 20 to 22 years after the last expenditure identified in the project plan; and (d) extend the maximum number of years that tax increments could be allocated to fund project costs under an amended plan for this district from 27 to 38 years. These provisions would only apply to a TIF district in the Village of Gilman in Taylor County.

**Veto by Governor [F-36]:** Delete the provision to extend the maximum number of years that tax increments could be allocated to fund project costs under an amended plan for this district to 38 years.

[Act 9 Sections: 1630ed, 1630ef, 1630eh, 1630he, 1630hh and 1630q]

[Act 9 Vetoed Section: 1630k]

#### **17. TAX INCREMENTAL FINANCING -- CITY OF MILWAUKEE**

**Conference Committee/Legislature:** Extend the date by which TIF districts in a first class city had to be created in order for positive tax increments generated by one district to be transferred to another TIF district within that city to October 1, 1996. Under current law, a TIF district project plan can be amended to allocate positive tax increments to another TIF district provided both districts were created prior to October 1, 1995, and have the same overlying taxing jurisdictions. This provision would only apply to the City of Milwaukee.

[Act 9 Sections: 1630kf and 1630ki]

#### **18. TAX INCREMENTAL FINANCING -- CITY OF SHEBOYGAN**

**Conference Committee/Legislature:** Extend the period during which eligible expenditures can be incurred and be reimbursed through the allocation of tax increments from seven years to 13 years for tax incremental financing district number six in a city with a population of at least 45,000 that is located in a county created in 1853 that is adjacent to one of the Great Lakes. Specify that eligible expenditures for the district may occur through December 31, 2004.

These provisions would only apply to a TIF district in the City of Sheboygan.

[Act 9 Section: 1630ke]

#### **19. TRUST FUND LANDS IN TAX INCREMENT DISTRICTS**

**Joint Finance/Legislature:** Prohibit the Governor from concurring with the Secretary of Interior's decision under 25 U.S.C. s. 2719(b)(1)(A) that gaming regulated under the Federal Indian Gaming Regulatory Act on lands acquired by the Secretary in trust for an Indian tribe after October 17, 1988, would not be detrimental to the surrounding area, if the lands are located in a tax increment district, unless the Governor determines that appropriate arrangements have been made so that the location of the lands within the district would not extend the existence of the district for

a greater number of years than the district would have been in existence had the land not been located within the district.

[Act 9 Section: 9158(7x)]

## 20. TAX INCREMENTAL FINANCING -- LEAD CONTAMINATION COSTS

**Joint Finance/Legislature:** Allow the removal of lead contamination from buildings and infrastructure within a tax incremental financing district to be included as an eligible cost that could be repaid from the allocation of tax increments if the city or village declares that the lead contamination is a public health concern.

[Act 9 Section: 1630e]

## 21. ASSESSMENT OF LOW-INCOME RENTAL HOUSING

**Joint Finance/Legislature:** Modify provisions in state law related to procedures for valuing real estate to require local assessors to exclude federal income tax credits extended under Section 42 of the Internal Revenue Code to owners of low-income, rental housing from calculations related to the value of that housing, effective with property assessed as of January 1, 2000.

[Act 9 Section: 1655m]

## 22. DEFINITION OF AGRICULTURAL LAND

**Senate:** Modify the definition of agricultural land for purposes of use value assessment relating to property taxation to exclude land that meets any of the following criteria: (a) it is less than 20 acres in size and is not contiguous to agricultural land owned by the same person; (b) it is platted or subdivided; (c) it generates less than \$2,000 in gross farm profits resulting from agricultural use, as defined under current law; and (d) it is not zoned for agricultural use. Specify that this provision would first apply to property assessments as of January 1, 2000.

**Conference Committee/Legislature:** Modify the definition of agricultural land for purposes of use value assessment relating to property taxation to exclude land that generated less than \$2,000 in gross farm profits resulting from an agricultural use, as defined under current law, in the preceding year. Specify that this provision would first apply to property that is assessed as of January 1, 2000.

**Veto by Governor [F-33]:** Delete provision.

[Act 9 Vetoed Sections: 1655L and 9343(23am) (as it relates to s. 70.32(2)(c)1.)]

## 23. PENALTY FOR AGRICULTURAL LAND CONVERTED TO OTHER USES

**Senate:** Modify the current penalty relating to agricultural land that is sold. Replace the current penalty, which equals 5% of the difference between the land's sale price and the land's use value during the last year of the person's ownership, with a new penalty, which would equal the difference between the property taxes that the person would have paid if the land had been assessed at its fair market value and the property taxes that were actually paid under use value assessment during the last two years the person owned the land. Extend the penalty to a person who owns land valued as agricultural land for less than five years and who sells the land or changes the land's use so that it is not valued as agricultural land. Delete the current provision extending the penalty to a person who sells agricultural land that he or she has owned for less than five years and who has benefited from a use value assessment that is below the property's "frozen" 1995 assessment. Specify that these changes would first apply to property assessed as of January 1, 2000.

**Conference Committee/Legislature:** Modify current law provisions relating to the penalty on agricultural land that is sold as follows: (a) extend the penalty against the owner of agricultural land that is converted to another use, regardless of how long that person has owned the land (the current penalty is applied to individuals who sell land that they have owned for less than five years); (b) replace the current penalty that equals 5% of the difference between the land's sale price and its value under use value with a penalty equal to the difference between the property taxes that would have been levied on the land if it had been assessed at its fair market value and the property taxes that were actually levied on the property for the last two years that the property qualified for use value assessment; (c) delete the requirement that DOR assess the penalty and, instead, require the municipality where the land is located to assess the penalty; (d) direct the municipality administering the penalty to share the proceeds from the penalty with the underlying local taxing jurisdictions in proportion to the taxes that they levied on the land during the two years covered by the penalty; and (e) require owners of agricultural land that is sold to notify the buyers that the land is assessed under use value provisions. Specify that these provisions first apply to property that is assessed as of January 1, 2000. Repeal the current law provision that directs the Farmland Advisory Council to recommend to the Legislature an appropriate penalty for converting agricultural land to another use.

[Act 9 Sections: 1798m, 1801n, 1801p, 1801r, 1801s and 9343(23am)]

## 24. ADMINISTRATIVE RULES FOR USE VALUE ASSESSMENT

**Joint Finance/Legislature:** Modify current law provisions related to the Wisconsin Property Assessment Manual, which is published by DOR, to prohibit DOR from specifying per acre value guidelines for agricultural land in any municipality, if those guidelines are based in whole, or in part, on procedures that have not been included in the administrative rules



adopted by DOR pertaining to the assessment of agricultural property, effective with guidelines specified for assessments as of January 1, 2000.

**Veto by Governor [F-34]:** Delete provision.

[Act 9 Vetoed Sections: 1797k and 9343(22tm)]

## **25. COUNTY TAX RATE LIMIT**

**Senate:** Modify the definition of operating levy under the county tax rate limit program to exclude expenditures for the operation and maintenance of jails and other correctional facilities. Specify that the exclusion applies only to the levy of a county that was created in 1853 that borders the St. Croix and Mississippi Rivers.

**Conference Committee/Legislature:** Delete provision.

## **Local Revenue Options**

### **1. COUNTY SALES TAX ADMINISTRATION**

**Governor/Legislature:** Increase the percentage of county sales tax collections retained by DOR from 1.5% of collections to 1.75% for those counties imposing a 0.5% sales tax rate. County sales tax distributions would decrease by an estimated \$492,800 in 1999-01 and \$564,500 in 2000-01 to reflect the decrease in the reimbursement rate from 98.5% to 98.25% of county sales tax revenues. DOR program revenues associated with the county sales tax would increase by the same amounts and be used to fund the costs of administering, enforcing and collecting the tax. The decrease in the reimbursement rate would be effective on the first day of the first month beginning after publication. The fiscal effect of this provision is shown under "Revenue -- Tax Administration."

[Act 9 Sections: 613, 1816, 1817 and 9343(16)]

### **2. LOCAL EXPOSITION DISTRICT ADMINISTRATION**

**Joint Finance:** Reduce the amount of local exposition district tax collections retained by DOR for administration of the tax collections from 3.0% of collections to 1.75%. Specify that the decrease in the amount retained by DOR would be effective on the first day of the first month beginning after publication.

Based on 1997 district tax collections, the provision would increase revenues to the Wisconsin Center District by \$134,000 annually and would make a corresponding decrease in DOR revenues. However, since the provision would not be effective until the first day of the first month after publication, the estimated revenue increase to the district, and revenue decrease to DOR, would be \$111,700 in 1999-00 and \$134,000 in 2000-01.

**Assembly/Legislature:** Set the amount of local exposition taxes retained by DOR for administration of the tax collections at 2.55%. Compared to the Joint Finance provision, this would increase revenues retained by the Department by \$71,500 in 1999-00 and \$85,500 in 2000-01 and would decrease revenue to the district by corresponding amounts. Compared to current law, the estimated revenue decrease to DOR, and corresponding increase to the district, would be \$40,200 in 1999-00 and \$48,500 in 2000-01. The fiscal effect of this provision is shown under "Revenue -- Tax Administration."

[Act 9 Sections: 594f, 613e, 1638m, 1817d, 1817g and 9443(7f)]

### 3. LOCAL EXPOSITION DISTRICT BOARD

**Joint Finance/Legislature:** Delete the current law provision that limits members of a local exposition district board who are officers or employees of a private sector entity to two consecutive full terms. Under current law, board members who are officers or employees of private sector entities serve three-year terms, except for the terms of initial appointments in a newly-created district. Currently, this provision would only apply to the Wisconsin Center District Board.

[Act 9 Section: 2359h]

### 4. PREMIER RESORT AREA -- CITY OF EAGLE RIVER

**Senate/Legislature:** Exempt the City of Eagle River from the current law requirement that at least 40% of the equalized assessed value of the taxable property within the political subdivision must be used by specified types of retailers in order for a municipality to declare itself a premier resort area.

Further, specify that the Legislature finds the following with respect to the City of Eagle River: (a) the city is extremely close to the 40% requirement; (b) the city has an atypical percentage of tax exempt land within its boundaries that is used for tourism-related purposes; and (c) the city is a site of national recreational competitions that draw tourism business to the entire northern region of the state.

**Veto by Governor [F-37]:** Delete provision.

[Act 9 Vetoed Sections: 1621e and 1621f]

## 5. IMPACT FEES

**Joint Finance:** Modify provisions in state law regarding sewerage system service charges, impact fees and the approval of plats (subdivision regulation), as follows:

***Sewerage System Service Charges.*** Prohibit any standby charges, connection fees or other charges that are not uniformly assessed against all users as part of the periodic sewerage service charges, unless the charges were adopted as part of an ordinance adopted in compliance with the impact fee statute.

***Impact Fees.*** Prohibit counties from imposing impact fees. Remove the following items from the definition of public facilities for which impact fees may be imposed: (a) other transportation facilities; (b) solid waste and recycling facilities; and (c) libraries. Modify the definition of public facilities for which impact fees may be imposed by deleting a reference to "parks, playgrounds and other recreational facilities" and substituting a reference to "lands for parks and real property improvements to parks." Define "real property improvements to parks" to include shelters, playground equipment, parking lots and restroom facilities. Modify the current law provision that establishes that impact fees are payable before a building permit may be issued to specify that this applies to a building permit issued for the construction of dwellings or other structures within the land development.

***Approval of Plats.*** Prohibit any fee or charge to fund the acquisition or installation of any land, infrastructure or other real or personal property, unless the fee or charge has been imposed as part of an ordinance adopted in compliance with the impact fee statute. Specify that any required dedication of land or construction or installation of public or private improvements cannot exceed the proportionate amount reasonably necessary to serve the land in the subdivision.

**Assembly:** Modify the provisions adopted by Joint Finance as follows:

- a. Specify that the first \$3,000 of an impact fee payment is payable before a building permit may be issued; and
- b. Specify that these provisions become effective on the first day of the twelfth month beginning after the general effective date of the bill.

**Senate/Legislature:** Delete provision.

## Other Credits

Descriptions of the budget provisions related to the homestead tax credit, earned income tax credit, cigarette tax refunds and the development zones tax credits are provided under "General Fund Taxes."

## STATE FAIR PARK BOARD

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$1,949,600	\$1,940,500	\$1,877,300	\$1,877,300	\$1,877,300	-\$72,300	- 3.7%
PR	<u>28,761,800</u>	<u>29,270,400</u>	<u>29,270,400</u>	<u>29,270,400</u>	<u>29,270,400</u>	508,600	1.8
<b>TOTAL</b>	<b>\$30,711,400</b>	<b>\$31,210,900</b>	<b>\$31,147,700</b>	<b>\$31,147,700</b>	<b>\$31,147,700</b>	<b>\$436,300</b>	<b>1.4%</b>

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
PR	47.70	51.20	51.20	51.20	51.20	3.50

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS

**Governor/Legislature:** Delete \$138,300 annually for adjustments to the base budget for: (a) removal of noncontinuing items (-\$94,700 with -2.0 positions); (b) full funding of salary and fringe benefits (-\$300,000); (c) full funding of financial services (\$2,900); (d) overtime (\$248,200); and (e) night and weekend differential (\$5,300).

Funding Positions		
PR	-\$276,600	- 2.00

#### 2. CAPITAL EXPENSES

**Governor/Legislature:** Provide \$224,000 annually to renovate six concession stands in 1999-2000 and install a heating system in the horticulture building in 2000-01. This funding would double the current continuing capital expense appropriation. Current appropriation funding is used for ongoing improvements such as fiber optic cabling, building remodeling and emergency repairs.

PR	\$448,000
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**3. ENTERTAINMENT COST INCREASE**

PR	\$273,300
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**Governor/Legislature:** Provide \$89,600 in 1999-2000 and \$183,700 in 2000-01 for a 5% annual increase for payments to entertainers. Approximately \$1.8 million was spent on payments to entertainers in 1997-98.

**4. ADVERTISING COST INCREASES**

PR	\$57,800
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**Governor/Legislature:** Provide \$18,700 in 1999-2000 and \$39,100 in 2000-01 for advertising associated with events at State Fair Park. Approximately \$485,000 was spent on advertising in 1997-98.

**5. STAFF INCREASES**

	Funding	Positions
PR	\$136,800	5.50

**Governor/Legislature:** Provide \$68,400 each year to convert 1.5 expiring project positions and 4.0 limited-term employe positions to permanent status and extend a project position for two years. The provision includes converting a senior engineering specialist that coordinates renovation projects and a half-time information technology manager project position to permanent status. From existing funding of \$65,500 in 1999-2000 and \$87,300 in 2000-01, convert 2.0 laborer and 2.0 special laborer positions from limited-term employe to permanent status. Further, extend a program assistant position that was scheduled to expire on June 30, 1999, for two years (base funding for this position was retained in the bill).

**6. STAFF OVERTIME**

PR	\$221,600
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**Governor/Legislature:** Provide an additional \$110,800 each year for total annual staff overtime funding of \$359,000.

**7. LIMITED-TERM EMPLOYE WAGE INCREASE**

PR	\$170,200
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**Governor/Legislature:** Provide \$56,200 in 1999-2000 and \$114,000 in 2000-01 for limited-term employe wage increases. The provision is based on increasing LTE wages by 3% each year of the biennium.

**8. DEBT SERVICE REESTIMATE [LFB Paper 245]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	- \$9,100	- \$63,200	- \$72,300
PR	<u>- 522,500</u>	<u>0</u>	<u>- 522,500</u>
Total	- \$531,600	- \$63,200	- \$594,800

**Governor:** Reestimate debt service by -\$45,000 GPR and -\$334,700 PR in 1999-2000 and by \$35,900 GPR and -\$187,800 PR in 2000-01 to reflect principal and interest payments on bonds. GPR debt service is associated with the construction of a youth housing facility on park grounds while PR debt service, paid for by park revenue, is associated with the construction, remodeling and maintenance of numerous other park facilities including the Pettit National Ice Center and the race track.

**Joint Finance/Legislature:** Further reestimate debt service by deleting \$45,200 GPR in 1999-2000 and \$18,000 GPR in 2000-01.

**9. STATE FAIR PARK BOARD PROJECTS [LFB Paper 250]**

	<b>Building Comm. (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
BR-GPR	\$887,100	\$1,000,000	\$1,887,100
BR-PR	<u>18,787,100</u>	<u>- 1,850,000</u>	<u>16,937,100</u>
Total	\$19,674,200	- \$850,000	\$18,824,200

**Building Commission:** Provide \$887,100 in general fund supported bonding and \$887,100 in PR supported bonding for the replacement of sewers and pavement of streets and sidewalks. Further, provide \$17,900,000 in PR supported bonding as follows: (a) \$2,000,000 to appraise, purchase and develop 6.1 acres of land contiguous to the State Fair Park; (b) \$850,000 to replace a seasonal restroom facility with a larger structure that includes restrooms, showers and a laundry area; (c) \$14,500,000 for replacement and seating additions to the grandstand and north bleacher sections around the racing facility (the Milwaukee Mile); and (d) \$550,000 to upgrade the Milwaukee Mile, to include improving electrical hookups for the pit area, paving the race preparation area and installing a scoreboard at the north and south ends of the track. Under the contract with Haas Racing Teams, Haas would pay for all debt service (principal and interest) on the \$15,050,000 in bonding for seating and track upgrades at the Milwaukee Mile.

**Joint Finance/Legislature:** Modify the \$2,000,000 provided for appraisal, purchase and development of the 6.1 acres of land contiguous to the State Fair Park by designating \$1,000,000 to be from general fund supported bonding and \$1,000,000 in PR supported bonding. Delete the \$850,000 for a restroom, laundry and shower facility. Further, require the State Fair Park Board to notify the Building Commission that it has approved the design of grandstand and bleacher replacement and construction before the bonding for seating replacement is released by the

Building Commission. Additionally, require the State Fair Park Board and operators of the Milwaukee Mile jointly to submit a noise abatement plan to the Joint Committee on Finance for approval under s. 13.10 before the bonding for Milwaukee Mile upgrades is released by the Building Commission. Require the Co-chairpersons of Joint Finance to notify the Chairperson of the Building Commission when the plan has been approved.

**Veto by Governor [E-9]:** Delete the Joint Finance requirements that (a) the State Fair Park Board notify the Building Commission that it has approved the design of grandstand and bleacher replacement and construction before \$14.5 million bonding for seating replacement is released by the Building Commission; (b) the State Fair Park Board and operators of the Milwaukee Mile jointly submit a noise abatement plan to the Joint Committee on Finance for approval under s. 13.10 before \$550,000 bonding for Milwaukee Mile upgrades is released by the Building Commission; and (c) the Co-chairpersons of Joint Finance notify the Chairperson of the Building Commission when the plan has been approved.

[Act 9 Sections: 642m and 642r]

[Act 9 Vetoed Sections: 9107(7tu), 9107(7tv) and 9145(1tv)]

## **10. STATE FAIR PARK STAFF POSITIONS**

**Assembly/Legislature:** Unclassify all State Fair Park positions, but require that Park employes holding positions in the classified service on the effective date of the bill and current probationary employes who reach permanent status retain the protections given to classified civil service employes relating to demotion, suspension, discharge, layoff or reduction in base pay.

A total of 50.20 classified employes of the State Fair Park would be transferred to the unclassified service under this provision. The State Fair Park director is currently unclassified. Under the amendment, any new State Fair Park employe hired after the general effective date of the bill would be hired in the unclassified service and would not be accorded classified service protections.

[Act 9 Sections: 648r, 945dc and 2362p]



## STATE TREASURER

Budget Summary							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$0	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	N.A.
PR	3,037,400	3,189,300	2,926,700	2,926,700	2,926,700	- 110,700	- 3.6%
SEG	<u>0</u>	<u>297,000</u>	<u>297,000</u>	<u>297,000</u>	<u>297,000</u>	<u>297,000</u>	N.A.
<b>TOTAL</b>	<b>\$3,037,400</b>	<b>\$3,656,300</b>	<b>\$3,393,700</b>	<b>\$3,393,700</b>	<b>\$3,393,700</b>	<b>\$356,300</b>	<b>11.7%</b>

FTE Position Summary						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	0.00	1.00	1.00	1.00	1.00	1.00
PR	15.50	15.50	15.50	15.50	15.50	0.00
SEG	<u>0.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
<b>TOTAL</b>	<b>15.50</b>	<b>18.50</b>	<b>18.50</b>	<b>18.50</b>	<b>18.50</b>	<b>3.00</b>

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS

PR	\$116,500
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**Governor/Legislature:** Provide \$56,300 in 1999-00 and \$60,200 in 2000-01 for standard budget adjustments for: (a) removal of noncontinuing elements from the base (-\$10,000 annually); (b) full funding of continuing salaries and fringe benefits costs (-\$2,100 annually); (c) reclassifications (\$6,500 in 1999-00 and \$10,400 in 2000-01); (d) fifth week of vacation as cash (\$3,200 annually); and full funding of lease costs for directed move (\$58,700 annually).

#### 2. TRANSFER OF EDVEST PROGRAM TO THE STATE TREASURER [LFB Paper 890]

**Governor:** *Program Transfer.* Transfer the administration of the college tuition prepayment program (EdVest) from DOA to the Office of the State Treasurer on the general effective date of the biennial budget act.

Funding Positions		
GPR	\$170,000	1.00
SEG	<u>297,000</u>	<u>2.00</u>
<b>Totals</b>	<b>\$467,000</b>	<b>3.00</b>

Under this transfer, all of the responsibilities of DOA with respect to the operation of the EdVest program would become the responsibilities of the State Treasurer. (See also program changes recommended for the program under "Administration.")

*Funding Provisions under State Treasurer.* Establish a new subprogram under the appropriation structure for the Office of the State Treasurer to finance the operations of the EdVest program and transfer four existing appropriations for the program in DOA to the State Treasurer. The transferred appropriations are: (a) a GPR continuing appropriation for administrative expenses of the program; (b) two tuition trust fund SEG sum sufficient appropriations, one for payment of tuition under the program and one for refunds of unused tuition units; and (c) a tuition trust fund SEG sum certain appropriation for administrative expenses of the program. In the adjusted base under DOA, \$746,400 SEG and no GPR funds were budgeted for administrative expenses. No estimated expenditure levels were shown for the two sum sufficient appropriations.

Under the transferred appropriations, the following changes would be made: (a) the GPR continuing appropriation would be changed to a sum certain appropriation and funding of \$85,000 GPR annually would be provided for administrative expenses; (b) the new GPR appropriation would be made subject to the current law requirement that when sufficient investment earnings become available in the EdVest tuition trust fund, the Secretary of DOA must transfer from those balance an amount sufficient to repay the general fund for such GPR-funded start-up costs; and (c) funding for administrative expenses would be provided at \$147,000 SEG in 1999-00 and at \$150,000 SEG in 2000-01 (which represents a reduction of \$599,400 SEG in 1999-00 and \$596,400 SEG in 2000-01 from the adjusted base level). The two transferred sum sufficient SEG appropriations are continued as they existed under DOA. Under the Governor's recommendations, no expenditure estimates have been provided for these appropriations during the next fiscal biennium. However, any actual expenditures for tuition payments or tuition refunds would be charged to the balance in the college tuition prepayment trust fund.

*Staffing Provisions under State Treasurer.* Authorize a total of 3.0 FTE positions (2.0 SEG and 1.0 GPR) for the program under the Treasurer's Office. A total of 4.0 SEG positions are currently budgeted for the program under DOA.

*Transitional Provisions.* Provide that all incumbent employes in DOA holding positions performing duties primarily related to the administration of the EdVest program, as determined by the Secretary of DOA, would be transferred to the Office of the State Treasurer. While there are 4.0 FTE positions currently authorized for EdVest under DOA, only 3.0 FTE positions would actually be authorized for EdVest under the Office of the State Treasurer. The fourth position, which is currently vacant, would be eliminated. Specify that: (a) all persons actually transferred would retain the same rights and employe status they held prior to the transfer; and (b) no transferred employe who had attained permanent status in his or her classified position would be required to serve a new probationary period. Finally, include transitional provisions transferring all assets and liabilities, tangible personal property, contracts, rules and orders and

all pending matters (all the foregoing as determined by the Secretary of DOA) from DOA to the Office of the State Treasurer.

**Joint Finance/Legislature:** Modify the Governor's recommendation to provide that when the general fund is ultimately reimbursed from available EdVest trust fund earnings, the Secretary of DOA must ensure that the amounts repaid include all GPR-supported start-up and ongoing administrative expenditures incurred since the inception of the EdVest program.

[Act 9 Sections: 52 thru 59,61, 62, 587, 718, 1686, 3101 and 9101(9)]

**3. INCREASED OPERATIONAL COSTS DUE TO AGENCY RELOCATION [LFB Paper 891]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$35,400	-\$19,800	\$15,600

**Governor:** Provide \$17,700 annually associated with the following increased operational costs as a result of moving the agency's offices from state-owned space at 101 E. Wilson Street to privately-leased space at 1 S. Pinckney Street: (a) increased basic telephone service charges (\$2,100 annually); (b) courier service costs (\$2,400 annually); and (c) and T-1 data transmission line rental (\$13,200 annually).

**Joint Finance/Legislature:** Modify the Governor's recommendation by deleting excess base level expenditure authority for: (a) one-time permanent property purchases that have already been made by the agency (\$11,500 in 1999-00 and \$7,500 in 2000-01); and (b) residual amounts appropriated in unallotted reserve (\$400 annually).

**4. UNCLAIMED PROPERTY PROGRAM -- PRINTING AND ADVERTISING COSTS [LFB Paper 892]**

PR	-\$242,800
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**Joint Finance/Legislature:** Adjust funding for the unclaimed property program to reflect: (a) the elimination of \$200,000 of base level funding in 1999-00 for printing and advertising costs related to providing notices to owners of unclaimed property since these costs are incurred only once every two years (in the second year of the biennium); and (b) a reduction of \$42,800 in 2000-01 to reflect the estimated printing and advertising costs during that fiscal year (\$157,200) for the publication and distribution of biennial unclaimed property legal notices.

**5. UNCLAIMED PROPERTY ACT CHANGES**

**Governor:** Revise the current definition of "intangible property" subject to the provisions of the Unclaimed Property Act (Chapter 177 of the statutes) to specifically exclude a credit balance issued to a commercial customer account by a business association in the ordinary

course of business. This exclusion would not apply to commercial credit balances deemed to be demand, savings or matured time deposits, ownership shares or mutual investment certificates (including associated interest and dividends on any of the foregoing) that are deposited at a banking or financial institution. These provisions would first apply to unclaimed property received by the State Treasurer after the general effective date of the biennial budget act.

Under current law, certain types of intangible property are presumed abandoned under the state's Unclaimed Property Act unless the owner of the property takes steps to show ownership within specified periods of time (ranging from five to 15 years, depending on the type of intangible property). When the property is deemed abandoned, the holder of the property must report and deliver it to the State Treasurer. As a result of the proposed change, a vendor that had issued a credit balance on a commercial account would no longer have to report and deliver to the State Treasurer an abandoned sales credit.

**Joint Finance:** Delete provision as non-fiscal policy.

**Assembly/Legislature:** Restore provision.

[Act 9 Sections: 2303st, 2303su and 9351(1g)]

## SUPREME COURT

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$18,578,600	\$19,403,000	\$19,403,000	\$19,403,000	\$19,403,000	\$824,400	4.4%
FED	800,000	800,000	800,000	800,000	800,000	0	0.0
PR	17,139,600	20,068,400	21,432,400	21,470,200	21,470,200	4,330,600	25.3
SEG	<u>1,313,600</u>	<u>1,315,600</u>	<u>1,315,600</u>	<u>1,315,600</u>	<u>1,315,600</u>	<u>2,000</u>	0.2
<b>TOTAL</b>	<b>\$37,831,800</b>	<b>\$41,587,000</b>	<b>\$42,951,000</b>	<b>\$42,988,800</b>	<b>\$42,988,800</b>	<b>\$5,157,000</b>	<b>13.6%</b>

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	111.00	111.50	111.50	111.50	111.50	0.50
FED	1.00	1.00	1.00	1.00	1.00	0.00
PR	73.00	73.00	83.00	83.00	83.00	10.00
SEG	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.00</u>
<b>TOTAL</b>	<b>190.00</b>	<b>190.50</b>	<b>200.50</b>	<b>200.50</b>	<b>200.50</b>	<b>10.50</b>

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS

**Governor/Legislature:** Provide \$350,000 GPR, \$178,500 PR and \$1,000 SEG and -3.75 PR positions annually for the following: (a) remove non-continuing items (-\$77,100 PR and -3.75 PR positions annually); (b) full funding of continuing salaries and fringe benefits (\$336,900 GPR, \$253,300 PR, and -\$1,000 SEG annually); (c) full funding of financial services charges (\$2,700 GPR, \$2,300 PR and \$600 SEG annually); and (d) fifth week vacation as cash (\$10,400 GPR and \$1,400 SEG annually).

	Funding	Positions
GPR	\$700,000	0.00
PR	357,000	-3.75
SEG	<u>2,000</u>	<u>0.00</u>
<b>Total</b>	<b>\$1,059,000</b>	<b>-3.75</b>

2. JUSTICE INFORMATION FEE INCREASES [LFB Paper 895]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$2,400,000	\$950,000	\$3,350,000

**Governor:** Increase the justice information fee by \$2, from \$7 to \$9, and deposit the revenue from the \$2 increase to the Circuit Court Automation Program (CCAP) appropriation. Under current law, a \$7 justice information fee is collected, in addition to any other fees, from: (a) persons filing a civil action, including garnishment, small claims, wage earner actions, third-party complaints and appeals from a municipal court; and (b) persons paying a fee in a forfeiture action. Currently, four-sevenths of the justice information fee revenue is deposited to the Department of Administration's Bureau of Justice Information Systems (BJIS) appropriation, two-sevenths is deposited to the CCAP appropriation and one-seventh is deposited to the general fund. The fee increase would take effect on the effective date of the bill. The Governor estimates that the increased fee would generate \$1,200,000 in program revenue annually.

**Joint Finance/Legislature:** Reestimate 1999-00 program revenue generated by the \$2 justice information fee increase by -\$250,000 to reflect a delayed effective date. In addition, effective July 1, 2000, authorize CCAP to receive an additional \$2 of the justice information fee currently deposited to the BJIS appropriation, raising CCAP's share of the \$9 justice information fee to \$6. It is estimated that the \$2 would generate \$1,200,000 in program revenue for CCAP in 2000-01.

[Act 9 Sections: 517, 605, 605d, 3099 and 9458(4m)]

3. CIRCUIT COURT AUTOMATION PROGRAM (CCAP) FUNDING INCREASES [LFB Paper 895]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$1,752,200	0.00	\$1,364,000	10.00	\$3,116,200	10.00

**Governor:** Provide \$773,200 in 1999-00 and \$979,000 in 2000-01 in supplies and services funding to the Circuit Court Automation Program (CCAP) and change CCAP's appropriation from annual to continuing. CCAP provides hardware, software applications, training, maintenance and technical support to circuit courts in 70 counties. The Executive Budget book indicates that the increased funds could be used to upgrade telecommunications and software needs, and continue implementation of the automation program. Conversion of the CCAP appropriation from annual to continuing would provide statutory authority for CCAP to expend all revenues received.

**Joint Finance/Legislature:** Reduce funding by \$437,800 in 1999-00 and \$348,200 in 2000-01 to reflect justice information fee revenue reestimates. Provide an additional \$950,000 and 6.0 positions in 1999-00 and \$1,200,000 and 10.0 positions in 2000-01, including one-time funding of \$500,000 annually. Create a penalty assessment receipts appropriation under CCAP, which would sunset on June 30, 2000, and allow CCAP to use penalty assessment monies in 1999-00 to develop, promote, coordinate and implement circuit court automated information systems that are compatible among counties. In 1999-00, program revenue would come from penalty assessment revenues. In 2000-01, program revenue would come from an additional \$2 increase in CCAP's justice information fee revenues.

[Act 9 Sections: 542, 542f, 605, 605g, 605h, 3050p, 3050q and 9446(2h)]

**4. CCAP EQUIPMENT AND MAINTENANCE FOR NEW JUDGESHIPS [LFB Paper 895]**

PR	\$247,800
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**Governor/Legislature:** Provide \$226,800 in 1999-00 and \$21,000 in 2000-01 for CCAP costs associated with the six new judgeships created, effective August 1, 1999, in 1997 Act 203. This would provide: (a) \$205,800 in one-time funds in 1999-00 for computer workstations, accompanying software licenses, printers, cables and other peripherals, at a cost of \$34,300 per judgeship; and (b) \$21,000 annually for ongoing computer support and maintenance, at a cost of \$3,500 per judgeship.

**5. ADDITIONAL JUDGESHIP FOR WAUPACA COUNTY**

PR	\$37,800
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**Assembly/Legislature:** Provide \$37,800 in 2000-01 (of which \$34,300 is one-time funding) to fund computer equipment and maintenance for a new judgeship in Waupaca County to begin August 1, 2000. [See "Circuit Courts."]

**6. MILWAUKEE COUNTY LIBRARY SERVICES CONTRACTS**

	Funding	Positions
PR	\$458,400	3.75

**Governor/Legislature:** Provide \$229,200 and 3.75 positions annually to reflect two library services contracts entered into between the Supreme Court and Milwaukee County. Under the first contract, the Law Library provides services to Milwaukee County judges (\$35,000) and under the second contract, the Law Library operates the Milwaukee Legal Resource Center (\$194,200). In addition, convert 3.75 project positions to permanent status (the project positions are deleted as non-continuing items under the standard budget adjustments). These positions are currently funded under the two contracts: (a) 1.0 librarian provides services to Milwaukee County judges; and (b) 2.75 positions (2.0 librarians and 0.75 library assistant) operate the Milwaukee Legal Resource Center. Law Library officials indicate that both contracts are expected to continue for the foreseeable future.

**7. LAW LIBRARY CATALOG SYSTEM**

GPR	\$80,400
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**Governor/Legislature:** Provide \$67,700 in 1999-00 and \$12,700 in 2000-01 to move the law library's catalog system from a character-based system, which will no longer be technically supported by the vendor, to an internet-based system. This would provide: (a) \$55,000 in 1999-00 for a software package to create an on-line public access catalog and to automate acquisitions, circulation and serials check-in; and (b) \$12,700 annually for additional maintenance costs.

**8. LAW LIBRARY BOOK INFLATION**

GPR	\$36,000
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**Governor/Legislature:** Provide \$12,000 in 1999-00 and \$24,000 in 2000-01 to offset inflationary increases in prices for legal materials in the State Law Library such as case law decisions, statutory law and regulation information. The amounts provided reflect inflationary increases of 3% in 1999-00 and 2000-01.

**9. BOARD OF BAR EXAMINERS FUNDING**

PR	\$95,000
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**Governor/Legislature:** Provide \$47,500 annually to the Board of Bar Examiners for costs associated with: (a) increased licensing duties concerning character and fitness evaluations for diploma privilege graduates and taking over investigations of reciprocity applicants from the National Conference of Bar Examiners; and (b) increases in expenses for travel, hourly costs of outside counsel, charge-backs for data processing services and information technology hardware and software.

**10. BOARD OF ATTORNEYS PROFESSIONAL RESPONSIBILITY FUNDING**

PR	\$44,000
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**Governor/Legislature:** Provide \$22,000 annually for supplies and services to the Board of Attorneys Professional Responsibility (BAPR) for increased costs associated with travel, hourly costs of outside counsel, charge-backs for data processing services, and information technology hardware and software.



**11. REPEAL AUTOMATED INFORMATION SYSTEMS APPROPRIATION [LFB Paper 896]**

PR	- \$25,600
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**Governor:** Delete \$12,800 annually and repeal the program revenue appropriation for the Supreme Court automated information system. The automated information system appropriation for the Supreme Court was created in 1997 Act 27 to fund information technology initiatives from program revenues from certain court fees deposited to the Circuit Court Automation Program (CCAP). Court officials indicate that program revenues are insufficient to support this appropriation and the expenditure authority is, therefore, not being used. The Supreme Court's information technology initiatives are funded through the Court's sum sufficient GPR appropriation. A technical correction to the CCAP appropriation is needed to properly reflect this repeal.

**Joint Finance/Legislature:** Modify the court information systems (CCAP) appropriation language to reflect the repeal of the Supreme Court's automated information systems appropriation.

[Act 9 Sections: 602 and 605]

**12. CONVERT LTE PROGRAM ASSISTANT POSITION TO PERMANENT**

	Funding Positions	
GPR	\$8,000	0.50

**Governor/Legislature:** Provide \$4,000 and 0.5 position annually to convert a half-time limited term employment (LTE) position to permanent status. Since July, 1997, this position has been full-time, but half of the position is permanent, and the other half is LTE. The LTE portion of the position receives minimal fringe benefits, including no paid vacation or sick leave. The position provides reception and clerical support to the Supreme Court justices, the assistant to the Chief Justice, the court information officer and the legislative liaison, as well as support to ongoing programs and special projects of the courts.

**13. CONVERT ANNUAL PROGRAM REVENUE APPROPRIATIONS TO CONTINUING**

**Governor/Legislature:** Convert the Court's materials and services, municipal judge training, and library collections and services program revenue appropriations from annual to continuing. The Director of State Courts has statutory authority to charge fees, not to exceed actual costs, for the provision of services or sale of documents relating to: (a) uniform court forms; (b) computer generated special reports of court information data; (c) photocopies; (d) pamphlets; and (e) booklets. The Supreme Court may also charge a fee, not to exceed actual costs, for services provided by the State Law Library, such as photocopying, microfilm copying, generation of copies of documents from optical disk or electronic storage, computer services, sales of books and other services provided by the library. In addition, each municipality with a municipal court is assessed \$500 annually to fund municipal judge training (beginning in 2000,

the annual fee increases to \$550). Currently, the revenues from these fees and assessments are deposited to their respective appropriations, with expenditure authority limited to the amounts appropriated annually. The provision to convert these annual appropriations to continuing would provide statutory authority for the Court to expend all revenues received.

[Act 9 Sections: 603, 604 and 606]

#### **14. APPROPRIATION MODIFICATIONS**

**Joint Finance/Legislature:** Convert the general program operations appropriations for the Director of State Courts Office and the State Law Library from annual to biennial.

**Veto by Governor [D-17]:** Delete provision.

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.680(2)(a)&(4)(a)) and 602m and 605m]

#### **15. PROHIBIT USE OF STATE FUNDS FOR THE FEDERAL COURT IMPROVEMENT GRANT PROGRAM**

**Assembly:** Delete \$68,600 GPR annually and prohibit the Supreme Court and the Director of State Courts from expending any state funds for the purpose of matching federal funds provided under the federal State Court Improvement grant program. This provision would first apply to court improvement grants awarded by the Supreme Court or the Director of State Courts on the effective date of the bill.

**Senate/Legislature:** Delete provision.

**TECHNOLOGY FOR EDUCATIONAL ACHIEVEMENT  
IN WISCONSIN BOARD**

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$85,897,400	\$89,268,000	\$88,216,900	\$87,866,900	\$87,866,900	\$1,969,500	2.3%
PR	6,432,000	8,856,900	7,805,800	7,805,800	7,805,800	1,373,800	21.4
SEG	<u>23,892,800</u>	<u>34,608,200</u>	<u>19,267,500</u>	<u>19,267,500</u>	<u>19,267,500</u>	<u>-4,625,300</u>	-19.4
<b>TOTAL</b>	<b>\$116,222,200</b>	<b>\$132,733,100</b>	<b>\$115,290,200</b>	<b>\$114,940,200</b>	<b>\$114,940,200</b>	<b>-\$1,282,000</b>	<b>-1.1%</b>

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
GPR	6.00	6.00	6.00	6.00	6.00	0.00
PR	<u>0.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
<b>TOTAL</b>	<b>6.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>2.00</b>

**Budget Change Items**

**1. STANDARD BUDGET ADJUSTMENTS**

GPR	-\$113,200
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**Governor/Legislature:** Adjust the base budget by -\$56,600 annually for: (a) full funding of continuing salaries and fringe benefits (-\$80,900 annually); (b) full funding of financial services charges (\$5,000 annually); (c) reclassifications (\$15,100 annually); and (d) fifth week of vacation as cash (\$4,200 annually).

2. DEBT SERVICE REESTIMATE [LFB Paper 245]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$2,133,800	-\$1,051,100	\$1,082,700
PR	<u>2,133,800</u>	<u>- 1,051,100</u>	<u>1,082,700</u>
Total	\$4,267,600	-\$2,102,200	\$2,165,400

**Governor:** Reestimate debt service costs by \$5,100 GPR and \$5,100 PR in 1999-00 and \$2,128,700 GPR and \$2,128,700 PR in 2000-01 for educational technology infrastructure loans from a base of \$3,216,000 GPR and \$3,216,000 PR.

**Joint Finance/Legislature:** Reestimate debt service by -\$1,048,900 GPR and -\$1,048,900 PR in 1999-00 and -\$2,200 GPR and -\$2,200 PR in 2000-01 for educational technology infrastructure loans.

3. TRAINING AND TECHNICAL ASSISTANCE GRANTS  
[LFB Paper 900]

GPR	\$1,000,000
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**Governor:** Provide \$500,000 annually for additional training and technical assistance grants, above base level funding of \$4,000,000. Further, require TEACH to award at least one grant annually to an applicant located in the territory of each CESA. Under the current program, grants are awarded to eligible applicants for training and technical assistance in the use of educational technology. TEACH is currently required to award grants on a competitive basis, and to the extent possible, ensure that grants are equally distributed on a statewide basis.

**Joint Finance:** Transfer \$500,000 from 2000-01 to 1999-00 to provide that all of the additional \$1 million provided by the Governor would be one-time funding in 1999-00 to pay the final amounts due on awarded 1998-99 training and technical assistance grants. Modify the appropriation that funds the training and technical assistance grant program from a biennial to an annual appropriation. Transfer \$166,700 from 1999-00 to 2000-01 of general school aids funding to adjust two-thirds funding of partial school revenues.

Require the TEACH Board to promulgate rules, using an emergency rulemaking process, to specify the administrative procedures, eligibility and application requirements for the program. Provide that the TEACH Board could promulgate the initial rule for this purpose as an emergency rule, without having to provide evidence of the necessity of preservation of the public peace, health, safety or welfare. Specify that the emergency rule would be subject to approval or disapproval by the Joint Committee on Information Policy under a 14-day passive review process.

**Senate/Legislature:** Modify provision to also require the TEACH Board to consult with the Department of Public Instruction before awarding educational technology training and technical assistance grants.

**Veto by Governor [A-17]:** Delete the modification of the appropriation from a biennial to annual appropriation. In addition, delete the rulemaking requirements for the TEACH Board and eliminate the requirement that the TEACH Board consult with DPI prior to awarding grants under the program.

[Act 9 Sections: 273n and 955]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.275(1)(et)), 273n, 955m, 955p and 9148(2x)]

**4. WEB BASED INSTRUCTION FUNDING ALLOCATION**

**Assembly/Legislature:** Require the TEACH Board to allocate \$502,000 GPR in 1999-00 from funding for the training and technical assistance grant program to the Board of Regents of the UW System to maintain a Web site developed by the UW-Milwaukee through September 1, 2001. Specify that the Web site would instruct K-12 teachers on the integration of technology into the classroom, would store lesson plans concerning the use of technology in the classroom, arranged by grade and subject matter, and would direct teachers to other Web sites containing educational resources. This grant would have to be provided within 15 days of the effective date of the bill. The TEACH training and technical assistance grant program has funding of \$5 million in 1999-00 and \$4 million in 2000-01 under the act.

**Veto by Governor [A-16]:** Decrease the funding to be allocated for this purpose by \$450,000 GPR. As a result, the TEACH Board would be required to allocate \$52,000 GPR in 1999-00 from the training and technical assistance grant program for this purpose.

[Act 9 Sections: 273n and 9148(2g)]

[Act 9 Vetoed Section: 9148(2g)]

**5. FOREIGN LANGUAGE INSTRUCTION GRANTS [LFB Paper 901]**

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	\$350,000	-\$350,000	\$0

**Governor:** Provide \$350,000 in 2000-01 in a new, annual appropriation for foreign language instruction grants to an educational organization or consortium of educational organizations for the development and implementation of a foreign language instruction program in a public school in grades kindergarten to six. Require the TEACH Board beginning in 2000-01 to award at least one grant in each fiscal year, on a competitive basis, to an eligible applicant. Prohibit the TEACH Board from awarding a grant to an organization or consortium of organizations unless the foreign language instruction would be provided using data lines or

video links funded through the TEACH telecommunications access program. Require the Board to promulgate rules defining educational organization for purposes of this program.

**Senate/Legislature:** Delete \$350,000 in 2000-01 and the provisions that would create a foreign language instruction grant program under the TEACH Board. Instead, provide \$350,000 in 2000-01 as a categorical aid under the Department of Public Instruction (DPI) and require DPI to award at least one grant in each fiscal year, on a competitive basis, to a school board or cooperative educational service agency for the development and implementation of a foreign language instruction program in a public school in grades kindergarten to six. The fiscal effect of this categorical aid is shown under DPI. For more information on this item, see "Public Instruction -- Categorical Aids."

**6. WISCONSIN ADVANCED TELECOMMUNICATIONS FOUNDATION**

	Funding	Positions
PR	\$291,100	2.00

**Governor/Legislature:** Provide \$141,000 in 1999-00 and \$150,100 in 2000-01 in a new, continuing PR appropriation and 2.0 positions starting in 1999-00 to allow the TEACH Board to contract with the Wisconsin Advanced Telecommunications Foundation (WATF) to provide administrative services to WATF. Funding for the newly-created appropriation would be from WATF. The WATF is a nonprofit, nonstock public entity, which administers two funds, the Endowment Fund and the Fast Start fund, from which grants are made to support telecommunications projects. Contributions to the funds are made by the state, telecommunications providers and others.

[Act 9 Sections: 275 and 954]

**7. EDUCATIONAL TELECOMMUNICATIONS ACCESS FUNDING [LFB Paper 902]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$10,528,700	-\$5,264,400	\$5,264,300

**Governor:** Provide \$3,994,600 in 1999-00 and \$6,534,100 in 2000-01 for the current educational telecommunications access program, which provides eligible entities with subsidized access to new data lines and video links or grants for data lines and video links for service contracts in effect on October 14, 1997. The program is funded from the universal service fund (USF), which receives its funding through assessments on annual gross operating revenues from intrastate telecommunications providers. Under current law, telecommunications providers are allowed to fully recover their share of assessment costs for expenditures related to the TEACH Board through an adjustment applied to subscribers' local exchange service rates. For more information on the USF see the "Public Service Commission."

This funding would be utilized for the following purposes:

a. *School Districts and CESAs.* \$2,244,200 in 1999-00 and \$3,781,400 in 2000-01 above base level funding of \$5,500,000 for the estimated additional costs of providing telecommunications access to school districts and CESAs. Delete \$390,000 annually of base funding attributable to technical colleges, which would be funded from a separate appropriation modified for this purpose.

b. *Private Colleges, Technical Colleges and Libraries.* \$1,518,700 in 1999-00 and \$1,846,400 in 2000-01 above base level funding of \$1,091,400 for the estimated additional costs of providing telecommunications access to private colleges, technical colleges and libraries.

c. *Private K-12 Schools.* \$621,700 in 1999-00 and \$1,296,300 in 2000-01 above base level funding of \$355,000 for funding additional estimated costs of providing telecommunications access to private K-12 schools.

*Appropriation Modifications.* Modify the three current law appropriations for the telecommunications access program, so that the appropriation purposes would be for: (a) public school districts and CESAs; (b) technical colleges, private colleges and libraries; and (c) private K-12 schools. Currently, the appropriation purposes are: (a) public school districts, CESAs and technical colleges; (b) private colleges and public library boards; and (c) private K-12 schools.

**Joint Finance/Legislature:** Transfer \$1,997,300 in 1999-00 and \$3,267,100 in 2000-01 to the Joint Committee on Finance's appropriation and specify that the monies placed in reserve in the Committee's appropriation could be released to TEACH under a 14-day passive review process after receipt of information relating to estimated program demand and finalized annual costs. The amounts transferred to the Committee's appropriation would reflect half of the Governor's recommended funding increase for each of the following entities: (a) school districts and CESAs (\$927,100 in 1999-00 and \$1,695,700 in 2000-01); (b) private colleges, technical colleges and libraries (\$759,400 in 1999-00 and \$923,200 in 2000-01); and (c) private K-12 schools (\$310,800 in 1999-00 and \$648,200 in 2000-01). Specify that the monies transferred to the Committee's appropriation relating to school districts and CESAs would continue to be considered state aid for purposes of calculating two-thirds funding of partial school revenues.

Create three, continuing PR appropriations for receipt of any funding from discounts provided under the federal E-rate program for school districts, libraries and private schools. Provide that all monies received under these appropriations would be used to offset spending in SEG appropriations that fund TEACH telecommunications services for these entities. Require the TEACH board to report to the Department of Administration, Joint Committee on Finance and the Public Service Commission, by October 1 of each year, on the federal E-rate discounts provided for TEACH telecommunications access services.

Further, require the TEACH Board in submitting its 2001-03 agency budget request to include information on the following: (a) projections on the telecommunications access program as to the ultimate size of the program; (b) how much of the funding required for the access

program should be drawn from universal service fund (USF) assessments; (c) other funding sources to be utilized if the recommended funding from the USF is less than projected total program costs; and (d) how long should school districts and other participating entities receive these subsidies and how best to phase-out the program.

**Veto by Governor [A-18, A-19 & A-20]:** Delete the requirement that the TEACH Board report to the Department of Administration, Joint Committee on Finance and the Public Service Commission, by October 1 of each year, on the federal E-rate discounts provided for TEACH telecommunications access services. In addition, delete the creation of the three appropriations for receipt of any funding provided under the E-Rate program and the related requirements on the use of the E-Rate program funding. Also delete the requirement that the TEACH Board in submitting its 2001-03 agency budget request to include information on the following: (a) projections on the telecommunications access program as to the ultimate size of the program; (b) how much of the funding required for the access program should be drawn from universal service fund (USF) assessments; (c) other funding sources to be utilized if the recommended funding from the USF is less than projected total program costs; and (d) how long should school districts and other participating entities receive these subsidies and how best to phase-out the program.

[Act 9 Sections: 116, 279m, 280m, 281m, 2328, 2329, 9139(1e) and 9148(1vt)]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.275(1) (gf),(gg)&(gh)), 274m, 274r, 274t, 279m, 280m, 281m, 953g, 2329 and 9148(1w)]

## 8. FUNDING FOR ERVING UPGRADE

**Assembly/Legislature:** Require the TEACH Board to allocate \$93,800 SEG in 1999-00 from the appropriation that funds the school districts' portion of the telecommunications access program to fund equipment upgrades for the Embarrass River Valley Instructional Network Group (ERVING).

[Act 9 Sections: 279m and 9148(4w)]

## 9. EDUCATIONAL TELECOMMUNICATIONS ACCESS FOR STATE RESIDENTIAL SCHOOLS [LFB Paper 903]

SEG	\$110,400
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**Governor:** Expand the educational telecommunications access program to include the state residential schools and provide \$55,200 annually in a new, biennial appropriation for the estimated cost of telecommunications access to the Wisconsin School for the Visually Handicapped and the Wisconsin School for the Deaf. Require DOA to coordinate with TEACH to provide these schools with contracts for telecommunication access. Provide that moneys received by DOA from the Department of Public Instruction for its share of the cost of



telecommunications access services provided to the residential schools would be used in providing access services.

**Joint Finance/Legislature:** Clarify statutory references to the telecommunication access program as well as a DOA appropriation used for this purpose.

[Act 9 Sections: 117, 283, 525 and 949]

## **10. EDUCATIONAL TELECOMMUNICATIONS ACCESS ELIGIBILITY**

**Governor/Legislature:** Clarify the institutions that are eligible under the educational telecommunications access program by specifying that educational agencies would be eligible for subsidized access or a grant for data lines and video links. Define an educational agency as a school district, private K-12 school, CESA, technical college district, private college, public library system, public library board, the Wisconsin School for the Visually Handicapped or the Wisconsin School for the Deaf. With the exception of adding state residential schools, this provision conforms with current practice.

Clarify the appropriation titles used under the program.

[Act 9 Sections: 117, 949, 951, 953, 2323, 2324 and 2327]

## **11. EDUCATIONAL TELECOMMUNICATIONS ACCESS ADDITIONAL DATA LINES**

**Governor/Legislature:** Allow the TEACH Board to provide more than one data line or video link to eligible institutions under the educational telecommunications access program if the eligible institution shows to the satisfaction of the TEACH Board that additional data lines are more cost effective than a single data line. Under current law, the Board may not provide more than one data line or video link to eligible institutions, except that a school district with more than one high school may apply for access to both a data line and a video link or more than one data line or video link.

[Act 9 Section: 2324]

## **12. EDUCATIONAL TELECOMMUNICATIONS ACCESS TRANSFER FROM PSC**

**Governor:** Transfer the administrative responsibilities for the educational telecommunications access program from the PSC to TEACH. Currently, the TEACH Board operates the program, while the PSC has administrative responsibilities. Delete PSC's administrative and reporting functions related to the program and the requirement that PSC promulgate rules for the program. Instead require TEACH to perform these functions. Provide that PSC would continue to administer the universal service fund (USF) and assess

telecommunications providers to fund the program. For more information on the USF, see the "Public Service Commission."

Provide that effective on the first day of the third month beginning after the effective date of the budget bill all contracts, rules and pending matters would be transferred from the PSC to the TEACH Board. Require the PSC to cooperate with the TEACH Board in providing orderly and efficient transferring of the program during the period between the effective date of the budget bill and the actual transfer. Provide that all contracts that were in effect would remain in effect until their specified expiration date or until they were rescinded or modified by the TEACH Board to the extent allowed in the contract. Specify that all rules promulgated and determinations made by the PSC that were in effect would remain in effect until their specified expiration date or until they were amended or repealed by the TEACH Board. Provide that pending matters and all materials submitted to the PSC or actions taken by the PSC concerning the pending matter would be considered as having been submitted to or been taken by the TEACH Board. Provide that all tangible personal property, including records, pertaining to the administration of the program would be transferred to the TEACH Board, as determined by the Secretary of DOA. Specify that all assets and liabilities pertaining to the administration of the program, as determined by the Secretary of DOA, would be transferred from PSC to the TEACH Board.

**Assembly/Legislature:** Modify provision to require the PSC, in consultation with DOA and the TEACH Board, to promulgate rules specifying the telecommunications services eligible for funding under the telecommunications access program.

[Act 9 Sections: 116, 278, 279m, 281m, 516, 525, 952, 953, 2140, 2316, 2318 thru 2329, 2329g, 2331, 2332, 2333, 2334 and 9141(1)]

### 13. WAIVER OF TEACH E-RATE FILING REQUIREMENTS

**Joint Finance/Legislature:** Prohibit the TEACH Board from requiring public or private schools in the KSCADE (K-12 Schools/Colleges Alliance for Distance Education) network to apply for federal E-rate discounts in order to be eligible for a TEACH preexisting contract grant under the telecommunications access program in 1999-00.

[Act 9 Section: 9148(1g)]

### 14. INSTITUTIONAL ASSISTANCE SUPPORT PROGRAM [LFB Paper 802]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$76,300	-\$76,300	\$0

**Governor:** Provide \$67,200 in 1999-00 and \$9,100 in 2000-01 in a new TEACH Board biennial appropriation to reflect the transfer and elimination of the institutional assistance support program. Require the TEACH Board to provide support payments in amounts determined by the PSC to the institutions that the PSC has, before the effective date of the bill budget, determined are eligible to receive funding under the program. Provide that no funding may be encumbered from the new appropriation after June 30, 2001.

Provide that the transfer of the following items, that are determined by the Secretary of DOA as primarily related to the administration of this program, would be handled as follows upon the effective date of the budget bill: (a) all assets and liabilities (including tangible personal property and records) would be transferred from the PSC to the TEACH Board to the extent allowed under the contract; (b) all existing contracts entered into by PSC would remain in effect after the transfer until modified or rescinded by the TEACH Board to the extent allowed under the contract; (c) all rules and orders in effect prior to the transfer from PSC would remain in effect after the transfer until expired or modified or rescinded by the TEACH Board; and (d) any matters pending with the PSC would be transferred to the TEACH Board and all materials submitted to or actions taken by the PSC relating to the matter would be considered as having been submitted to or taken by the TEACH Board.

Under current law, this program provides partial reimbursement for new telecommunications services to eligible not-for-profit schools, private schools, charter schools, colleges and universities, technical college districts, public libraries and not-for-profit hospitals. New services eligible for reimbursement include two-way interactive video services, high-speed data transfer, toll call access to the Internet and direct Internet access. Grant levels are set at the lower of 30% of the monthly charge or \$300 per month the first year, 20% of the monthly charge or \$200 per month the second year, and 10% of the monthly charge or \$100 per month the third year.

**Joint Finance/Legislature:** Delete provision as it relates to the TEACH Board. For more information on this item, see the "Public Service Commission."

## 15. EDUCATIONAL TECHNOLOGY INFRASTRUCTURE LOANS

**Governor/Legislature:** Modify the current subsidized educational technology infrastructure loan program to refer to "financial assistance" being provided under the program, rather than "subsidized loans." Specify that financial assistance under the program would consist of a loan in an amount equal to 50 percent of the total amount of financial assistance the Board determines the applicant is eligible for and a grant for the remainder of the total. This change is intended to more clearly characterize the nature of the benefit provided under the program by restating it as comprised of a grant and a loan, rather than a subsidized loan as under current law.

Under the current program, school districts and public libraries may apply for loans to fund the upgrading of electrical wiring in buildings in existence on October 14, 1997, and installation and upgrading of computer network wiring. School districts and library boards are required to pay one-half of the debt service on the loans and the state pays the other half. Loan proceeds are generated through state general obligation bonds and offered to schools and libraries either under a lease purchase or general obligation bonding agreement. Under the rules governing the program, school district and libraries may choose a loan term of two to ten years.

[Act 9 Sections: 272, 273, 276, 277, 639, 640 and 958 thru 962]

**16. COMMON SCHOOL FUND TECHNOLOGY BLOCK GRANTS**  
[LFB Paper 904]

SEG	-\$10,000,000
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**Joint Finance/Legislature:** Delete \$5,000,000 SEG annually for educational technology block grants and eliminate all statutory references to funding technology block grants from income on the common school fund. Total funding for technology block grants would be \$35 million GPR annually, which would be equal to total funding for the program in 1998-99 (\$30,000,000 GPR and \$5,000,000 SEG). Provide that the full amount of income from the common school fund would be appropriated to school library aids. For more information on this item, see "Public Instruction--Categorical Aids."

In 1998-99, \$5 million SEG was appropriated from income of the common school fund for educational technology block grants to school districts to be distributed only after \$14.3 million of annual income from the common school fund is apportioned by DPI to school districts for school libraries, and to the extent the additional \$5 million SEG is available. The segregated funding is distributed in proportion to the number of persons between the ages of four and 20 who reside in each district, with a proportional adjustment for K-8 and union high school districts.

[Act 9 Sections: 283m, 694b, 955t, 956g, 956r and 2140]

**17. ONE-TIME SUPPLEMENTAL TECHNOLOGY BLOCK GRANTS**

**Governor/Legislature:** Eliminate the one-time supplemental block grant program. In 1997-98, \$2,000,000 GPR was provided in a separate appropriation for this one-time program. Certain school districts with an equalized value per member below the prior year statewide average (\$247,530 in 1996-97) were eligible for this funding.

[Act 9 Sections: 274, 956, 957 and 2140]

## 18. TEACH BOARD MEMBER DESIGNEES

**Governor/Legislature:** Allow designees of the State Superintendent of Public Instruction and the Secretary of Department of Administration to serve in their place as members of the TEACH Board, rather than requiring the State Superintendent and the Secretary of DOA to serve personally on the Board as under current law.

[Act 9 Section: 25]

## TOBACCO CONTROL BOARD

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled Amount	Percent
SEG	\$0	\$0	\$0	\$25,992,000	\$23,500,000	\$23,500,000	N.A.

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
SEG	0.00	0.00	0.00	2.00	2.00	2.00

### Budget Change Items

#### 1. TOBACCO SETTLEMENT REVENUES [LFB Paper 455]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
<b>GPR-REV</b>			
1998-99	\$49,728,900	-\$49,728,900	\$0
1999-00	136,839,600	48,192,300	185,031,900
2000-01	<u>152,068,600</u>	<u>- 3,083,800</u>	<u>148,984,800</u>
<b>TOTAL</b>	<b>\$338,637,100</b>	<b>-\$4,620,400</b>	<b>\$334,016,700</b>

**Governor:** Estimate revenues of \$338,637,100 in tobacco settlement monies to be deposited to the general fund as follows: (a) \$49,728,900 in 1998-99; (b) \$136,839,600 in 1999-00; and (c) \$152,068,600 in 2000-01. These amounts are reflected in the bill's general fund condition statement. Estimated 1998-99 revenues are reflected in the opening balance, while 1999-00 and 2000-01 revenues are reflected under estimated departmental revenues.

On November 23, 1998, Wisconsin and 45 other states signed a settlement agreement with the tobacco industry. This agreement settled a lawsuit that Wisconsin filed against the tobacco industry on February 5, 1997. Under the agreement, Wisconsin is estimated to receive \$338.6

million by June 30, 2001 (through the year 2025, Wisconsin is estimated to receive \$5.9 billion). In addition, legal fees for Department of Justice and private attorneys involved with the suit will be paid from separate funds. Initial payments will be disbursed to Wisconsin the earlier of June 30, 2000, or once 80 percent of the 46 states have obtained state-specific finality and those states represent 80 percent of the payments. State-specific finality occurs when a state's case has achieved an official court dismissal and the time for appeal has expired. Wisconsin's suit was officially dismissed on December 4, 1998, and the time for appeal has expired. Therefore, Wisconsin has achieved state-specific finality. However, recent appeals in New York, New Jersey and California make it likely that the initial payment will not be made before June 30, 2000.

**Joint Finance/Legislature:** Reestimate tobacco settlement revenues by -\$49,728,900 in 1998-99, \$48,192,300 in 1999-00 and -\$3,083,800 in 2000-01 to reflect the anticipated receipt of the first tobacco settlement payment on June 30, 2000, and to reestimate payments in 1999-00 and 2000-01.

**2. STATEWIDE TOBACCO CONTROL PROGRAM [LFB Paper 455]**

	<b>Jt. Finance (Chg. to Base) Funding Positions</b>		<b>Legislature (Chg. to JFC) Funding Positions</b>		<b>Veto (Chg. to Leg.) Funding Positions</b>		<b>Net Change Funding Positions</b>	
GPR-REV	-\$29,092,000		\$3,100,000		\$2,492,000		-\$23,500,000	
SEG-REV	29,092,000		-3,100,000		-2,492,000		23,500,000	
SEG	\$0	0.00	\$25,992,000	2.00	-\$2,492,000	0.00	\$23,500,000	2.00

**Joint Finance:** Establish a segregated, nonlapsible tobacco control fund to support activities related to a statewide, comprehensive tobacco control program, as follows.

*Segregated Fund.* Specify that the first \$2,492,000 of tobacco settlement revenues received in 1999-00 and the first \$26,600,000 of tobacco settlement revenues received in 2000-01 and annually thereafter would be deposited in the tobacco control fund.

*Expenditures.* Increase the DHFS budget by \$2,492,000 SEG in 1999-00 and the Joint Finance Committee's program supplements appropriation by \$26,600,000 SEG in 2000-01 to fund a variety of tobacco control activities. (The fiscal effect of this provision is summarized under "Health and Family Services -- Public Health" and "Program Supplements." Create a SEG biennial appropriation to fund state operations and a SEG continuing appropriation to fund specified program activities.

In 1999-00, funding would be used to support: (a) DHFS surveillance activities and administration, including 1.0 SEG epidemiologist position to coordinate surveillance activities and 1.0 SEG program manager position to coordinate program activities and staff the Tobacco

Control Advisory Council (\$400,000); (b) the UW Center for Tobacco Research and Intervention (\$1,000,000); (c) increased funding for the Thomas T. Melvin tobacco prevention and education program (\$1,000,000); and (d) a youth smokeless tobacco cessation and prevention campaign program (\$92,000).

In 2000-01, all funding would be placed in the Joint Finance Committee's program supplements appropriation for release once the Joint Committee on Finance has reviewed and approved the annual budget for a statewide tobacco control program. However, a portion of this funding would be earmarked for the following: (a) the UW Center for Tobacco Research and Intervention (\$1,000,000 in 2000-01 and each year thereafter); (b) increased funding for the Thomas T. Melvin program (\$1,000,000 in 2000-01 and each year thereafter); (c) the Medical College of Wisconsin, for activities directly related to preventing individuals from smoking and assisting smokers to quit smoking (\$500,000 in 2000-01 and each year thereafter); and (d) grants to schools offering instruction in grades six, seven or eight that purchased in calendar year 1998 or after the smoking/tobacco component of the Body Awareness Resources Network (BARN) software (\$150,000 in 2000-01 only).

With respect to the BARN software, require schools to submit a grant application to DHFS in order to be eligible for a grant in an amount not to exceed the costs of the smoking/tobacco component of the BARN software. Further, direct the Department of Public Instruction to coordinate with the software manufacturer and CESA staff training sessions for the use of software in the classroom at no additional cost.

*Limit on Administrative Expenses.* Specify that grant recipients could not expend more than 10% of grant amounts for administrative costs. In addition, beginning July 1, 2000, prohibit DHFS from expending more than 5% of the amounts deposited in the tobacco control fund for the state administration of the statewide tobacco control fund in each fiscal year.

*Tobacco Control Advisory Council.* Create a 20-member Tobacco Control Advisory Council, which would consist of: (a) the Attorney General or his or her designee; (b) one majority party senator, one minority party senator, one majority party representative to the Assembly and one minority party representative to the Assembly, appointed as are the members of standing committees in their respective houses; (c) the DHFS Secretary or his or her designee; (d) the Superintendent of Public Instruction or his or her designee; (e) one physician with expertise in oncology, smoking cessation or public health; (f) one student who is enrolled in an institution within the University of Wisconsin System; (g) two high school students, including at least one minority student; (h) five representatives of organizations that have as their primary organizational mission reducing the health or economic consequences of tobacco use or ameliorating the effects of tobacco use and reducing the incidence of particular diseases or health conditions associated with tobacco use; (i) one local health officer; (j) a member of the Wisconsin Grocer Association; (k) one person who is a minority group member; and (l) a member of the Wisconsin Health and Hospital Association.



Specify that the 13 nonpublic Council members would be appointed by the Governor for three-year terms, except that if a student member loses the status upon which the appointment was based, he or she would no longer be a Council member. Specify that the Governor would appoint one member of the Council to serve as the chairperson. Specify that the Council would meet at least four times per year, eleven members would constitute a quorum and that for the purpose of conducting business and making final recommendations to DHFS, a majority vote of the entire Council is required. Specify that, if the Council creates subcommittees, one subcommittee would address the issue of populations most adversely affected by tobacco.

Specify that the initial nonpublic members of the Council would serve the following terms: (a) four would serve for terms expiring on July 1, 2003; (b) five would serve for terms expiring on July 1, 2002; and (c) four would serve for terms expiring on July 1, 2001.

*Statewide Tobacco Control Program.* Require DHFS to develop a statewide tobacco control program in consultation with the Council. Require the Council to develop program and budget recommendations for a statewide tobacco control program and submit these recommendations to the DHFS Secretary not later than February 1, 2000, and annually thereafter. Require DHFS to review these recommendations and to prepare the detailed annual budget for a statewide tobacco control program. Require DHFS to submit a detailed budget to the Joint Committee on Finance not later than March 1, 2000, and annually thereafter, under a 14-day passive review process.

Require the Council to base its plan on the U.S. Centers for Disease Control's funding allocation recommendations for comprehensive tobacco control programs. In addition, require DHFS and the Council to consider successful tobacco control programs in other states when developing their recommendations. Provide that the annual plan would specify how the tobacco control funds would be distributed and the projected cost of administering the statewide tobacco control program. Finally, require DHFS to solicit input from the Council regarding the selection of specific programs or activities to be funded under the statewide tobacco control program.

Specify that grant funds could be used to support the following activities: (a) community-based programs to reduce tobacco use; (b) community-based programs to reduce the burden of tobacco-related diseases; (c) school-based programs relating to tobacco use cessation and prevention; (d) enforcement of local laws aimed at restricting underage access to tobacco products and reducing exposure to secondhand smoke; (e) partnership grants with statewide organizations and businesses that support activities related to tobacco use cessation and prevention; (f) marketing activities that promote tobacco use cessation and prevention; (g) projects designed to reduce tobacco use among minorities and pregnant women; (h) other tobacco use cessation programs; and (i) surveillance of indicators of tobacco use and evaluation activities.

*Reporting Requirements.* Require DHFS to submit to the Governor and Legislature, no later than September 1, 2002, and annually thereafter, a report that evaluates the success of the

program. Require the report to include the number of grants awarded during the preceding fiscal year, the purpose for which each grant was made and the donations and grants accepted by the Board.

*Audits of the Medical College of Wisconsin and the UW Center for Tobacco Research and Intervention.* Beginning July 1, 2001, require the Legislative Audit Bureau (LAB) to conduct a financial audit of the Medical College of Wisconsin that examines the use of funds provided to MCW from the tobacco control fund and to file its report by June 30, 2002. Beginning July 1, 2000, require LAB to conduct a financial audit of the UW Tobacco Research and Intervention Center that examines the use of funds provided to UW from the tobacco control fund and to file its report by June 30, 2001.

**Assembly:** Modify Joint Finance provisions as follows.

*Segregated Fund.* Reduce the amount of funding transferred from the general fund to the segregated fund from \$2,092,000 to \$400,000 in 1999-00 and from \$26,600,000 to \$14,600,000 in 2000-01. Specify that, beginning in 2001-02, \$13,000,000 would be transferred annually to the segregated fund. This funding would be released by the Joint Committee on Finance under the same conditions specified in the substitute amendment. Rename the tobacco control fund the "cigarette use and resistance education" (CURE) fund.

*Expenditures.* Reduce the DHFS budget by \$2,092,000 SEG in 1999-00 and increase the DHFS budget by \$1,500,000 SEG in 2000-01 to: (a) delete all funding for programs supported by the segregated fund in 1999-00, except funding to support DHFS surveillance activities and administration (\$400,000); and (b) budget funding in DHFS in 2000-01 to support a grant to the UW Center for Tobacco Research (\$500,000), increased support for the Thomas T. Melvin program (\$500,000), a grant to the Medical College of Wisconsin to support smoking cessation and prevention activities (\$500,000) and agricultural diversification grants distributed by DATCP to provide assistance to tobacco farmers (\$100,000). Create an annual SEG appropriation in DATCP for this purpose.

Reduce funding in the Joint Committee on Finance supplemental appropriation from \$26,600,000 SEG in 2000-01 to \$13,000,0000 SEG to reflect a reestimate of the amount of funding not budgeted in other agencies that would be available for grants, subject to approval of a plan submitted by DHFS by the Joint Committee on Finance. The fiscal effect of these changes are summarized under "Health and Family Services -- Public Health," "Agriculture, Trade and Consumer Protection," "Program Supplements," and "University of Wisconsin System."

*Study to Sell the State's Rights to Tobacco Settlement Revenues.* Direct the Department of Administration to study the idea of selling and transferring the state's rights to the tobacco settlement revenues for the purpose of establishing an endowment fund. Require DOA to submit the study to the Legislature by January 1, 2000.

**Senate:** Modify the Joint Finance provisions as follows.

*Segregated Fund.* Increase the amount of general fund revenues that would be transferred to the tobacco control fund by \$2,000,000 in 2000-01, so that \$28,600,000, rather than \$26,600,000, would be transferred to the fund in that year and in each year thereafter.

*Expenditures.* Provide \$2,492,000 SEG in 1999-00 and \$28,600,000 SEG in 2000-01 to support activities of, and grants distributed by the Tobacco Control Board. In 1999-00, this funding would be used to support the same programs that would be funded under the substitute amendment. However, this funding would be budgeted in the Board's appropriations, rather than in DHFS. Provide 2.0 SEG positions for the Board, rather than DHFS, beginning in 1999-00. In 2000-01, earmark a portion of the grant funds for the same purposes specified in the substitute amendment.

Reduce DHFS funding by \$2,492,000 SEG in 1999-00 and funding budgeted in the Joint Committee on Finance program supplements appropriation by \$26,600,000 in 2000-01 to reflect that all funding would be budgeted in the Board's budget. Create three appropriations to support the activities of the Board: (a) a biennial general program operations appropriation; (b) a continuing appropriation for grants; and (c) a continuing PR appropriation to authorize the Board to expend moneys received as gifts and grants. The fiscal effect of deleting funding budgeted in the substitute amendment for DHFS and the Joint Committee on Finance program supplements appropriation is summarized under "Health and Family Services – Public Health" and "Program Supplements."

*Create Board.* Modify the Joint Finance provisions relating to the Tobacco Advisory Council by: (a) converting the Advisory Council to an independent Board; (b) requiring the Superintendent of Public Instruction to serve on the Board, rather than permitting his or her designee to serve; (c) specifying that the physician could have expertise in cardiovascular disease as a qualification to serve on the Board; (d) specifying that one member would be a retailer who sells tobacco products, rather than a member of the Wisconsin Grocer Association; and (e) specifying that one member would be a representative of a hospital, rather than a member of the Wisconsin Health and Hospital Association. Specify that ten members, rather than 11 members, would constitute a quorum.

Delete Joint Finance provisions relating to the Council's and DHFS responsibilities. Instead, require the Board to: (a) appoint an Executive Director within the classified service who would employ staff within the classified service with appropriate programmatic and technical expertise; (b) administer the grant program; (c) promulgate rules establishing criteria for grant recipients, including performance-based standards for grant recipients that propose to use the grant for media efforts; (d) provide a forum for the discussion, development and a recommendation of public policy alternatives in the field of smoking cessation and prevention; (e) provide a clearinghouse of information on matters relating to tobacco issues and how they are being met in different places throughout the nation such that both lay and professional

groups in the field of government, health care and education may have additional avenues for sharing experiences and interchanging ideas in the formulation of public policy on tobacco; and (f) develop and prepare an annual plan regarding the allocation of funding for a statewide tobacco control program, based on successful tobacco control programs in other states and the recommendations of the U.S. Centers for Disease Control.

Require the DHFS Secretary to submit to the DOA Secretary the proposed budget of the Board, as it was prepared by the Board, to the extent that it meets DOA requirements.

Authorize the Board to accept for any of its purposes any donations and grants for money, equipment, supplies, materials and services from any person.

*Grants.* Expand the purposes specified in the substitute amendment for which grants could be used to include the development of policies that restrict access to tobacco products and reduce exposure to environmental tobacco smoke.

*Reports.* Require the Board to submit to the Governor and the Legislature, no later than July 1, 2001, and annually thereafter, a report that evaluates the success off the grant program. Require the report to include the number of grants awarded during the preceding fiscal year, the purpose for which each grant was made and the donations and grants accepted by the Board.

**Conference Committee/Legislature:** Adopt the Senate provisions with the following modifications. First, reduce total funding budgeted for the Board from \$28.6 million SEG to \$23.5 million SEG in 2000-01. Second, reduce the annual amount of revenue that would be transferred from the general fund to the tobacco control fund, beginning in 2000-01, from \$28.6 million to \$23.5 million. Third, attach the Board to DHFS for limited administrative support services (budgeting, program coordination and related management functions). Fourth, delete the provision that would prohibit the Board from expending more than 5% of the amounts deposited in the tobacco control fund for administration of the statewide tobacco control program in each fiscal year because the bill would place funding for the Board's administration in a separate appropriation. Fifth, correct a reference to DHFS and clarify that the Board's staff would be classified positions by deleting a reference to staff in the unclassified service.

In addition, include the Assembly provision that would direct DOA to study the idea of selling and transferring the state's rights to the tobacco settlement revenues for the purpose of establishing an endowment fund.

Under the enrolled bill, a total of \$2,492,000 SEG in 1999-00 would be provided to: (a) fund the University of Wisconsin Center for Tobacco Research and Intervention (\$1.0 million); (b) increase support for the Thomas T. Melvin program (\$1.0 million); (c) fund a youth smokeless tobacco campaign (\$92,000); and (d) support the Board's administrative and operating costs (\$400,000). Beginning in 2000-01, a total of \$23.5 million would be available to support: (a) the University of Wisconsin Center for Tobacco Research and Intervention (\$1.0 million); (b)

increased funding for the Thomas T. Melvin program (at least \$1.0 million annually); (c) the Medical College of Wisconsin for tobacco use prevention and cessation activities (\$500,000); and (d) the Board's administrative and operating costs (\$400,000). The rest of the funding budgeted in 2000-01 (up to \$20.6 million annually) would be available for the Board to award as grants to public and private organizations for authorized purposes.

**Veto by Governor [C-19]:** Modify provisions in the enrolled bill as follows.

*Program Funding.* Delete the amount appropriated for the Board's operations in 1999-00 (\$400,000) and insert a lower amount (\$200,000). In addition, delete the amount appropriated for grants in 2000-01 (\$23,100,000) and insert a lower amount (\$20,808,000). The Governor's partial vetoes do not affect provisions in Enrolled AB 133 that earmark a portion of the grant funding for specific projects. Consequently, the effect of the Governor's partial vetoes is to reduce funding for the Board's program operations by \$200,000 in 1999-00 and reduce funding for grants that would be provided on a competitive basis by \$2,292,000 in 2000-01.

The following table summarizes the funding provided in Act 9 for the Tobacco Control Board.

	Act 9	
	<u>1999-00</u>	<u>2000-01</u>
State Operations	\$200,000	\$400,000
Grants		
UW Center for Tobacco Research	\$1,000,000	\$1,000,000
Thomas T. Melvin Program	1,000,000	1,000,000
Youth Smokeless Tobacco Campaign	92,000	0
Medical College of Wisconsin	0	500,000
Competitive Grants	<u>0</u>	<u>18,308,000</u>
Subtotal	\$2,092,000	\$20,808,000
Grand Total	\$2,292,000	\$21,208,000

*Transfers to the Segregated Fund.* Delete references to the \$2,492,000 amount that would be transferred in 1999-00 and references to transfers in subsequent years. Consequently, the Governor's partial veto creates a single transfer of \$23,500,000 in 1999-00 from moneys the state receives from the tobacco settlement to the segregated tobacco control fund. This amount equals the total funding that would be budgeted from the fund to support the Board's expenditures in the 1999-01 biennium.

*Board Composition, Operations and Plan Requirements.* Delete: (a) the provision that requires the DHFS Secretary to submit the Board's budget request exactly as it was prepared by the Board to the extent that it comports with DOA requirements; (b) all of the specifications relating to Board membership, including the number of persons who would serve on the Board, qualifications for Board members and length of service on the Board; and (c) provisions relating

to the Board's meeting procedures. In addition, delete the requirement that the Board's annual plan be based on successful tobacco control programs in other states and the recommendations of the U.S. Centers for Disease Control regarding the allocation of funding for comprehensive tobacco control programs.

*DOA Study.* Delete the January 1, 2000, deadline for DOA to submit a study on the idea of selling and transferring Wisconsin's rights to the tobacco settlement funds for the purpose of creating a permanent endowment fund.

[Act 9 Sections: 30d, 250m, 294g, 457m, 698m, 717t, 2486g, 9101(20c), 9131(2g) and 9158(9c)]

[Act 9 Vetoed Sections: 30d, 172 (as it relates to 20.436(1)(tb)&(tc)), 717t, 2486g, 9101(20c) and 9158(11mg)]

### 3. INVESTIGATIONS OF THE SALE OF TOBACCO PRODUCTS TO MINORS

**Governor:** Create session law language, to be retroactively effective on February 28, 1999, requiring the Department of Administration (DOA) to submit instructions to the Legislative Reference Bureau by March 1, 1999, to draft legislation authorizing the development of a statewide protocol for licensing authorities and law enforcement agencies in conducting compliance surveys to determine the prevalence of illegal retail sales of tobacco products to underage individuals. Require DOA to submit the proposed legislation to the Co-chairs of the Joint Committee on Finance no later than April 1, 1999.

Under federal law, states are required to take steps to reduce the sale of tobacco products to minors, including performing random, unannounced inspections of licensed tobacco vendors to determine the percentage of vendors who sell to minors, and to reduce the percentage of vendors who sell to minors to less than 20% by the year 2001. The U.S. Department of Health and Human Services is authorized to withhold 40% of a state's substance abuse prevention and treatment (SAPT) block grant if a state fails to comply with this requirement.

**Joint Finance:** Delete provision as non-fiscal policy.

**Assembly:** Create a new subchapter under Chapter 254 relating to investigations of the sale or gift of cigarettes or tobacco products to minors. In creating this subchapter, authorize DHFS to contract with local health departments, as agents of DHFS, with a state agency or with law enforcement agencies of the state or of a county, city, village or town, to cause unannounced investigations to be conducted annually at retail outlets, including sites of tobacco vending machines, to survey overall levels of compliance with the prohibition to sell tobacco products to minors.

*Development of the Compliance Survey.* In developing the compliance survey, specify the following:

- Except for any survey conducted as required by the U.S. Food and Drug Administration, require that any survey conducted under this new subchapter cover a range of retail outlets that are not preselected on the basis of prior violations, in order to measure the overall levels of compliance, as well as to identify violations;

- Require that the survey be conducted so as to provide a sample of retail outlets that reflects the distribution of minors throughout the state and the distribution of the retail outlets throughout the state where minors are likely to attempt to purchase cigarettes;

- Specify that the survey include all types of retail outlets prohibited to sell or provide cigarettes or tobacco products to minors;

- Require DHFS to use statistically sound sampling techniques in designing the annual surveys so as to measure overall levels of compliance; and

- Require DHFS to stratify the sample so as to measure compliance by type of retail outlet, including a private place of business other than a retail establishment and a barroom.

*Conducting Investigations.* Require DHFS, in consultation with retailers, to establish standards for procedures and training for conducting unannounced investigations for the survey. Additionally, specify the following.

- With the permission of his or her parent or guardian, a person under 18 years of age, but not under 15 years of age, may buy, attempt to buy or possess any cigarette or tobacco product if: (a) the person commits the act for the purpose of conducting an investigation under this provision; (b) the person is directly supervised during the investigation by an adult employe of a governmental regulatory authority; and (c) the person has prior written authorization to commit the act from a governmental regulatory authority or a district attorney or from an authorized agent of a governmental regulatory authority or a district attorney.

- If questioned about his or her age during the course of an investigation, a minor participating in the investigation must state his or her true age.

- A minor may not be used for the purposes of an investigation at a retail outlet at which the minor is a regular customer.

- The appearance of the minor participating in the investigation may not be materially altered so as to indicate greater age.

- A photograph or videotape of the minor participating in the investigation must be made before and after the investigation or series of investigations, and must be retained for two years.

- Except for investigations conducted under the federal substance abuse prevention and treatment (SAPT) block grant, within 24 hours of completion of a sale or other distribution of cigarettes or tobacco products, the employe of the agency supervising the minor must inform

the person who sold or distributed the cigarettes or tobacco products to the minor of the investigation.

- The results of the investigation, including the issuance of any citation by a governmental regulatory authority for a violation that occurs during an investigation, must be made known to the retailer or the retailer's employe or agent within 24 hours after the occurrence of the violation, except when the investigation was conducted under the federal SAPT block grant.

- Except for investigations conducted under the federal SAPT block grant requirements or as required by the U.S. Food and Drug Administration, within seven days after the conduct of an investigation under this provision, the governmental regulatory authority must report to DHFS and the retailer the following: (a) the name and position of the authority's employe who directly supervised the investigation; (b) the date of birth of the minor participating in the investigation; (c) the date and time of the investigation; (d) a reasonably detailed description of the circumstances giving rise to the violation, if any, or, if there is no violation, written notice to that effect; and (e) any other relevant information requested by DHFS.

*Results of the Investigations.* Require DHFS to strive annually to negotiate with the federal Department of Health and Human Services (DHHS) realistic and attainable interim performance targets for compliance with federal requirements regarding the SAPT block grant regarding restricting minors' access to tobacco products.

Require DHFS to compile the results of investigations performed under this provision and prepare an annual report that reflects the results for submission with the state's application for the federal SAPT block grant. Such a report must be published for public comment at least sixty days before DHFS begins negotiations with the federal DHHS, as required above.

*Enforcement.* Specify the following.

- An investigation conducted by a governmental regulatory authority must be conducted in strict conformity with this provision. No results of an investigation conducted under this provision may be included in the compliance survey, if it is proved that the requirements under this section were not met in conducting the investigation.

- No evidence obtained during or otherwise arising from the course of an investigation that is used to prosecute a person for selling or providing cigarettes or other tobacco products to a minor may be used in the prosecution of an alleged violation allowing a minor on to premises licensed for retail sale of alcohol.

- Require DHFS to provide education and training to governmental regulatory authorities to ensure uniformity of enforcement under this provision.



- These provisions would not limit DHFS authority to investigate establishments in the jurisdiction of the governmental regulatory authority if DHFS investigates in response to an emergency, for the purpose of monitoring and evaluating the authority's investigation and enforcement program, or at the request of the governmental regulatory authority.

- If an interested person appeals an investigation alleging that the person making the investigation has a financial interest in a regulated cigarette and tobacco product retailer, tobacco vending machine operator, tobacco vending machine premises or tobacco vending machine which may interfere with his or her ability to properly take that action, specify that DHFS must hold an administrative hearing in lieu of a municipal administrative hearing.

*Current Provisions Regarding Purchase or Possession of Tobacco Products by Minors.* Renumber current provisions in Chapter 938 (the Juvenile Justice Code) regarding minors' purchasing or possessing tobacco products to include these provisions under the new subchapter created under this provision instead and modify the corresponding cross-references.

Delete the current provision which authorizes a county, town, village or city to adopt an ordinance regulating the purchase or possession of tobacco products by minors only if such an ordinance strictly conforms to the current provisions. Delete the provisions that specifies that a county ordinance adopted under these provisions does not apply within any town, village or city that has adopted or adopts its own ordinance under these provisions. The provision does not delete a similar provision regarding the sale or distribution of tobacco products to minors.

*Definition.* Create definitions for "cigarette," "governmental regulatory authority," "law enforcement officer," "retailer," "retail outlet," "state agency," "tobacco products," "tobacco vending machine," "tobacco vending machine operator" and "tobacco vending machine premises" that apply to this subchapter.

**Conference Committee/Legislature:** Adopt the Assembly provision with the following modifications:

- Specify that no retailer may be subject to unannounced investigations more than twice annually for the purposes of enforcing the prohibition against the sale of tobacco products to minors unless that retailer is found in violation of the prohibition during both investigations. In this case, there would be no limit on the number of unannounced investigations of that retailer.

- Specify that a photograph or videotape of a minor participating in an unannounced investigation must be taken on the day the minor participates in the investigation or series of investigations and, if a prosecution results from the investigation, the photograph or videotape must be kept on file until there is a final disposition in the case. This photograph or videotape may be taken either before or after the investigation or series of investigations are conducted.

- Specify that a barroom would not be included as a private place of business to be included in the sample of establishments to be investigated.

- Specify that the owner or employer of the agency licensed to sell tobacco products be notified within 72 hours of a violation, rather than 24 hours as required by the Assembly provision. Delete the provision that would require that the person who sold or distributed the tobacco products to the minor be notified within 24 hours of a violation. Further, specify that the agency conducting the investigation would meet this requirement if it makes a good-faith effort to notify the owner or employer of the violation.
- Specify that agencies must notify DHFS and the retailer within ten days, rather than seven days, of an unannounced investigation and the results of that investigation, including if no violation was found, written notice to that effect.
- Specify that, in reporting the results of an investigation to DHFS and the retailer, the agency would be required to include the minor's age, rather than the minor's date of birth, as required under the Assembly provision.
- Specify that the requirements regarding the development of the compliance survey, conducting of investigations and notification of the results of investigations and enforcement activities would not apply to local efforts to survey compliance with the prohibition against selling tobacco products to minors. Specify that information obtained from unannounced investigations conducted as part of local efforts to survey compliance rates cannot be used for enforcement proceedings against a retailer, including the issuance of warnings or citations or be included in the limit on the number of investigations to be conducted annually.
- Specify that the requirements included in the provision would not apply to investigations conducted by the City of Madison, its health department or law enforcement agency within its jurisdictional area.

**Veto by Governor [C-9]:** Delete provisions that would have provided an exemption from the new requirement for investigations conducted by the City of Madison and its agencies and investigations conducted by local units of government for survey purposes only. Further, delete provisions that would require that DHFS be notified of certain information within ten days of an investigation. Finally, delete the provision that would exclude barrooms from other private places of business that would be subject to compliance surveys.

[Act 9 Sections: 2033p, 2165mr thru 2165p, 2353sm, 2485g thru 2485L, 3072g and 3176m thru 3176t]

[Act 9 Vetoed Section: 2485j]

## TOURISM

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$26,527,400	\$26,606,600	\$25,106,600	\$23,556,600	\$23,556,600	-\$2,970,800	- 11.2%
PR	305,600	8,283,800	8,212,400	8,212,400	8,212,400	7,906,800	2,587.3
SEG	<u>461,200</u>	<u>481,000</u>	<u>481,000</u>	<u>481,000</u>	<u>481,000</u>	<u>19,800</u>	4.3
<b>TOTAL</b>	<b>\$27,294,200</b>	<b>\$35,371,400</b>	<b>\$33,800,000</b>	<b>\$32,250,000</b>	<b>\$32,250,000</b>	<b>\$4,955,800</b>	<b>18.2%</b>

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	58.25	58.25	58.25	58.25	58.25	0.00
PR	1.00	1.00	1.00	1.00	1.00	0.00
SEG	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>0.00</u>
<b>TOTAL</b>	<b>62.25</b>	<b>62.25</b>	<b>62.25</b>	<b>62.25</b>	<b>62.25</b>	<b>0.00</b>

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS

**Governor/Legislature:** Provide \$224,800 for adjustments to the base budget for: (a) turnover reduction (-\$59,400 GPR annually); (b) full funding of salary and fringe benefits (\$165,900 GPR, -\$11,000 PR and \$9,900 SEG annually); (c) full funding of financial services (\$1,500 GPR and \$100 PR annually); and (d) night and weekend differential (\$5,400 GPR annually).

GPR	\$226,800
PR	- 21,800
SEG	<u>19,800</u>
<b>Total</b>	<b>\$224,800</b>

#### 2. TRIBAL GAMING REVENUE FOR TOURISM MARKETING [LFB Paper 171]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$8,000,000	- \$71,400	\$7,928,600

**Governor:** Create a continuing appropriation of \$4 million each year from tribal gaming revenues for tourism marketing. The funding is authorized for general advertising and promotion of the state, as well as funding the Joint Effort Marketing program (JEM). The JEM program offers grants to non-profit tourism promotion organizations for advertising innovative events and attractions in the state. Tourism is authorized base funding of \$9,241,000 GPR annually for marketing.

**Joint Finance/Legislature:** Provide 1.0 PR position and require that \$23,500 in 1999-2000 and \$30,500 in 2000-01 of the tribal gaming marketing appropriation be transferred to a new, annual appropriation for a tourist information assistant to staff a travel information center at Minnesota's Mall of America. Delete \$35,700 PR annually and 1.0 vacant tourism special assistant position in the surplus property appropriation for tourism promotion.

Require that Tourism spend at least \$1,130,000 GPR and/or PR annually for JEM grants (\$400,000 more than in 1998-99) and specify that any tribal government or not-for-profit tribal entity is eligible to receive JEM grants.

[See "Administration -- Division of Gaming" for additional information on program revenue from tribal gaming.]

[Act 9 Sections: 343, 343d, 554 and 945am thru 945c]

**3. TOURISM MARKETING GPR APPROPRIATION [LFB Paper 171]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance (Chg. to Gov)</b>	<b>Legislature (Chg. to JFC)</b>	<b>Net Change</b>
GPR	\$0	-\$1,500,000	-\$1,600,000	-\$3,100,000

**Governor:** Change the GPR tourism marketing appropriation from annual to biennial.

**Joint Finance:** Maintain the GPR tourism marketing appropriation as an annual appropriation. Further, delete \$750,000 GPR each year and direct Tourism in each fiscal year to proportionately make expenditures from the GPR and tribal gaming marketing appropriations.

**Senate:** Delete an additional \$2,250,000 each year from Tourism's GPR marketing appropriation.

**Conference Committee/Legislature:** Rather than the Senate provision, delete an additional \$800,000 each year (a total of \$1,550,000 annually) from Tourism's GPR marketing appropriation. A total of \$11,691,000 would be appropriated annually for tourism marketing (\$7,691,000 GPR and \$4,000,000 PR from tribal gaming revenue allocations). In 1998-99, \$9,241,000 was appropriated for tourism marketing.

[Act 9 Sections: 342 and 343]

4. AGENCY BUDGET REDUCTIONS

GPR	- \$134,600
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**Governor/Legislature:** Reduce Tourism's general program operations appropriation for supplies by \$67,300 annually to make permanent the amount the Department was required to lapse under 1997 Act 27.

5. REMOVE ONE-TIME FUNDING

GPR	- \$13,000
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**Governor/Legislature:** Delete \$6,500 annually to remove funding authorized in the 1995-97 budget for move-related costs at the Beloit travel information center.

6. INTERNET REFERRAL SYSTEM GRANTS

GPR	\$50,000
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**Senate/Legislature:** Provide \$50,000 GPR in 1999-00 in one-time funding in a biennial appropriation for two grants of \$25,000 each to counties or consortiums for establishment and maintenance of an Internet referral system for tourism-related businesses. Require Tourism to consider whether applicants have financial need and use Wisconsin-based companies to establish the Internet referral systems. Require each grant recipient to submit a report detailing how the grant proceeds were used to Tourism within six months of spending the full amount of the grant.

[Act 9 Sections: 342g, 342h, 9149(2rs) and 9449(2rs)]

7. AMERICA'S BLACK HOLOCAUST MUSEUM

**Joint Finance/Legislature:** Allocate \$50,000 from the GPR tourism marketing appropriation in each fiscal year for grants to America's Black Holocaust Museum in Milwaukee.

**Veto by Governor [B-67]:** Delete the words "in each fiscal year" from the appropriation language. While the Governor's veto message indicates the intent of the veto is to make the funding one-time, the act does not specify that funding is one-time.

[Act 9 Section: 342]

[Act 9 Vetoes Section: 342]

8. AZTALAN PARK

**Joint Finance/Legislature:** Allocate \$75,000 PR in 1999-00 from the tribal gaming marketing appropriation to DNR for completion of Phase II of upgrading at Aztalan State Park, which would include developing an overall public education and research strategy as well as a long-term interpretive and management plan. Further, require the Historical Society to work

with the management at Aztalan State Park to achieve this upgrade in a timely fashion. Specify that the management plan includes an interpretive and visitor's center, opening other portions of the site to the public and using visual effects to enhance the visitor's experience at the site.

**Veto by Governor [F-21]:** Delete provision. The Governor's veto message requests that DNR provide funding for this purpose from the state parks SEG appropriation.

[Act 9 Vetoed Sections: 343 and 9149(1to)]

## 9. MILWAUKEE PUBLIC MUSEUM

**Joint Finance:** Allocate \$200,000 from the tribal gaming marketing appropriation in each fiscal year for grants to the Milwaukee Public Museum for Native American exhibits and activities.

**Assembly:** Delete provision.

**Conference Committee/Legislature:** Include Joint Finance provision.

**Veto by Governor [F-21]:** Delete the words "in each fiscal year" from the appropriation language. While the Governor's veto message indicates the intent of the veto is to make the funding one-time, the act does not specify that funding is one-time.

[Act 9 Section: 343]

[Act 9 Vetoed Section: 343]

## 10. COUNTY TOURISM AID

**Assembly/Legislature:** Allocate \$150,000 PR in each year of the 1999-01 biennium from the Tourism tribal gaming marketing appropriation to Burnett and Polk counties (\$75,000 each) to promote tourism in northwestern Wisconsin. Within six months of expending the grant, require each county to report to Tourism on how the funds were used.

**Veto by Governor [F-21]:** Allocate \$75,000 to each county over the biennium, rather than \$150,000 under the enrolled bill.

[Act 9 Sections: 343 and 9149(2tw)]

[Act 9 Vetoed Section: 9149(2tw)]

## 11. GRANT TO FORT FOLLE AVOINE

**Senate/Legislature:** Allocate \$100,000 PR in each year of the 1999-01 biennium from the tribal gaming tourism marketing appropriation for a grant to the Burnett County Historical

Society for educational programming, marketing and advertising for Fort Folle Avoine. Within six months of expending the grant, require the Burnett County Historical Society to report to Tourism on how the funds were used.

**Veto by Governor [F-21]:** Allocate \$100,000 over the biennium, rather than \$200,000 under the enrolled bill.

[Act 9 Sections: 343 and 9149(2c)]

[Act 9 Vetoed Section: 9149(2c)]

## **12. ST. CROIX VALLEY TOURISM ALLIANCE**

**Senate/Legislature:** Allocate \$50,000 PR in 1999-00 from the tribal gaming tourism marketing appropriation for grants to the St. Croix Valley Tourism Alliance. Within six months of expending the grant, require the Alliance to report to Tourism on how the funds were used.

**Veto by Governor [F-21]:** Delete provision.

[Act 9 Vetoed Sections: 343 and 9149(3e)]

## **13. EXEMPTION FROM OPEN RECORDS LAW**

**Governor:** Allow Tourism to withhold mailing lists and other identifying information of persons who have requested tourism information from those seeking such information under the open records law. Also, allow the Department to charge a fee to cover the costs of compiling and supplying any such information it does provide and allow Tourism to reduce or waive the fee if the Department believes that the reduction or waiver is in the public interest.

**Joint Finance:** Delete provision as non-fiscal policy.

**Senate/Legislature:** Restore provision but prohibit Tourism from withholding such information from representatives of the news media.

[Act 9 Sections: 944yt and 9349(1m)]

## TRANSPORTATION

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
FED	\$1,050,276,600	\$1,084,088,500	\$1,161,785,000	\$1,161,785,000	\$1,142,275,000	\$91,998,400	8.8%
PR	2,866,200	3,659,300	3,659,300	3,659,300	3,659,300	793,100	27.7
SEG	2,246,890,200	2,301,207,000	2,318,084,600	2,316,566,700	2,316,566,700	69,676,500	3.1
SEG-L	127,678,000	129,228,000	134,390,900	137,243,000	137,243,000	9,565,000	7.5
SEG-S	<u>282,333,400</u>	<u>289,680,100</u>	<u>295,180,100</u>	<u>301,252,700</u>	<u>301,252,700</u>	<u>18,919,300</u>	6.7
<b>TOTAL</b>	<b>\$3,710,044,400</b>	<b>\$3,807,862,900</b>	<b>\$3,913,099,900</b>	<b>\$3,920,506,700</b>	<b>\$3,900,996,700</b>	<b>\$190,952,300</b>	<b>5.1%</b>
BR		\$187,166,000	\$192,666,000	\$203,085,600	\$203,085,600		

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
FED	950.62	948.57	948.57	948.57	948.57	- 2.05
PR	17.00	16.00	16.00	16.00	16.00	- 1.00
SEG	2,915.33	2,935.38	2,934.78	2,936.78	2,936.78	21.45
SEG-S	<u>17.00</u>	<u>16.00</u>	<u>16.00</u>	<u>16.00</u>	<u>16.00</u>	<u>- 1.00</u>
<b>TOTAL</b>	<b>3,899.95</b>	<b>3,915.95</b>	<b>3,915.35</b>	<b>3,917.35</b>	<b>3,917.35</b>	<b>17.40</b>

### Budget Change Items

### Transportation Finance

#### 1. TRANSPORTATION FUND CONDITION STATEMENT [LFB Paper 915]

**Legislature:** The following condition statement is based on transportation fund revenues and appropriations under the Act and the estimate that motor fuel tax rates will increase under statutory indexing provisions from 25.8 cents per gallon to 26.3 cents per gallon on April 1, 2000, and 26.9 cents per gallon on April 1, 2001.



	<u>1999-00</u>	<u>2000-01</u>
Unappropriated Balance, July 1	\$36,022,700*	\$25,973,700
<b>Revenues</b>		
Motor Fuel Tax	\$802,916,200	\$824,412,400
Vehicle Registration Fees	360,106,300	362,485,500
Less Revenue Bond Debt Service	-92,689,600	-101,911,500
Driver's License Fees	30,723,500	30,398,200
Miscellaneous Motor Vehicle Fees	14,558,200	14,866,300
Aeronautical Taxes and Fees	9,892,100	9,752,600
Railroad Revenue	11,977,100	12,279,500
Motor Carrier Fees	3,306,200	3,566,200
Investment Earnings	7,228,000	7,178,000
Miscellaneous Revenue	<u>12,936,000</u>	<u>12,773,200</u>
Total Annual Revenues	\$1,160,954,000	\$1,175,800,400
Total Available	\$1,196,976,700	\$1,201,774,100
 <b>Appropriations and Reserves</b>		
DOT Appropriations	\$1,153,640,600	\$1,162,365,500
Other Agency Appropriations	16,774,500	17,512,000
Less Estimated Lapses	-3,000,000	-3,000,000
Compensation and Other Reserves	<u>3,587,900</u>	<u>14,105,300</u>
Net Appropriations and Reserves	\$1,171,003,000	\$1,190,982,800
Unappropriated Balance, June 30	\$25,973,700	\$10,791,300

\*Actual opening balance. Enrolled AB 133 assumed an opening balance of \$25,553,600.

## 2. FEDERAL HIGHWAY AID [LFB Paper 916]

**Governor:** Reestimate federal highway aid at \$484,858,300 in 1999-00 and \$495,681,200 in 2000-01. These represent increases of \$19,858,300 in 1999-00 and \$30,681,200 in 2000-01 over the \$465,000,000 the state is estimated to receive for federal fiscal year 1999. The following table shows, by appropriation, how the bill would allocate federal aid during 1999-01. The first column shows the modified base level for each appropriation (doubled to provide a biennial comparison). The base includes the amounts appropriated by 1997 Act 27 (totaling \$345,000,000), plus: (a) \$500,000 provided for railroad crossing improvement by the Joint Committee on Finance at its September, 1998, meeting under s. 13.10; (b) the allocation of \$120,000,000 in 1999 federal aid and \$7,092,000 in 1998 federal aid by DOT's plan for allocating amounts that the state received above the amounts appropriated for 1998-99 by 1997 Act 27; and (c) standard budget adjustments. The second and third columns show the funding recommended by the Governor and the change to the modified base.

<u>Appropriation</u>	<u>Base Plus Standard Budget Adjustments</u>	<u>1999-01 Governor</u>	<u>Change to Modified Base</u>
Rail Passenger Service	\$6,142,600	\$7,016,700	\$874,100
Local Bridge Improvement	52,576,400	52,576,400	0
Local Transportation Facility Improvement	142,759,400	142,759,400	0
Transportation Enhancements Grants	12,496,000	12,496,000	0
Railroad Crossing Improvement	7,098,600	7,098,600	0
Surface Transportation Grants	5,440,000	5,440,000	0
Congestion Mitigation/Air Quality Improvement	24,997,000	24,997,000	0
Major Highway Development	111,240,200	115,276,600	4,036,400
State Highway Rehabilitation	548,817,400	576,108,400	27,291,000
Highway Maintenance and Traffic Operations	1,760,000	2,388,000	628,000
Highway Administration and Planning	10,600,000	11,400,800	800,800
Departmental Management and Operations	17,061,400	17,598,800	537,400
Motor Vehicle Emission Inspection and Maintenance	<u>4,105,200</u>	<u>5,382,800</u>	<u>1,277,600</u>
<b>TOTAL</b>	<b>\$945,094,200</b>	<b>\$980,539,500</b>	<b>\$35,445,300</b>

The changes shown in the third column reflect the following proposals: (a) the funding of a greater percentage of the costs of the Hiawatha train service with federal funds; (b) the partial funding of inflationary increases for the major highway development program with federal funds; (c) the funding increase provided for the state highway rehabilitation program; (d) the funding of salary and fringe benefit cost increases for state employees in the traffic operations center with federal funds; (e) the increase provided for federal planning and research; and (f) the increase provided for the vehicle emission inspection and maintenance program to fund contract cost increases.

In some cases, the actual appropriation amounts are slightly higher than the amounts shown in the table because certain programs receive federal funds from outside the principal federal highway aid program. In the table, the amounts shown for the following appropriations are lower than amounts in the appropriation schedule for this reason: (a) state highway rehabilitation (in the first column only); (b) rail passenger service (in the second column only); and (c) departmental management and operations (in both the first and second columns).

**Joint Finance/Legislature:** Increase estimated federal highway aid by \$17,641,700 in 1999-00 and \$7,918,800 in 2000-01, based on a reestimate of federal highway trust fund revenues. Total federal highway aid would be estimated at \$502.5 million in 1999-00 and \$503.6 million in 2000-01.

The following table shows the biennial distribution of federal highway aid under the Joint Committee on Finance's substitute amendment and compares this allocation to the modified base level and the recommendations of the Governor. The changes to the Governor's allocation reflect the following: (a) a \$6,000,000 increase for the local transportation facility improvement program; (b) a \$6,700,000 increase for the state highway rehabilitation program; (c) a decision to substitute \$13,797,300 in federal funds for SEG funds in the state highway rehabilitation program; and (d) a decision to substitute federal discretionary research funds and federal transit planning funds for \$936,800 in federal highway funds allocated by the Governor for transportation research and planning.

<u>Appropriation</u>	<u>Joint Finance</u>	<u>Joint Finance Change to Modified Base</u>	<u>Joint Finance Change to Governor</u>
Rail Passenger Service	\$7,016,700	\$874,100	\$0
Local Bridge Improvement	52,576,400	0	0
Local Transportation Facility Improvement	148,759,400	6,000,000	6,000,000
Transportation Enhancements Grants	12,496,000	0	0
Railroad Crossing Improvement	7,098,600	0	0
Surface Transportation Grants	5,440,000	0	0
Congestion Mitigation/Air Quality Improvement	24,997,000	0	0
Major Highway Development	115,276,600	4,036,400	0
State Highway Rehabilitation	596,605,700	47,788,300	20,497,300
Highway Maintenance and Traffic Operations	2,388,000	628,000	0
Highway Administration and Planning	10,600,000	0	-800,800
Departmental Management and Operations	17,462,800	401,400	-136,000
Motor Vehicle Emission Inspection and Maintenance	<u>5,382,800</u>	<u>1,277,600</u>	<u>0</u>
<b>TOTAL</b>	<b>\$1,006,100,000</b>	<b>\$61,005,800</b>	<b>\$25,560,500</b>

**Conference Committee/Legislature:** The following table shows the distribution of federal highway aid in Enrolled Assembly Bill 133. Although the total estimated federal aid is the same as under the Joint Committee on Finance's substitute amendment, the distribution was modified, as follows: (a) \$371,300 was moved from the rail passenger appropriation to the state highway rehabilitation appropriation in 1999-00 in order to move an equal amount of SEG from the rehabilitation program to the rail passenger program; and (b) a total of \$9,755,000 FED annually was moved from the transportation enhancements (-\$4,998,400 FED annually), surface transportation grants (-\$1,632,000 FED annually) and congestion mitigation and air quality improvement (-\$3,124,600 FED annually) appropriations to a new appropriation for bicycle and pedestrian facilities.

<u>Appropriation</u>	<u>Conf. Comm.</u>	<u>Conf. Comm. Change to Modified Base</u>	<u>Conf. Comm. Change to Joint Finance</u>
Rail Passenger Service	\$6,645,400	\$502,800	-\$371,300
Local Bridge Improvement	52,576,400	0	0
Local Transportation Facility Improvement	148,759,400	6,000,000	0
Transportation Enhancements Grants	2,499,200	-9,996,800	-9,996,800
Railroad Crossing Improvement	7,098,600	0	0
Surface Transportation Grants	2,176,000	-3,264,000	-3,264,000
Congestion Mitigation/Air Quality Improvement	18,747,800	-6,249,200	-6,249,200
Bicycle and Pedestrian Facilities Grants	19,510,000	19,510,000	19,510,000
Major Highway Development	115,276,600	4,036,400	0
State Highway Rehabilitation	596,977,000	48,159,600	371,300
Highway Maintenance and Traffic Operations	2,388,000	628,000	0
Highway Administration and Planning	10,600,000	0	0
Departmental Management and Operations	17,462,800	401,400	0
Motor Vehicle Emission Inspection and Maintenance	<u>5,382,800</u>	<u>1,277,600</u>	<u>0</u>
<b>TOTAL</b>	<b>\$1,006,100,000</b>	<b>\$61,005,800</b>	<b>\$0</b>

**Veto by Governor [B-72]:** Delete the provision that would have established a separate appropriation for bicycle and pedestrian facilities grants and transferred funds from the transportation enhancements, surface transportation discretionary grants and congestion mitigation and air quality improvement appropriations to the new bicycle and pedestrian facilities grants appropriation. This veto reduces the total appropriations of federal highway aid by \$19,510,000 over the biennium. In his veto message, however, the Governor indicates that he is asking the DOA Secretary to restore funding through the allotment process for the three programs that were reduced.

### 3. REVENUE BONDING FOR MAJOR HIGHWAY CONSTRUCTION AND ADMINISTRATIVE FACILITIES

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance (Chg. to Gov)</b>	<b>Legislature (Chg. to JFC)</b>	<b>Net Change</b>
BR	\$179,666,000	\$5,500,000	\$6,419,600	\$191,585,600

**Governor:** Provide increased revenue bonding authority of \$179,666,000 for transportation projects. The increased authorization, along with the \$139,160,000 in existing bonding authorization that remains available, would be available for projects in the next two

biennia. The amount provided reflects the proposed use of bond proceeds under the major highway development program (\$113,210,300 in 1999-00 and \$114,407,200 in 2000-01).

Delete the statutory bonding authorization number that includes project authorizations as well as the authority necessary to cover related financing costs. Provide the Building Commission with the authority to determine the amount of additional revenue bond authority necessary to fund expenses associated with revenue bonds and to refund outstanding revenue bonds. Under current law, two bonding authorizations exist: one which indicates the level of authorization to be used for transportation projects and a second that includes the authorization to be used for transportation projects plus an amount to be held in reserve to fund financing costs.

**Joint Finance:** Increase revenue bonding authority by \$5,500,000 for transportation projects to reflect an increase in bonding for the major highway development program. The amount provided reflects the proposed use of bond proceeds under this program (\$113,210,300 in 1999-00 and \$119,907,200 in 2000-01).

**Assembly:** Decrease revenue bonding authority by \$3,300,000 for transportation projects to reflect a decrease in bonding for the major highway development program in 2000-01. The amount provided reflects the proposed use of bond proceeds under this program (\$113,210,300 in 1999-00 and \$116,607,200 in 2000-01).

**Senate:** Increase revenue bonding authority by \$8,617,500 for transportation projects to reflect an increase in bonding for the major highway development program in the biennium. The amount provided reflects the proposed use of bond proceeds under this program (\$120,727,400 in 1999-00 and \$121,007,600 in 2000-01).

**Conference Committee/Legislature:** Increase revenue bonding authority by \$6,419,600 for transportation projects to reflect an increase in bonding for the major highway development. The amount provided reflects the proposed use of bond proceeds under this program (\$119,629,900 in 1999-00 and \$119,907,200 in 2000-01).

[Act 9 Section: 1826]

#### 4. DEBT SERVICE REESTIMATE [LFB Paper 915]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG-REV	-\$30,399,700	-\$97,700	-\$451,700	-\$30,949,100
SEG	-\$1,785,300	\$0	\$0	-\$1,785,300

**Governor:** Decrease funding by \$596,000 SEG in 1999-00 and \$1,189,300 SEG in 2000-01 to reestimate the level of funding needed for payment of principal and interest on existing

transportation-related, general obligation bonds at \$6,303,900 SEG in 1999-00 and \$5,710,600 SEG in 2000-01.

In addition, estimate that gross vehicle registration revenues will be reduced by \$92,599,500 in 1999-00 and \$101,452,200 in 2000-01 in order to repay principal and interest on revenue bonds and associated short-term debt. These amounts represent increases of \$10,773,500 in 1999-00 and \$19,626,200 in 2000-01 from the estimated revenue reduction in the base year for revenue bond debt service. The statutes require that debt service payments on transportation-related, revenue bonds be deducted from vehicle registration revenues prior to their deposit in the transportation fund. Consequently, revenue bond debt service is shown as a reduction in revenues, not as an appropriation.

**Joint Finance:** Reestimate that gross vehicle registration revenues will be reduced by an additional \$2,000 in 1999-00 and \$95,700 in 2000-01 in order to repay principal and interest on revenue bonds and associated short-term debt. Total annual revenue reductions associated with debt service on revenue bonds and short-term borrowing would be \$92,601,500 in 1999-00 and \$101,547,900 in 2000-01. Of the additional debt service, \$75,400 in 2000-01 is associated with a decision to increase the use of bond proceeds in the major highway development program.

**Assembly:** Increase estimated gross vehicle registration revenues by \$45,300 in 2000-01 to reflect the lower level of debt service associated with a decision to decrease the use of bond proceeds in the major highway development program.

**Senate:** Decrease estimated gross vehicle registration revenues by \$103,100 in 1999-00 and \$441,100 in 2000-01 to reflect the higher level of debt service associated with a decision to increase the use of bond proceeds in the major highway development program.

**Conference Committee/Legislature:** Decrease estimated gross vehicle registration revenues by \$88,100 in 1999-00 and \$363,600 in 2000-01 to reflect the higher level of debt service associated with a decision to increase the use of bond proceeds in the major highway development program. Total annual revenue reductions associated with debt service on revenue bonds and short-term borrowing would be \$92,689,600 in 1999-00 and \$101,911,500 in 2000-01.

**5. AD VALOREM TAX EXEMPTION FOR COMPUTERS AND COMPUTERIZED EQUIPMENT [LFB Paper 856]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	-\$150,000	\$60,000	-\$90,000

**Governor:** Extend the exemption for mainframe computers, minicomputers, personal computers, networked personal computers, servers, terminals, monitors, disk drives, electronic

peripheral equipment, tape drives, printers, basic operational programs, systems software, prewritten software and custom software, which currently applies to property subject to locally-imposed property taxes and to telephone companies subject to state ad valorem taxation, to the property of air carrier, conservation and regulation, municipal electric, pipeline and railroad companies that are also subject to state ad valorem taxation, effective with assessments as of January 1, 1999.

Provide an exemption for fax machines, copiers, cash registers and automatic teller machines for all public utility property subject to ad valorem taxation, effective with assessments as of January 1 of the year following enactment of the bill.

Decrease estimated transportation fund revenue by \$50,000 in 1999-00 and \$100,000 in 2000-01 to reflect the proposed exemptions for property owned by air carriers and railroad companies.

**Joint Finance:** Modify the provision to extend the property tax exemption for computers and related property to the property of air carrier, conservation and regulation, municipal electric, pipeline and railroad companies subject to state-imposed ad valorem taxes by specifying that the exemption would take effect with property assessed as of January 1, 2000. Delete the provisions establishing an exemption for fax machines, copiers, cash registers and automatic teller machines. Increase estimated transportation fund revenue by \$20,000 in 1999-00 and \$40,000 in 2000-01 to reflect the following: (a) -\$30,000 in 1999-00 and -\$60,000 in 2000-01 to incorporate the estimated fiscal effect of the exemption of computers and related property; and (b) \$50,000 in 1999-00 and \$100,000 in 2000-01 to reflect the deletion of the proposed exemption for fax machines, copiers, cash registers and automatic teller machines.

**Senate:** Delay the extension of the property tax exemption for computers and related equipment to the property of utilities from assessments as of January 1, 2000, to assessments as of January 1, 2002. Increase estimated transportation fund revenue by \$30,000 in 1999-00 and \$60,000 in 2000-01 to reflect this change.

**Conference Committee/Legislature:** Include Joint Finance provision.

[Act 9 Sections: 1807, 1808 and 9343(23c)]

## 6. TAX EXEMPTION FOR AIR CARRIERS WITH HUB TERMINAL FACILITIES

**Assembly:** Provide an exemption from Chapter 70 property taxes and from Chapter 76 state ad valorem taxes for all property owned by an air carrier that operates an air carrier hub terminal facility in Wisconsin, effective with property assessed as of January 1, 2000. Define air carrier hub terminal facility as a facility at which an air carrier operated at least 45 common carrier departing flights each weekday in the prior year and transported passengers to at least 15 nonstop destinations or transported cargo to nonstop destinations. Require DOR to promulgate an administrative rule defining "nonstop destinations" for purposes of this

provision. Reduce estimated transportation fund revenue from air carriers by \$748,800 in 1999-00 and \$1,497,600 in 2000-01. Currently, the exemption would apply only to Midwest Express Airlines.

Create a transportation fund appropriation for the aeronautics assistance program and specify that all proceeds from the ad valorem tax on air carriers collected beginning on July 1, 1999, would be deposited in this appropriation. Estimate the amounts deposited in this appropriation at \$7,293,400 in 1999-00 and \$6,349,600 in 2000-01. Reduce the existing appropriation for aeronautics assistance by \$8,042,200 in 1999-00 and \$7,847,200 in 2000-01 to reflect the creation of the new appropriation. Total funding for aeronautics assistance would decrease by \$748,800 in 1999-00 and \$1,497,600 in 2000-01.

**Conference Committee/Legislature:** Delete provision.

7. **CANCELLED DRAFT RESERVES [LFB Paper 651]**

SEG-REV	\$900,000
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**Joint Finance/Legislature:** Eliminate the reserve requirement for checks that the state writes to individuals, vendors, contractors and others that are not presented for payment. Instead, establish a SEG, sum sufficient appropriation that would draw its funding from whichever fund had issued the canceled check if the check is presented for payment within six years of its issuance. Estimate that eliminating the reserve would provide \$900,000 in revenues to the transportation fund in 1999-00.

### Local Transportation Aid

1. **GENERAL TRANSPORTATION AID -- FUNDING LEVEL [LFB Paper 925]**

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG	\$14,112,200	\$17,001,800	\$1,942,400	\$33,056,400

**Governor:** Provide increased funding for general transportation aids as follows:

a. *County Aid.* Provide \$1,181,200 in 1999-00 and \$2,362,300 in 2000-01 to provide a total of \$79,925,500 in 1999-00 and \$81,106,600 in 2000-01. Set the calendar year distribution at \$81,106,600 for 2000 and thereafter. This represents a 3.0% increase for calendar year 2000, with no additional increase for calendar year 2001.



b. *Municipal Aid.* Provide \$3,522,900 in 1999-00 and \$7,045,800 in 2000-01 to provide a total of \$251,262,000 in 1999-00 and \$254,784,900 in 2000-01. Set the calendar year distribution amount at \$254,784,900 for 2000 and thereafter. This represents a 2.8% increase for calendar year 2000, with no additional increase for calendar year 2001. DOT estimates that this would provide a 3.0% increase for share-of-costs aid plus provide sufficient funding for those municipalities with three-year average costs high enough to receive the proposed 3.0% increase in mileage aid.

Establish the mileage aid rate at \$1,644 per mile for calendar year 2000 and thereafter, which represents a 3.0% increase over the \$1,596 per mile rate for calendar years 1998 and 1999. Further, require that payments be made based on the share of costs calculation in the event the amounts calculated under the share of costs and mileage aid components of the transportation aids formula are the same.

**Joint Finance:** Provide an additional \$5,090,500 in 1999-00 and \$11,911,300 in 2000-01 to fund increases equal to 6.0% in calendar year 2000 and 1.0% in calendar year 2001. Distribute the increased funding as follows: (a) \$1,181,200 in 1999-00 and \$2,779,800 in 2000-01 for counties; and (b) \$3,909,300 in 1999-00 and \$9,131,500 in 2000-01 for municipalities.

Set the calendar year distribution for counties at \$83,469,000 for 2000 and \$84,303,700 for 2001, and thereafter, and for municipalities at \$262,603,400 for 2000 and \$265,229,400 for 2001, and thereafter. Establish the mileage aid rate at \$1,692 per mile for calendar year 2000 and \$1,709 per mile for calendar year 2001, and thereafter.

Suspend the aid calculation formula for calendar year 2000 and 2001 aid payments and provide the percentage increase in total funding uniformly for all aid recipients, based on their 1999 aid payment amounts.

**Assembly:** Decrease funding by \$1,730,400 in 2000-01 to establish a 6.0% increase in funding, beginning in calendar year 2000, for counties and municipalities. Set the calendar year distribution at \$83,469,000 for 2000 and thereafter for counties and at \$262,603,400 for 2000 and thereafter for municipalities. Establish the mileage aid rate at \$1,692 per mile for calendar year 2000, and thereafter.

Delete the Joint Finance provision that would suspend the general transportation aid formula for aid payments in calendar years 2000 and 2001 and would provide the percentage increase in total funding uniformly for all aid recipients, based on their 1999 amounts.

**Senate:** Increase funding by \$1,730,400 in 2000-01 to establish increases equal to 6.0% in calendar year 2000 and 2.0% in calendar year 2001. Set the calendar year distribution at \$83,469,000 for 2000 and \$85,138,400 for 2001, and thereafter, for counties and at \$262,603,400 for 2000 and \$267,855,500 for 2001, and thereafter, for municipalities. Establish the mileage aid rate at \$1,692 per mile for calendar year 2000 and \$1,726 for calendar year 2001, and thereafter.

**Conference Committee/Legislature:** Increase funding over Joint Finance by \$1,224,200 in 1999-00 and \$718,200 in 2000-01 to establish a 6.75% increase in funding, beginning in calendar year 2000, for counties and municipalities. Set the calendar year distribution at \$84,059,500 for 2000, and thereafter, for counties and at \$264,461,500 for 2000, and thereafter, for municipalities. Establish the mileage aid rate at \$1,704 per mile for calendar year 2000, and thereafter.

Delete the Joint Finance provision related to the suspension of the general transportation aid formula. Rather, suspend the aid formula for payments in calendar year 2001 by providing the same aid amount to each aid recipient in 2001 that they received under the formula in calendar year 2000.

[Act 9 Sections: 1856 thru 1859 and 1862 thru 1863m]

**2. GENERAL TRANSPORTATION AID -- MUNICIPAL MINIMUM GUARANTEE [LFB Paper 926]**

**Governor:** Increase the minimum annual payment that any municipality shall receive under the formula from 95% of the previous year's payment to 98% of the previous year's payment, which is the current county aid minimum guarantee.

**Joint Finance/Legislature:** Delete provision.

**3. GENERAL TRANSPORTATION AID -- LAW ENFORCEMENT COSTS**

**Governor/Legislature:** Provide DOT the authority to determine the portion of law enforcement costs to be used in determining transportation aid payments. Require DOT to make this determination in consultation with representatives of local governments and their associations, as appointed by the DOT Secretary. Allow DOT to establish different portions of law enforcement costs for different classes of counties or municipalities. Highway-related law enforcement cost data are part of the three-year and six-year average costs used in determining payments under the general transportation aid formula and are currently calculated as varying percentages of total law enforcement costs, as outlined in DOT's annual cost reporting manual. Based on the recommendations of the Local Roads and Streets Council, DOT lowered these percentages, effective with 1997 cost data used in the computation of 1999 aid payments. Specify that the portion of law enforcement costs determined by DOT under this provision would first apply to transportation aid amounts calculated for calendar year 2000.

[Act 9 Sections: 1873 thru 1875 and 9350(8)]

4. **GENERAL TRANSPORTATION AID -- LOCAL HIGHWAY MILEAGE** [LFB Paper 927]

**Governor:** Require local governments, beginning with calendar year 2001, to annually submit to DOT, for the purposes of determining transportation aid, either: (a) a certified highway mileage plat, if changes in mileage have occurred within their jurisdiction since the last plat was submitted; or (b) a certified statement that no changes in jurisdictional mileage have occurred since the last certified plat was filed. Specify that DOT may require that a certified plat be submitted for odd-numbered years following a federal decennial census. Currently, a certified plat is required upon incorporation of a city or village and on a biennial basis if changes in mileage have occurred. Delete the requirement that a local government must also submit a certified mileage plat to the county clerk.

Define jurisdictional mileage as highway mileage, rather than the mileage of streets and roads. Currently, streets and roads have no specific statutory definition for transportation aid purposes, while highways are defined in statute as all public ways and thoroughfares.

Specify that changes in jurisdictional mileage shall be reflected in transportation aid calculations for the year following the submission of a certified plat, rather than in the odd-numbered year following such submission.

Delete the requirement that DOT verify road mileage every ten years. Rather, require DOT to assess the accuracy of mileage and other data concerning highways that is reported by local governments. Allow DOT to use field investigations to verify a portion of the data that constitutes a valid random sample or a specialized sample considered appropriate by DOT.

**Joint Finance/Legislature:** Modify provision to specify that the changes in jurisdictional mileage would be reflected in transportation aid calculations for the second calendar year following the year in which the plat was certified.

[Act 9 Sections: 1864 thru 1872]

5. **LOCAL HIGHWAY ASSESSMENTS**

SEG-L	-\$150,000
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**Governor:** Require that local governments, with the cooperation and assistance of DOT, conduct a biennial assessment of the physical condition of the highways within their jurisdiction and report the results to DOT. Require local governments to use a pavement rating system approved by DOT in making the assessments. Specify that the first assessment report would be required no later than December 15, 2001. Establish that the information collected as part of the local assessment is inadmissible as evidence, except as to show that the local government has complied with the assessment requirement.

Require DOT to assess the accuracy of the highway assessments reported by local governments. Allow DOT to use field investigations to verify a portion of the data that constitutes a valid random sample or a specialized sample considered appropriate by DOT.

**Joint Finance:** Delete provision as non-fiscal policy.

**Assembly/Legislature:** Restore provision. In addition, increase funding by \$75,000 SEG annually for DOT's departmental management and operations appropriation and require DOT to use this funding to contract with the University of Wisconsin-Extension to provide training and technical support to assist municipalities in assessing the physical condition of highways under their jurisdiction. Offset this increase by decreasing funding for the town road improvement program -- discretionary (TRIP-D) component by \$75,000 SEG annually, limited to this biennium. Delete \$75,000 SEG-L annually to reflect a corresponding reduction in local matching funds for TRIP-D projects. Specify that these increases and decreases would not be reflected in the base for preparing the Department's 2001-03 budget request.

[Act 9 Sections: 1870 and 9150(2br),(2bt)&(2s)]

#### 6. DEFINITION OF MILEAGE FOR MILEAGE AID

**Senate:** Define mileage for the purposes of general transportation mileage aid amounts as highway mileage, rather than the mileage of streets and roads, effective with calendar year 2000 payments. Currently, streets and roads have no specific statutory definition for transportation aid purposes, while highways are defined in statute as all public ways and thoroughfares.

**Conference Committee/Legislature:** Delete provision.

#### 7. MASS TRANSIT OPERATING ASSISTANCE -- FUNDING LEVEL [LFB Papers 928 and 929]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$7,731,400	\$4,866,500	\$12,597,900

**Governor:** Provide \$2,941,700 in 1999-00 and \$4,789,700 in 2000-01 for mass transit operating assistance and make modifications to the program as follows:

a. *Two-Tiered Payment System.* Modify the existing three-tiered structure by combining Tiers B and C. As a result, a two-tiered system would be created in calendar year 2000, consisting of Tier A, which includes those systems having annual operating expenses greater than \$20 million (Madison and Milwaukee systems) and Tier B, which includes those

systems having annual operating expenses less than \$20 million (all other systems). Tier C would continue to apply for program purposes through calendar year 1999. Delete statutory language associated with the five-tier funding system, which was last effective for calendar year 1997.

b. *Payment Funding Levels.* Provide \$2,941,700 in 1999-00 and \$4,789,700 in 2000-01 to fully fund calendar year 1999 payments and to provide a 3% increase in funding, beginning in calendar year 2000. The funding would be distributed as follows: (a) \$2,222,100 in 1999-00 and \$3,543,700 in 2000-01 for Tier A; (b) \$1,837,400 in 1999-00 and \$6,095,800 in 2000-01 for Tier B, which also reflects the combining of the systems in Tiers B and C in calendar year 2000; and (c) -\$1,117,800 in 1999-00 and -\$4,849,800 in 2000-01 for Tier C, which reflects the deletion of Tier C in calendar year 2000 (the remaining \$3,732,000 in 1999-00 would fully fund 1999 Tier C payments). Set the calendar year distribution amounts for 2000, and thereafter, at \$65,012,900 for Tier A and \$24,100,400 for Tier B.

**Joint Finance:** Delete the Governor's recommendation to modify the current two-tier system by combining Tiers B and C. Rather, create a four-tier system that places the Milwaukee County and Milwaukee user-side subsidy systems in one tier (Tier A-1) and the Madison system in a separate tier (Tier A-2), effective with calendar year 2000 payments. Current law Tiers B and C would be unchanged.

Provide an additional \$973,300 in 1999-00 and \$3,893,200 in 2000-01 to provide a 7.5% increase in funding, beginning in calendar year 2000, for each tier of systems. Set the calendar year distribution amount for each tier as follows: (a) \$53,555,600 for 2000, and thereafter, for the tier containing the Milwaukee County and Milwaukee user-side subsidy transit systems (Tier A-1); (b) \$14,297,600 for 2000, and thereafter, for the tier containing the Madison transit system (Tier A-2); (c) \$19,804,200 for 2000, and thereafter, for Tier B systems; and (d) \$5,349,100 for 2000, and thereafter, for Tier C systems. These calendar year amounts represent a 7.5% increase over the corresponding 1999 amounts for each tier.

**Assembly:** Retain the Joint Committee on Finance's recommendation to create a four-tiered structure. The four-tiered structure would consist of Tier A-1 (Milwaukee County systems), Tier A-2 (Madison system) and the current law Tier B and Tier C systems.

Decrease funding by \$973,300 in 1999-00 and \$3,893,200 in 2000-01, which would restore the Governor's budget recommendation to fully fund calendar year 1999 payments and to provide a 3% increase in funding, beginning in calendar year 2000, for each tier of systems. Set the calendar year distribution amounts for 2000, and thereafter, at \$51,313,800 for Tier A-1, \$13,699,100 for Tier A-2, \$18,975,200 for Tier B and \$5,125,200 for Tier C.

**Senate:** Retain the Joint Committee on Finance's recommendation to create a four-tiered structure. The four-tiered structure would consist of Tier A-1 (Milwaukee County systems), Tier A-2 (Madison system) and the current law Tier B and Tier C systems.

Increase funding by \$930,200 in 2000-01 to establish increases equal to 7.5% in calendar year 2000 and 4.0% for calendar year 2001, for each tier of systems. Set the calendar year distribution amounts for each tier as follows: (a) \$53,555,600 for 2000 and \$55,697,800 for 2001, and thereafter, for the tier containing the Milwaukee County and Milwaukee user-side subsidy transit systems (Tier A-1); (b) \$14,297,600 for 2000 and \$14,869,500 for 2001, and thereafter, for the tier containing the Madison transit system (Tier A-2); (c) \$19,804,200 for 2000 and \$20,596,400 for 2001, and thereafter, for Tier B systems; and (d) \$5,349,100 for 2000 and \$5,563,100 for 2001, and thereafter, for Tier C systems.

**Conference Committee/Legislature:** Include Joint Finance provision.

[Act 9 Sections: 344m, 345gm, 345gr, 1837, 1837m, 1838, 1839mm, 1839mr, 1841, 1844 and 1847q]

**8. MASS TRANSIT OPERATING ASSISTANCE -- FORMULA CHANGES** [LFB Papers 928, 929 and 931

**Governor:** Make the following modifications to the mass transit operating assistance allocation formula:

a. *Maintenance Expenses.* Include transit system maintenance expenses as an eligible operating expense in calculating the distribution of mass transit operating assistance. Currently, DOT generally includes maintenance expenses as operating costs. However, certain Tier A systems that receive direct federal funding may fund maintenance expenses with federal capital improvement funds and not report these expenditures as operating expenses for state aid purposes.

b. *Uniform Payment Percentage Requirement.* Delete the statutory reference requiring that the sum of state and federal funding must fund a uniform percentage of applicants' operating expenses within each tier, effective with calendar year 2000 payments. Rather, require that DOT allocate state aid to each applicant in an amount equal to a uniform percentage, established by the Department, of applicants' projected operating expenses within each tier for the calendar year, subject to the proposed maximum annual allocations and the limits, based on local match amounts, proposed for those applicants served exclusively by a shared-ride taxi system.

c. *Maximum Annual Allocations.* Create the following maximum annual combined state and federal aid allocation levels: (1) for a Tier A system, the sum of state and federal aid for operating expenses may not exceed 50% of the eligible applicant's annual operating expenses (only federal aid directly apportioned to the system or urbanized area served by the system or that DOT allocates under the mass transit operating assistance program would be counted for this purpose); and (2) for Tier B systems, effective with calendar year 2000 payments, the sum of state and federal aid for operating expenses may not exceed 65% of the eligible applicant's annual operating expenses (only federal aid allocated under the mass transit operating

assistance program would be counted for this purpose). Establish transitional provisions for Tier B systems operating in urbanized areas, effective with calendar year 2000 and 2001 payments, to limit combined state and federal operating aid to 60% of that portion of the eligible applicant's operating expenses associated with service provided within an urbanized area. Operating expenses associated with service provided within a nonurbanized area would be subject to a 65% limit.

d. *Federal Mass Transit Aid.* Allow DOT to require any applicant eligible for transit aid to notify the Department of the amount of federal aid under the applicant's discretion that the applicant intends to apply toward annual operating expenses, including maintenance expenses. Require DOT to determine the amount of federal aid available for each Tier B system and allow the Department to require systems within Tier B to accept the federal aid as a condition of receiving state aid.

**Joint Finance:** Modify the Governor's recommendation that would allow DOT to require any applicant eligible for transit aid to notify the Department of the amount of federal aid under the applicant's discretion that the applicant intends to apply toward annual operating expenses, including maintenance expenses, so that this provision would apply only to Tier B and Tier C systems.

Delete the Governor's remaining recommendations and make the following modifications to the current law formula:

*Tier A-1 and Tier A-2 Systems.* Delete the current formula for distributing aid to the current Tier A systems. Rather, place the Milwaukee County and Milwaukee user-side subsidy systems in one tier (Tier A-1) and the Madison system in a separate tier (Tier A-2), effective with calendar year 2000 payments and require DOT to distribute the amount specified in statute to the local government providing the local match for each system. Specify that if this local government sponsors more than one system, that the aid shall be distributed between the systems at the discretion of the local government

*Tier B and Tier C Systems.* Retain the current law requirement that the sum of state and federal funding must fund a uniform percentage of applicants' operating expenses within each tier. Delete the current law requirement that annual state transit aid payments for Tiers B and C be based on estimated operating costs for that year, effective with calendar year 2000 payments. Rather, require that annual transit aid payments be made based on actual operating costs from the second preceding year. Specify that any system beginning or adding service in a year for which an aid payment is made would have to notify DOT of its intent to do so in the year prior to the service expansion and would have to provide an estimate of the projected annual operating costs for the service expansion. Require DOT to include these costs, to the extent the Department determines they are reasonable, plus the estimated costs of new service in the year preceding the aid payment, in the cost base for calculating aid payments, with an adjustment for inflation to make all the aidable costs expressed in the same year's dollars.

**Assembly:** Make the following modifications to the mass transit operating assistance formula:

a. *Maintenance Expenses.* Include transit system maintenance expenses as an eligible operating expense in calculating the distribution of mass transit operating assistance, except for Tier-A-1 systems.

b. *Uniform Payment Percentage Requirement.* Delete the statutory reference specifying that the sum of state and federal funding must fund a uniform percentage of applicants' operating expenses within each tier, effective with calendar year 2000 payments. Rather, for Tiers B and C, require that DOT allocate state aid to each applicant in an amount equal to a uniform percentage, established by the Department, of applicants' operating expenses within each tier for the calendar year, subject to the proposed maximum annual allocations and the limits, based on local match amounts, proposed for those applicants served exclusively by a shared-ride taxi system.

c. *Maximum Annual Allocations.* Create the following maximum, annual combined state and federal aid allocation levels, effective with calendar year 2000 payments: (1) for Tier A-2 systems, 50% of the eligible applicant's annual operating expenses; and (2) for Tier B and Tier C systems, 65% of the eligible applicant's annual operating expenses. Further, establish transitional provisions for Tier B systems operating in urbanized areas, effective with calendar year 2000 and 2001 payments, to limit combined state and federal operating aid to 60% for urbanized area expenses and 65% for nonurbanized area expenses.

d. *Federal Mass Transit Aid.* Allow DOT to require any applicant (instead of just Tier B and Tier C systems, as under the Joint Committee on Finance's substitute amendment) eligible for transit aid to notify the Department of the amount of federal aid under the applicant's discretion that the applicant intends to apply toward annual operating expenses, including maintenance expenses.

**Conference Committee/Legislature:** Include Joint Finance provision.

**Veto by Governor [B-69]:** Require Tier A-1 (Milwaukee County) and Tier A-2 (Madison) transit systems to do the following: (a) include maintenance expenses in the annual operating expenses reported for state mass transit operating assistance purposes; (b) disclose to DOT the amount of federal aid, over which the system has discretion, that the system plans to apply toward operating expenses; and (c) notify DOT of any intent to provide additional transit service and provide a projection of the costs of that service in the year prior to providing the additional service.

[Act 9 Sections: 1834, 1834m, 1836m, 1837, 1839mm, 1839mr, 1847m, 1848 and 9350(9)]

[Act 9 Vetoed Sections: 1834, 1847m and 1848]



**9. MASS TRANSIT OPERATING ASSISTANCE -- LOCAL MATCH REQUIREMENTS**  
[LFB Paper 930]

**Governor:** Effective with calendar year 2000 contracts, require a local match, exclusive of user fees, for bus systems equal to at least 10% of each eligible applicant's annual operating expenses, rather than at least 20% of their annual state aid allocation. Further, except for the initial year of service, beginning with calendar year 2001, specify that no shared-ride taxi system may receive a state aid amount in excess of the previous calendar year amount unless the system provides a local match equal to at least 10% of the system's operating expenses. For calendar year 2000, specify that no shared-ride taxi system that received a 1999 payment can receive an amount that exceeds that payment, unless the system provides a local match equal to at least 5% of its operating expenses. Provide that if an eligible applicant is served exclusively by a shared-ride taxi system and voluntarily complies with the local match requirements, the applicant may be exempt from any required management performance audit. Shared-ride taxi systems are not currently required to provide a local match. To reflect the new local match requirements, establish that that the current state aid maximum, which limits state aid to five times the local match amount, would no longer apply after calendar year 1999.

**Joint Finance:** Delete provision and, instead, specify that DOT may not enter into a mass transit aid contract for any system for calendar year 2000 and thereafter unless the Department has promulgated the administrative rules required under current law for cost-efficiency standards and the contract requires the system to comply with these standards as a condition of receiving aid.

**Assembly:** Restore the Governor's recommendation.

**Conference Committee/Legislature:** Include Joint Finance provision.

[Act 9 Section: 1849g]

**10. MASS TRANSIT -- BIDS FOR MASS TRANSIT SERVICES**

**Assembly/Legislature:** Specify that if a local public body solicits bids to contract for mass transit services, the bids of a publicly-owned urban mass transit system must use a fully allocated cost methodology established by DOT rule. The fully allocated cost methodology would have to: (a) be based on generally accepted accounting principles; (b) consider all shared costs and direct costs of the mass transit system that are related to and support the service being considered, including any subsidies provided to the system, which would include operating subsidies, capital grants and the use of public facilities; and (c) assign each cost of a publicly-owned urban mass transit system to one of the following categories:

1. costs that depend on the number of vehicle hours operated, including operators' salaries and fringe benefits;

2. costs that depend on the number of vehicle miles traveled, including fuel costs, maintenance costs and maintenance personnel salaries and fringe benefits; and

3. costs that depend on the maximum number of vehicles that are in service during the day, including administrative and capital costs.

Prohibit any transit system's operating costs that are eligible for state mass transit operating assistance from including costs accruing to the system from services provided by a publicly-owned urban mass transit system under a contract awarded on the basis of competitive bids, unless the system's bid used the fully allocated cost bidding methodology. Also, specify that urban mass transit operating revenues would not include any income accruing from operations under a contract awarded on the basis of competitive bids to a publicly-owned urban mass transit system that did not use the fully allocated cost bidding methodology.

Require DOT to promulgate emergency rules related to these fully allocated cost bidding requirements no later than 45 days after the effective date of the bill. Specify that these rules could be promulgated without providing evidence that the rules are necessary for the preservation of public peace, health, safety or welfare or a finding of an emergency. These emergency rules would remain in effect until July 1, 2000, or the date that permanent rules take effect, whichever is sooner. Further, require DOT to submit proposed permanent rules related to these fully allocated cost bidding requirements no later than the first day of the seventh month beginning after the effective date of the bill.

Specify that the requirement for bids to be based on the fully allocated cost methodology and the modification to the definition of operating expenses would first apply to bids solicited and services contracted for under a bid solicited on the effective date of the emergency rules promulgated by DOT.

[Act 9 Sections: 1834m, 1849gn, 9150(2bm) and 9350(4md)]

## **11. LOCAL SEGREGATED TRANSPORTATION FUNDS**

**Assembly:** Establish compliance with the following as a condition of receiving general transportation aid and state mass transit operating assistance, effective with payments for calendar year 2000:

a. Require each local unit of government (defined as counties, cities, villages and towns) to create a segregated fund for local highways and a segregated fund for mass transit (if the government receives state aid for mass transit), to which all state and federal categorical funds for local highways and mass transit, including local match amounts, would have to be deposited;

b. Require that any new local revenue source dedicated to local highways or mass transit would have to be deposited in the respective funds;

c. Require that all local general revenues allocated to local highways or mass transit must be deposited in the respective funds;

d. Require that each local government must deposit at least the same level of local general revenues, for both local highways and mass transit, in the respective accounts as that unit of government deposited, on average, during the lowest three of the preceding five years; and

e. Specify that revenues in the funds can only be spent on local highways and mass transit, respectively.

Specify that if these requirements are not met, DOT must withhold state aid until the requirements are met, at which time DOT would pay the withheld aid, without interest. Provide that if the requirements are not met within 180 days of the normal payment date, the withheld aid would be forfeited.

Require DOT to promulgate administrative rules to implement these provisions.

**Conference Committee/Legislature:** Include provision, with the following modifications: (a) delete the requirement that each local government must deposit at least the same level of local general revenues, for both highways and mass transit, in the respective accounts as that unit of government deposited, on average, during the lowest three of the preceding five years; (b) require the Department to consult with local governments and their associations in promulgating rules related to these provisions; (c) specify that the rules promulgated by the Department may not require a local government to: (i) fund police costs through segregated local accounts; or (ii) maintain separate checking accounts for the purposes of this provision, provided that the local government segregates highway and transit revenues and expenditures in the local government's bookkeeping system; and (d) specify that local governments must comply with these provisions as a condition of receiving general transportation aid and state mass transit operating assistance, effective with payments for calendar year 2001, rather than with payments for calendar year 2000.

**Veto by Governor [B-68]:** Delete the provisions that would have required local funds, including matching funds, to be deposited to the local segregated accounts. As a result, only state and federal mass transit and local highway aid would be required to be deposited to the local segregated accounts. Delete the provision that would have required DOT to withhold mass transit and/or general transportation aid payments until the requirements associated with the local segregated accounts are met. As a result, the Act specifies only that aid payments could be forfeited if the local account requirements are not met. Delete the provision that would require DOT to consult with local governments and their associations in promulgating rules related to the creation of local segregated accounts and delete the specific reference to DOT promulgating the rules. In his veto message, the Governor indicates that he is requesting DOR to promulgate these rules, in consultation with local governments and DOT.

[Act 9 Sections: 1849d, 1863md and 9350(4t)]

[Act 9 Vetoed Sections: 1849d and 1863md]

**12. ELDERLY AND DISABLED TRANSPORTATION AIDS**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance (Chg. to Gov)</b>	<b>Legislature (Chg. to JFC)</b>	<b>Net Change</b>
FED	\$200,000	\$0	\$0	\$200,000
SEG	585,400	969,900	77,400	1,632,700
SEG-L	<u>50,000</u>	<u>42,900</u>	<u>2,100</u>	<u>95,000</u>
Total	\$835,400	\$1,012,800	\$79,500	\$1,927,700

**Governor:** Provide increased funding for elderly and disabled specialized transportation services as follows:

a. *County Assistance.* Provide \$193,200 SEG in 1999-00 and \$392,200 SEG in 2000-01. Total funding would equal \$6,632,800 SEG in 1999-00 and \$6,831,800 SEG in 2000-01. This would provide a 3% annual increase.

b. *Capital Grant Program.* Provide \$100,000 FED and \$25,000 SEG-L annually to reflect a reestimate of federal and local funding in the biennium. Total capital grant funding would equal \$1,500,000 FED and \$797,800 SEG annually, with a local match of \$574,500 SEG-L annually. Convert the state aid capital grant appropriation from an annual appropriation to a continuing appropriation.

**Joint Finance:** Provide increased funding for elderly and disabled specialized transportation services as follows: (a) \$257,600 SEG in 1999-00 and \$540,900 SEG in 2000-01 to provide a 7.0% annual increase in county assistance funding; (b) \$55,800 SEG in 1999-00 and \$115,600 SEG in 2000-01 to provide a 7.0% annual increase in state funding for capital assistance; and (c) \$14,000 SEG-L in 1999-00 and \$28,900 SEG-L in 2000-01 to reflect the local match for the increased capital assistance funding.

**Senate/Legislature:** Provide increased funding for elderly and disabled specialized transportation services to establish a 7.0% increase for 1999-00 and an 8.0% increase for 2000-01, as follows: (a) \$68,900 SEG in 2000-01 for county assistance funding; (b) \$8,500 SEG in 2000-01 in state funding for capital assistance; and (c) \$2,100 SEG-L in 2000-01 to reflect the local match for the increased capital assistance funding.

[Act 9 Section: 344]

**13. ELDERLY AND DISABLED CAPITAL GRANT PROGRAM**

**Governor/Legislature:** Delete the current requirement that total state and federal funding for a capital assistance project for the elderly and disabled may not exceed 80% of the project costs and, instead, require that: (a) a capital grant may not exceed a percentage of project costs established by a DOT administrative rule; and (b) for the specific types or categories of equipment involved, a capital grant may not exceed the percentage of costs eligible for federal

aid. Correct the cross-reference with federal code that is used in determining eligible grant applicants.

[Act 9 Sections: 1850 thru 1852]

**14. LIFT BRIDGE AID [LFB Paper 932]**

SEG	\$488,400
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**Joint Finance/Legislature:** Provide \$413,400 in 1999-00 and \$75,000 in 2000-01 to increase funding for lift bridge aid to reflect actual 1998 costs and estimated 1999 costs. Total funding for lift bridge aid would be \$1,763,400 in 1999-00 and \$1,425,000 in 2000-01.

**15. EXPRESSWAY POLICING AID**

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
SEG	\$140,000	\$105,000	\$245,000

**Joint Finance:** Provide \$70,000 annually for expressway policing aid to Milwaukee County. Total funding for expressway policing aid would be \$970,800 annually.

**Senate/Legislature:** Increase funding by \$35,000 in 1999-00 and \$70,000 in 2000-01 for expressway policing aid to Milwaukee County. Total funding for expressway policing aid would be \$1,005,800 in 1999-00 and \$1,040,800 in 2000-01.

**Local Transportation Projects**

**1. MILWAUKEE LAKESHORE BICYCLE AND PEDESTRIAN FACILITIES GRANTS**

FED	\$2,000,000
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**Governor/Legislature:** Provide \$1,000,000 annually in a new, biennial appropriation for Milwaukee lakeshore bicycle and pedestrian facilities grants. Require DOT to make grants to the Department of Natural Resources for the construction of such facilities along Lake Michigan in the City of Milwaukee, which would be done in conjunction with the establishment of a Milwaukee lakeshore state park. Specify that no money may be encumbered from this appropriation after June 30, 2002. The establishment of the Milwaukee lakeshore state park is summarized in a separate item under "Natural Resources--Forests and Parks."

The money that would be provided in this item would come from the \$241 million in federal interstate cost estimate substitute funds that have been set aside for the state, but have not been used. Originally, these funds were intended for the construction of a transitway or high-occupancy vehicle lanes between Milwaukee and Waukesha. The federal 1999 appropriations act for transportation, however, included a provision that allows the Governor to submit a request for using these funds for a different project or projects. Until April 21, 1999, approval of such a request is at the discretion of the Secretary of the U.S. Department of Transportation. During that time, any request submitted by the Governor must be done after consultation with appropriate local government officials. After that date, the Secretary must approve the Governor's request for the use of half of these funds (\$120.5 million), and the Governor does not need to consult with local officials on this portion. Consultation with local officials would still be required to use the remainder, and the Secretary would retain discretion to approve or deny any request for this portion. In either case, any request for a substitute project or projects must be made by October 1, 2000.

[Act 9 Sections: 334, 347 and 9150(3)]

## 2. CHICAGO-MILWAUKEE PASSENGER RAIL SERVICE

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
FED	\$874,100	-\$371,300	\$502,800
SEG	<u>-585,400</u>	<u>371,300</u>	<u>-214,100</u>
Total	\$288,700	\$0	\$288,700

**Governor:** Provide an increase of \$270,000 FED and a reduction of \$311,300 SEG in 1999-00 and an increase of \$604,100 FED and a reduction of \$274,100 SEG in 2000-01 to fund: (a) Wisconsin's share of the costs in the third year of a three-year contract with Amtrak for the Chicago to Milwaukee Hiawatha train service; and (b) the anticipated costs for a new contract for the service in 2000-01. A determination that the Hiawatha service is a form of construction mitigation allows the state to fund 90% of these costs with federal highway funds, instead of 80%, as had been the case. When combined with base funding for this service (\$3,071,300 FED and \$682,500 SEG), this request would establish total funding at \$3,712,500 for 1999-00 (\$3,341,300 FED and \$371,200 SEG) and \$4,083,800 in 2000-01 (\$3,675,400 FED and \$408,400 SEG).

**Conference Committee/Legislature:** Increase funding by \$371,300 SEG and decrease funding by \$371,300 FED in 1999-00. This would fund the program at the same total level, but would fund 80% of the program with FED funds and 20% with SEG funds in 1999-00, instead of 90%/10%, to reflect a determination that the Hiawatha train service will not serve as a form of construction mitigation on the interstate system during 1999-00, as previously had been expected, and, therefore, would not be eligible for the higher federal share.

**3. MIDWEST RAIL INITIATIVE -- CROSSING DEVICES**

FED	\$500,000
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**Governor/Legislature:** Provide \$500,000 in 1999-00 to upgrade four railroad crossing warning devices in Racine and Milwaukee Counties along the corridor of the high-speed, passenger rail service proposed by the midwest rail initiative (MRI). The MRI is a coalition of eight, midwestern states that recently developed a plan for establishing 110-miles per hour train service along several routes in those states, with a hub at Chicago. Included in this plan is a route between Chicago and Minneapolis, via Milwaukee and Madison, and a route (with 79-miles per hour service) between Milwaukee and Green Bay.

The federal funding for this item would come from the Federal Railroad Administration. Funding for the high-speed rail corridor between Chicago and Minneapolis was earmarked by the federal Transportation Equity Act for the 21st Century (TEA-21). The upgrades would allow the existing crossing gates and signals to operate with high-speed trains.

**4. FREIGHT RAIL PRESERVATION PROGRAM**

BR	\$4,500,000
SEG	<u>569,500</u>
Total	\$5,069,500

**Governor/Legislature:** Provide an increase in general obligation bonding authority of \$4,500,000 for the freight rail preservation program to provide total bonding authority of \$23,500,000. In addition, provide an increase of \$189,800 SEG in 1999-00 and \$379,700 SEG in 2000-01 for the payment of principal and interest on the requested general obligation bonds. Bonding in this program may be used to acquire rail property and fund grants and loans for rehabilitation and construction on state-owned railroad property. The \$4,500,000 increase in bonding authority would provide the same level of funding that was provided during the 1997-99 biennium.

[Act 9 Section: 636]

**5. FREIGHT RAIL INFRASTRUCTURE IMPROVEMENT PROGRAM**

SEG-L	\$1,500,000
SEG	<u>-1,500,000</u>
Total	\$0

**Governor/Legislature:** Delete \$500,000 SEG in 1999-00 and \$1,000,000 SEG in 2000-01 for the freight rail infrastructure improvement program (FRIIP) and provide corresponding SEG-L increases. FRIIP provides loans at low or no interest to railroads, shippers or local governments to perform a variety of capital improvements related to freight rail service. This item would reduce SEG appropriations, but would maintain the program at a constant size by replacing the SEG reductions with funding from loan repayments, which are treated as SEG-L. Base funding for the program is \$4,079,800 SEG and \$1,500,000 SEG-L. The 1997-99 budget also replaced SEG funding with loan repayments.

## 6. FREIGHT RAIL ASSISTANCE -- INTEREST RATE [LFB Paper 935]

**Governor:** Require DOT to promulgate a rule establishing an interest rate for loans made under the freight rail infrastructure improvement program (FRIIP) and the freight rail preservation program (FRPP). Under FRIIP, DOT makes loans to railroads, shippers or local governments to make capital improvements related to freight rail service. Under FRPP, DOT may make loans or grants for the acquisition, rehabilitation or construction of rail property for the purpose of preserving rail service. If a grant is made under FRPP that only partially covers the cost of a project, DOT may make a loan to cover up to 15% of the cost of the project. Under current practice, DOT establishes an interest rate on FRIIP loans so that the recipient's expected rate of return from the project is twice the prevailing cost of capital. Using this procedure, all but three of the loans made under the program have been no-interest loans.

In the Executive Budget Book, the administration indicates that this provision was intended to establish a low-level interest rate for FRIIP loans. As the provision is written, DOT would be required to establish a rate for both FRIIP and FRPP, but any rate, including 0%, could be established.

**Joint Finance/Legislature:** Delete provision.

## 7. RAILROAD GRADE CROSSINGS COMMITTEE [LFB Paper 816]

**Governor:** Create a Railroad Grade Crossings Committee composed of two members appointed by the Secretary of the Department of Transportation and two members appointed by the Office of the Commissioner of Railroads (OCR). Require the Committee to review each at-grade railroad crossing in the state and permit the Committee to recommend to OCR that improvements be considered to any crossing if the Committee determines that existing warning or safety devices or other conditions at the crossing do not adequately protect and promote public safety. Specify that provisions requiring DOT to pay the cost of a crossing project that has been ordered by the OCR only apply if: (a) the Committee or the DOT Secretary has recommended that the OCR consider improvements at the crossing; or (b) the OCR determines that immediate improvements are needed at the crossing to protect public safety. This would not apply to OCR orders issued before the effective date of the bill.

Specify that recommendations of the Committee shall be made by a majority of the Committee members, but that if no majority agrees on whether or not to recommend a crossing for improvements, then the DOT Secretary shall make that recommendation. Specify that a majority of the members of the Committee may reverse a recommendation by providing notice of the reversal to the OCR and the DOT Secretary.

Require the Committee to: (a) maintain a railroad grade crossings database; (b) establish threshold requirements for recommendations made under this provision; and (c) recommend to the DOT Secretary desirable funding levels for the railroad crossing improvement program.



Require the OCR and the DOT Secretary to make appointments to the Committee within 45 days of the effective date of the bill. Eliminate the Committee after it has reviewed every railroad grade crossing in the state and made its final recommendations, or on July 1, 2002, whichever occurs sooner.

There are currently 4,457 public, at-grade railroad crossings in the state, as well as 2,704 private crossings and 103 pedestrian crossings.

**Joint Finance:** Delete provision.

**Assembly:** Create a Council on Railroad Grade Crossings within the Department of Transportation composed of: (a) three members appointed by the Secretary of the Department of Transportation, one of whom must have expertise in railroad matters, but who is not an employe of the Department; and (b) two members appointed by the Commissioner of Railroads. Specify that the members shall serve at the pleasure of the appointing authority and that initial appointment shall be made within 45 days of the budget's general effective date. Require the Council to do the following: (a) meet at least once annually to review all railroad crossing improvements ordered by the Office of the Commissioner of Railroads; (b) determine and recommend which projects should be constructed during the following three years and the order that those projects should be constructed to maximize the total safety benefits of the improvements; (c) establish and maintain a railroad crossing database, which shall be available to OCR and DOT; and (d) recommend to DOT and OCR a desirable funding level for railroad crossing protection installation and maintenance. Require the Council to consider the following in determining a priority order for railroad crossing improvements: (a) the volume and speed of trains and traffic at the crossing; (b) the physical features of the crossing, including curves, hills and other features that may reduce the visibility of motorists at the crossing; (c) the history of accidents at the crossing; (d) anticipated changes in the volume or speed of highway or train traffic at the crossing; and (e) any other factors that the Council considers appropriate.

Specify that, to the greatest extent practicable, improvements at railroad crossings shall be executed in the priority order recommended by the Council, except that this recommendation shall be disregarded if the Office of the Commissioner of Railroads determines that immediate improvements are needed at the crossing to protect public safety. Specify that this provision first applies to improvements that commence after the bill's general effective date.

**Conference Committee/Legislature:** Delete provision.

**8. HARBOR ASSISTANCE PROGRAM**

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
BR	\$3,000,000	\$4,000,000	\$7,000,000
SEG	<u>379,700</u>	<u>506,300</u>	<u>886,000</u>
Total	\$3,379,700	\$4,506,300	\$7,886,000

**Governor:** Provide an increase in general obligation bonding authority of \$3,000,000 for the harbor assistance program to provide total bonding authority of \$18,000,000. In addition, provide \$126,500 SEG in 1999-00 and \$253,200 SEG in 2000-01 for the payment of principal and interest on the requested general obligation bonds. Total funding available for harbor assistance in 1999-01 would be \$4,000,000 (\$3,000,000 in bonding authority and \$1,000,000 SEG), which would maintain the program at the same level as during the 1997-99 biennium.

**Assembly:** Increase general obligation bonding authority by \$4,000,000 for the harbor assistance program to provide a total increase of \$7,000,000. Provide an increase of \$168,700 SEG in 1999-00 and \$337,600 SEG in 2000-01 for the payment of principal and interest for the additional bonding.

**Conference Committee/Legislature:** Include the Assembly provision as modified to require DOT to award harbor assistance grants, by June 30, 2001, of \$4,000,000 to the City of Marinette for dockwall reconstruction and dredging and \$800,000 to the City of Milwaukee for closing off a slip and filling the area with dredge material.

[Act 9 Sections: 345Lm, 635 and 9150(4f)]

#### **9. RICHARD I. BONG AIR MUSEUM [LFB Paper 936]**

**Governor:** Require DOT to allocate \$1,000,000 FED in 1999-00 from the transportation enhancements program for making a grant to the City of Superior for the construction of the Richard I. Bong Air Museum. Specify that the grant may not exceed 90% of the cost of constructing the museum. The total estimated cost of the museum is \$3.5 million. The total appropriation for the transportation enhancements program in 1999-00 is maintained at the base level of \$6,248,000 FED.

**Joint Finance/Legislature:** Specify that the grant made for the museum may not exceed 80%, instead of 90%, of the cost of constructing the museum.

[Act 9 Section: 9150(2)]

#### **10. LOCAL AREA COMPUTER NETWORK ADMINISTRATION**

**Governor/Legislature:** Transfer \$80,000 annually from the aeronautics assistance and rail service assistance appropriations (\$40,000 annually from each) to the highway administration and planning appropriation to reflect the transfer of the responsibility for the support of local area computer networks (LANs) used in the administration of those programs to a central funding source within the Division of Transportation Infrastructure Development (DTID). Since the creation of DTID in 1996, the highway administration and planning appropriation has funded most of the administrative costs of all transportation aid, transportation assistance and

highway programs. This item would transfer funds from the aeronautics assistance and railroad assistance programs based on their estimated share of LAN usage.

### 11. WATER PERMIT EXEMPTION FOR OTHER TRANSPORTATION PROJECTS

**Governor/Legislature:** Include all transportation facilities that are under the supervision of DOT, instead of just highways and bridges (as under current law), in a provision that exempts design, location, construction, reconstruction, maintenance or repair activities related to these facilities from various prohibitions, permits and public hearing requirements related to water regulation. Under current law, in lieu of applying for water permits, DOT is required to notify DNR of all highway and bridge maintenance or construction projects that affect the waters of the state prior to the commencement of the work. To fulfill this requirement, DOT and DNR have a cooperative agreement under which DOT has agreed to comply with DNR recommendations regarding how to complete projects in compliance with applicable water regulatory requirements. This item would allow DOT to extend the provisions of the cooperative agreement to railroad, airport, harbor and mass transit projects.

[Act 9 Section: 792]

### 12. BICYCLE AND PEDESTRIAN FACILITIES PROGRAM

**Governor/Legislature:** Eliminate the requirements that DOT must award grants for projects in the bicycle and pedestrian facilities program and solicit applications for these grants, to be submitted prior to April 1, on an annual basis. The Department currently awards grants for some bicycle and pedestrian projects on a multi-year basis in the transportation enhancements program. The transportation enhancements appropriation is the funding source for the bicycle and pedestrian facilities program.

[Act 9 Section: 1830]

### 13. SIXTH STREET BRIDGE -- FUNDING [LFB Paper 937]

**Joint Finance/Legislature:** Provide \$51,000,000 FED, \$6,500,000 SEG and \$2,500,000 SEG-L in 1999-00 for the accelerated local bridge improvement assistance program. Specify that the costs for any bridge under the accelerated local bridge improvement program for which an agreement was reached between DOT and local governments prior to June 30, 1993, but for which no contract for construction has been awarded prior to May 1, 1999, shall be paid as specified in an agreement entered into on or after April 20, 1999, between the state and the city and county in which the bridge is located, instead of, under current law, 75% by the state, 12.5% by the city and 12.5% by the county.

FED	\$51,000,000
SEG	6,500,000
SEG-L	<u>2,500,000</u>
Total	\$60,000,000

On April 20, 1999, the Governor entered into an agreement with the City and County of Milwaukee on the construction of the Sixth Street Bridge under which it was determined that the parties would use federal interstate cost estimate (ICE) funds for 85% of the cost of the design and construction of the bridge, estimated at \$60.0 million. State transportation funds and local funds would provide the remaining 15%, which is the matching percentage required for the use of the ICE funds. Under the agreement, the current-law cost sharing percentages for bridges approved prior to June 30, 1993 (75%/12.5%/12.5%), would apply to \$52.0 million of the \$60.0 million cost. The agreement, however, would require the local governments to pay 50% of the cost of the remaining \$8.0 million, which was determined to be the additional cost of nonessential design features of the bridge, while the state would pay the remaining 50% of that portion. This item would provide FED funds to reflect the use of ICE funds, provide SEG funds to provide the state's share of the match and provide SEG-L funds to reflect the local match. In addition, it would allow the bridge to be funded according to the funding shares specified in the agreement.

[Act 9 Section: 1820L]

**14. SIXTH STREET BRIDGE -- DESIGN-BUILD CONTRACT**

**Joint Finance/Legislature:** Permit DOT to enter into a design-build contract, defined as a contract under which the engineering, design and construction services for a project are provided by a single entity, for any bridge under the accelerated local bridge improvement program for which no contract for construction has been awarded prior to May 1, 1999, provided that: (a) the contract is awarded through a competitive selection process that utilizes, at a minimum, contractor qualifications, quality, completion time and cost as award criteria; (b) the contract is approved by the federal Department of Transportation; and (c) the contract is approved by the Governor. Specify that the contractor must be prequalified by DOT as a design consultant and as a contractor. Require DOT, not later than five years after the effective date of the bill, to submit a report to the Governor and Legislature describing the effectiveness of these design-build contracting procedures. The Sixth Street Bridge in Milwaukee is currently the only bridge to which this provision would apply.

[Act 9 Section: 1820k]

**15. LOCAL TRANSPORTATION FACILITY IMPROVEMENT ASSISTANCE**

FED	\$6,000,000
SEG-L	<u>1,500,000</u>
Total	\$7,500,000

**Joint Finance/Legislature:** Provide \$6,000,000 FED and \$1,500,000 SEG-L in 1999-00 in the local transportation facility improvement assistance appropriation for local highway projects that are eligible for federal highway aid. The SEG-L amount reflects the 20% local share for this program.

**16. LOCAL ROADS IMPROVEMENT PROGRAM -- TOWN ROAD DISCRETIONARY PROGRAM**

	<b>Jt. Finance (Chg. to Base)</b>	<b>Legislature (Chg. to JFC)</b>	<b>Net Change</b>
SEG	\$1,000,000	\$500,000	\$1,500,000
SEG-L	<u>1,000,000</u>	<u>500,000</u>	<u>1,500,000</u>
Total	\$2,000,000	\$1,000,000	\$3,000,000

**Joint Finance:** Provide \$1,000,000 SEG and \$1,000,000 SEG-L in 1999-00 for the local roads improvement program to fund an increase in the discretionary town road improvement (TRIP-D) component of the program. Require DOT to allocate \$1,500,000, instead of \$500,000, for the TRIP-D program in 1999-00. The annual set-aside for the TRIP-D program would remain at \$500,000 in 2000-01 and thereafter. The TRIP-D program provides funding for improvements with total costs of \$100,000 or more. The SEG-L amount reflects the 50% local share for this program.

**Senate:** Provide an additional \$1,000,000 SEG and \$1,000,000 SEG-L in 2000-01 for the TRIP-D program and require DOT to allocate \$1,500,000 annually for the program.

**Conference Committee/Legislature:** Provide an additional \$500,000 SEG and \$500,000 SEG-L in 1999-00 above the the amount provided by Joint Finance for the TRIP-D program. Require DOT to allocate \$2,000,000 in 1999-00 and \$500,000 in 2000-01, and annually thereafter (these allocations are reduced by \$75,000 annually in the 1999-01 biennium under Item #5 under "Local Transportation Aid").

[Act 9 Section: 1875f]

**17. LOCAL ROADS IMPROVEMENT PROGRAM -- MUNICIPAL STREET DISCRETIONARY PROGRAM**

SEG	\$2,000,000
SEG-L	<u>2,000,000</u>
Total	\$4,000,000

**Senate:** Provide \$1,500,000 SEG and \$1,500,000 SEG-L in 1999-00 and \$2,500,000 SEG and \$2,500,000 SEG-L in 2000-01 for the local roads improvement program to create a discretionary component of the municipal street improvement program (MSIP-D). Require DOT to allocate \$1,500,000 in 1999-00 and \$2,500,000 in 2000-01, and annually thereafter, for discretionary municipal street projects with a total estimated cost of at least \$250,000. Apply the current matching requirements under the local roads improvement program to this component. Require DOT to promulgate rules to administer the program. The SEG-L amounts reflect the 50% local share for this program.

**Conference Committee/Legislature:** Include the Senate provision to create a MSIP-D component, but provide \$1,250,000 SEG and \$1,250,000 SEG-L in 1999-00 and \$750,000 SEG and

\$750,000 SEG-L in 2000-01 and require DOT to allocate \$1,250,000 in 1999-00 and \$750,000 in 2000-01, and annually thereafter, for discretionary municipal street projects.

[Act 9 Sections: 1875cd, 1875ce, 1875di, 1875fd and 1875gc]

**18. LOCAL ROADS IMPROVEMENT PROGRAM -- BASIC ALLOCATION**

SEG	\$500,000
SEG-L	500,000
Total	\$1,000,000

**Assembly:** Provide \$3,100,000 SEG and \$3,100,000 SEG-L in 1999-00 for the formula component of the local roads improvement program. This would provide a \$1,333,000 increase for the county highway improvement program (CHIP) and \$883,500 increases for both the town road improvement program (TRIP) and the municipal street improvement program (MSIP). The SEG-L amount reflects the local match for the increased SEG funding.

**Conference Committee/Legislature:** Provide \$500,000 SEG and \$500,000 SEG-L in 1999-00 for the formula component of the local roads improvement program. This would provide a \$215,000 increase for CHIP and \$142,500 increases for both TRIP and MSIP.

**19. COUNTY HIGHWAY IMPROVEMENT PROGRAM -- PROJECTS DONE BY COUNTY HIGHWAY DEPARTMENTS**

**Assembly/Legislature:** Delete the following provisions that restrict the amount of work on county trunk highways that may be done by county highway departments under the county highway improvement program: (a) the provision that specifies that no improvement done by county highway departments may exceed \$100,000 in cost or 0.5% of the total amount of funds distributed to counties under the basic county formula component of the program, whichever is greater; (b) the provision that specifies that the work done by any county highway department may not exceed 40% of that county's highway improvements funded under the program; and (c) the provision that specifies that the work performed within any transportation district (the boundaries of which are specified by DOT by rule) by county highway departments within the district may not exceed 30% of the biennial amount allocated to counties for county trunk highway improvements in that district.

Instead, specify that county highway departments may do work under the basic county highway improvement program or the discretionary county highway improvement program if they demonstrate that doing so will be cost-effective, provided that each county highway department uses competitive bidding for projects with a combined total cost equal to at least the amount of state funds allocated to the county under the program during the biennium. In addition, eliminate the provision that requires each county highway improvement district committee to ensure compliance with the provisions related to the amount of work that may be done by county highway departments. Instead, require these committees to do the following: (a) review each project proposed to be done by a county highway department and determine if it

would be cost effective for the county highway department to perform the work; and (b) approve the proposed project prior to its being performed by the county highway department. Modify the membership of county highway improvement district committees to specify that they shall be composed of the highway commissioners from each county in the district, instead of not more than five county executives, or county board chairpersons in counties that do not have county executives, or their designees.

Require DOT to amend the administrative rule for the local roads improvement program to include: (a) criteria for determining whether a project can be done cost-effectively by county highway departments; and (b) procedures for review by DOT of disputes relating to whether proposed work to be performed by a county highway department is cost-effective.

Delete a provision that allows towns to contract with counties to perform work under the town road improvement program if they do not receive a responsible bid on a project. Instead, require DOT to amend the administrative rule for the program to include criteria and procedures for determining when a contract for a project under the town road improvement program may be awarded to a county, including, at a minimum: (a) a requirement that a written and sealed estimate of the cost of the improvement that includes the source of the estimate be prepared prior to the time set for the opening of bids for the improvement and not be opened until after the opening of all bids; (b) a requirement that all bids may be rejected and the contract awarded to a county for the improvement if the lowest bid exceeds the cost estimate by at least 10% and the town board notifies the lowest two bidders or, if only one bid was received, the single bidder, to provide information on the accuracy of the cost estimate; (c) a requirement that the amount of the contract with a county for the improvement be at least 10% below the lowest bid received for the improvement; and (d) a provision that permits rebidding if the amount of the proposed contract with a county for the improvement is less than 10% below the lowest bid received for the improvement.

Require DOT to promulgate emergency rules related to these provisions no later than 45 days after the effective date of the bill. Specify that these rules could be promulgated without providing evidence that the rules are necessary for the preservation of public peace, health, safety or welfare or a finding of an emergency. These emergency rules would remain in effect until July 1, 2000, or the date that permanent rules take effect, whichever is sooner. Further, require DOT to submit proposed permanent rules related to these provisions no later than the first day of the seventh month beginning after the effective date of the bill.

Specify that these provisions would first apply to bids solicited and to work performed by county highway departments on the effective date of the emergency rules promulgated by DOT.

**Veto by Governor [B-73]:** Delete the 45-day deadline for promulgating emergency rules.

[Act 9 Sections: 1875cb, 1875cg thru 1875dh, 1875gd, 1875ge, 9150(2bgm) and 9350(4mg)]

[Act 9 Vetoed Section: 9150(2bgm)]

**20. PASSENGER RAILROAD STATION IMPROVEMENT GRANT PROGRAM**

SEG	\$60,000
SEG-L	120,000
Total	\$180,000

**Joint Finance:** Provide \$60,000 SEG in 1999-00 a new, biennial appropriation for making grants for the construction or rehabilitation of passenger railroad stations along existing or proposed passenger rail routes. Specify that eligible applicants for this program include cities, villages, towns, counties or agencies of these local governments or private entities. Specify that the amount of the grant may not exceed: (a) one-third of the total cost of the project; and (b) \$60,000. Create a SEG-L appropriation to reflect the local match provided by grant recipients and provide \$120,000 SEG-L in 1999-00 in this appropriation. Prohibit DOT from awarding a grant to a local government under this program unless the local governing body has passed a resolution supporting the proposed project. Require DOT to promulgate rules for administering the grant program.

**Senate:** Delete provision.

**Conference Committee/Legislature:** Include Joint Finance provision.

**Veto by Governor [B-75]:** Delete the requirement for DOT to promulgate rules for administering the program. In his veto message, the Governor indicates that he is requesting the DOA secretary to place the \$60,000 in unallotted reserve until the Governor's Blue Ribbon Task Force on Passenger Rail Service issues its final report.

[Act 9 Sections: 345m, 345n and 1830j]

[Act 9 Vetoed Section: 1830j]

**21. AVIATION CAREER EDUCATION PROGRAM**

	Funding	Positions
SEG	\$90,000	1.00

**Joint Finance/Legislature:** Provide \$23,500 and 1.0 position in 1999-00 and \$66,500 and 1.0 position in 2000-01 in a new, annual appropriation for the aviation career education program and transfer \$71,800 annually from the aeronautics assistance SEG appropriation to this new appropriation. Require DOT to administer an aviation career education program to provide training and apprenticeship opportunities associated with aviation careers for socially and economically disadvantaged youth. DOT currently administers an aviation career education program under general statutory authority that requires the Department to formulate programs of aviation and



education and disseminate information regarding such programs in cooperation with educational institutions of the state. Under the program, DOT hires youths as limited-term employees to work in jobs with participating aviation employers. This item would transfer the existing base funding for the program to a new appropriation for the program, provide additional funding to increase the number of participants from 20 to 40 and create a permanent position to administer the program.

[Act 9 Sections: 346, 346c, 2039g and 2039h]

## 22. KINNICKINNIC RIVER BIKE TRAIL IN MILWAUKEE

**Joint Finance/Legislature:** Require DOT to approve funding for a project known as the Kinnickinnic River Bike Trail in the City of Milwaukee before approving any other project for funding in the congestion mitigation and air quality (CMAQ) improvement program, provided that the project is eligible for funding under the program. The estimated cost of this project is \$2.6 million. This item would require DOT to allocate \$2.1 million to fund the 80% federal share of this project. The CMAQ FED appropriation would be funded at \$12,498,500 annually, which is the base level for this appropriation.

**Veto by Governor [B-71]:** Delete the requirement that funding for this project must be approved before the approval of any other project.

[Act 9 Section: 9150(3g)]

[Act 9 Vetoed Section: 9150(3g)]

## 23. RAILROAD CROSSING IMPROVEMENTS

SEG	\$500,000
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**Senate/Legislature:** Provide \$250,000 annually in DOT's railroad crossing improvement and protection installation appropriation for railroad crossing improvement projects ordered by the Office of the Commissioner of Railroads (OCR).

**Veto by Governor [B-76]:** Although his partial veto did not directly affect this provision, in his veto message the Governor requested the DOA Secretary to place the \$250,000 annual increase in unallotted reserve until DOT and OCR complete a review of railroad crossing projects ordered by OCR.

## 24. RAILROAD CROSSING GATES AT SPECIFIC LOCATIONS

**Joint Finance:** Require DOT to allocate \$287,100, from the Department's SEG and FED railroad crossing improvement appropriations, for the installation of railroad crossing gates at the following intersections with the Wisconsin Central Railroad tracks in the City of Stevens

Point: (a) West Clark Street; and (b) Water Street. Require the City of Stevens Point to pay at least 10% of the cost of installing these railroad crossing gates.

Require DOT, from the Department's SEG and FED railroad crossing improvement appropriations, to fund the cost of installing railroad crossing gates at the intersection of the Canadian Pacific Railroad tracks and Swarthout Road, northwest of the Village of Fall River in Columbia County. The installation of railroad crossing gates typically costs about \$130,000.

Total funding for the Department's SEG and FED railroad crossing improvement appropriations would be \$3,999,300 annually, which is the base for these appropriations.

**Senate:** Provide \$287,100 in 1999-00 in DOT's railroad crossing installation appropriation for the Stevens Point crossings.

**Conference Committee/Legislature:** Include Joint Finance provision.

**Veto by Governor [B-76]:** Delete the requirement that DOT allocate funding for the Stevens Point crossings.

[Act 9 Sections: 346m, 346q and 9150(9g)]

[Act 9 Vetoed Section: 9150(9g)]

## 25. FLAMBEAU RIVER RECREATION BRIDGE IN PARK FALLS

**Joint Finance/Legislature:** Require DOT to allocate \$190,400 FED in the 1999-01 biennium from the transportation enhancements appropriation for the Flambeau River Recreational Bridge project in the City of Park Falls. The transportation enhancements FED appropriation would be funded at \$6,248,000 annually, which is the base level for this appropriation.

**Veto by Governor [B-71]:** Delete the amount that DOT must allocate. As vetoed, the section reads, in part, "...the department shall allocate in the 1999-2001 fiscal biennium to the City of Park Falls for the Flambeau River Recreational Bridge project."

[Act 9 Section: 9150(2g)]

[Act 9 Vetoed Section: 9150(2g)]

## 26. LITTLE LAKE BUTTE DES MORTS TRESTLE TRAIL CAUSEWAY IN MENASHA

**Joint Finance/Legislature:** Require DOT to allocate \$80,000 FED in the 1999-01 biennium from the transportation enhancements appropriation for the Little Lake Butte des Morts Trestle Trail Causeway project in the City of Menasha. Specify that the amount provided for this project by DOT may not exceed 50% of the cost of the project. The transportation enhancements

FED appropriation would be funded at \$6,248,000 annually, which is the base level for this appropriation.

[Act 9 Section: 9150(2h)]

## **27. AIRPORT PERIMETER FENCING**

**Joint Finance:** Require DOT to provide a 20% SEG match for any federal funds received during the 1999-01 biennium for the construction of airport perimeter fencing.

**Assembly:** Delete provision.

**Conference Committee/Legislature:** Include Joint Finance provision.

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

[Act 9 Vetoed Section: 9150(7d)]

## **28. ALLOCATION OF FEDERAL HAZARD ELIMINATION FUNDS**

**Joint Finance/Legislature:** Require DOT, when allocating federal hazard elimination safety funds, to consider the reduction in motor vehicle accidents that will result from proposed projects, except that if the proposed project will reduce the response time of emergency vehicles, the Department shall consider both the reduction in motor vehicle accidents that will result and the public safety benefits that will result from a reduction in the response time of emergency vehicles.

[Act 9 Sections: 1830p and 1830q]

## **29. BROWNFIELDS -- PROMOTION OF TRANSPORTATION PROGRAMS FOR REDEVELOPMENT**

**Joint Finance/Legislature:** Require DOT to promote the following programs in a manner that ensures that the programs assist the restoration of the environment and the redevelopment of brownfields to the greatest extent possible: (a) programs funded from the local transportation facility improvement assistance appropriation; (b) the transportation facilities economic assistance and development program; (c) the transportation enhancements program; and (d) the transportation infrastructure loan program.

**Veto by Governor [B-39]:** Delete provision.

[Act 9 Vetoed Sections: 1820m, 1830gd, 1854m and 1855L]

### 30. RESTRICTIONS RELATED TO LIGHT RAIL TRANSIT

**Assembly:** Prohibit DOT from providing mass transit operating assistance for rail transportation services, unless the rail service is provided by Amtrak, or is being constructed on the effective date of the bill and is providing service on or before April 1, 2000. Further, except for any rail service that is being constructed on the effective date of the bill, prohibit DOT from expending any state funds for any purpose related to "light rail."

Under current law, any county or municipality (or authority or agency thereof) that creates new, or increases existing, rail transportation service for the purposes of mass transit would be eligible for state mass transit operating assistance to cover a portion of the operating costs of that service. This provision would prohibit a county or municipality that creates a rail transportation service that is not under construction on the effective date of the bill and providing service by April 1, 2000, from receiving state operating assistance for that service. The Kenosha "light rail" system currently under construction would only be eligible for mass transit operating assistance if the system begins providing service prior to April 1, 2000.

Further, prohibit construction of a light rail system in Milwaukee County, unless prior approval for the development of that light rail system is obtained in a countywide referendum. Specify that the referendum vote must be scheduled to coincide with the next general election held in November of an even-numbered year.

**Conference Committee/Legislature:** Prohibit any mass transit authority, governing body of any county, city, village or town or any agency, corporation, instrumentality or subunit of a county, city, village or town from entering into a contract for any purpose related to a light rail mass transit system, prior to July 1, 2001, if the cost of any of the contracted items would be paid for or reimbursed by federal interstate cost estimate (ICE) funds or funds received from the state. Prohibit DOT from expending or encumbering any federal ICE funds or state funds for any purpose related to a light rail mass transit system, prior to July 1, 2001. Specify that these restrictions do not apply to the following: (a) a light rail mass transit system under construction on the effective date of the bill; and (b) funds expended or activity related to a mass transit system that is done under the memorandum of agreement concerning USH 12 between Middleton and Lake Delton, that was executed by the Governor, the Secretary of Transportation, the Secretary of Natural Resources, the county executive of Dane County, the administrative coordinator of Sauk County, and others, and that became effective on April 22, 1999.

[Act 9 Sections: 1642m, 1849gm and 9150(3bm)]

**31. APPROVAL OF TRANSPORTATION ENHANCEMENTS AND SURFACE TRANSPORTATION DISCRETIONARY GRANTS**

**Assembly/Legislature:** Prohibit DOT from approving grants under the transportation enhancements and surface transportation discretionary grant programs until after the enactment of the biennial budget act for the biennium in which the grants will be awarded, first applying to projects funded under the appropriations for these programs in the 2001-03 biennium. Specify that DOT may not approve grants for projects under these programs exceeding the amounts provided by the biennial budget act, except that DOT may approve additional grants to replace other projects if the Department determines that these other projects will not be completed within a reasonable time after the grant is awarded.

**Veto by Governor [B-70]:** Delete provision.

[Act 9 Vetoes Sections: 1830gb, 1852f, 1852gd and 9350(4z)]

**32. CONTRACTING OF PROJECTS BY LOCAL GOVERNMENTS**

**Assembly:** Delete a current law provision that permits DOT to designate the governing body of a city, county, village or town as the Department's agent on behalf of the state to perform the bidding and contracting responsibilities associated with a highway improvement project, first applying to bids solicited on the bill's general effective date.

**Conference Committee/Legislature:** Delete provision.

**33. BICYCLE AND PEDESTRIAN APPROPRIATION**

FED	-\$19,510,000
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**Conference Committee/Legislature:** Provide \$9,755,000 FED annually in a new appropriation for bicycle and pedestrian facilities grants and reduce funding by an equal amount, as follows: (a) \$4,998,400 FED annually from the transportation enhancements appropriation; (b) \$3,124,600 FED annually from the congestion mitigation and air quality improvement appropriation; and (c) \$1,632,000 FED annually from the surface transportation discretionary grants appropriation. Specify that grants made from the transportation enhancements program, the congestion mitigation and air quality improvement program, the surface transportation discretionary grants program and the bicycle and pedestrian facilities program that are for the planning, design or construction of bicycle and pedestrian facilities must be made from the new bicycle and pedestrian facilities appropriation. Specify that the total amount of grants awarded from these programs in any fiscal year may not exceed \$9,755,000, except that if the Department determines that a grant was awarded for a project on which construction will not be completed within a reasonable time after the grant was awarded, the Department may withdraw the grant and not count the amount of the grant against this limit. Specify that grants for bicycle and pedestrian facilities awarded prior to the effective date of the bill, but not yet paid, must be included in determining the amount of grants

that may be made for 1999-00 and 2000-01, unless DOT determines that construction on a project for which a grant was awarded will not be completed within a reasonable time and DOT withdraws the grant.

**Veto by Governor [B-72]:** Delete provision. In his veto message, the Governor indicates that he is requesting that the Secretary of DOA restore funding through the allotment process for the three programs that were reduced by this item.

[Act 9 Vetoed Sections: 172 (as it relates to s. 395(2)(ox)), 346t, 346w, 346y, 347d, 1830, 1830gd, 1830gc, 1852g, 1852j, 1852k and 9150(10z)]

## State Highway Program

### 1. STATE HIGHWAY REHABILITATION [LFB Paper 945]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
FED	\$22,758,400	\$20,497,300	\$371,300	\$43,627,000
SEG	0	- 13,797,300	- 371,300	- 14,168,600
Total	\$22,758,400	\$6,700,000	\$0	\$29,458,400

**Governor:** Provide \$6,605,100 in 1999-00 and \$16,153,300 in 2000-01 to provide increases of 1.2% and 1.8%, respectively, for the state highway rehabilitation program.

The following table shows the funding for the program by funding source. The FED increases reflect the funding provided by this item. The SEG decreases reflect the net of the following: (a) standard budget adjustments (-\$451,700 in 1999-00 and -\$472,900 in 2000-01); (b) a separate item that would transfer funds to the highway administration appropriation (-\$382,100 in 1999-00 and -\$370,800 in 2000-01) to fund some of the costs of complying with new federal stormwater management regulations; and (c) a separate item that would provide funds (\$15,800 annually) that would then be transferred to the public safety radio management PR appropriation to provide the state highway program's share of an increase in funding provided by the bill for the public safety radio management program.

Fund	1998-99 Base*	Governor		Biennial Total
		1999-00	2000-01	
SEG	\$256,751,300	\$255,933,300	\$255,923,400	\$511,856,700
FED	<u>276,675,000</u>	<u>283,280,100</u>	<u>292,828,300</u>	<u>576,108,400</u>
TOTAL	\$533,426,300	\$539,213,400	\$548,751,700	\$1,087,965,100

\* Includes \$73,710,300 FED that was provided by DOT's plan for allocating additional 1999 federal aid, approved by the Joint Committee on Finance at its December meeting under s. 13.10.

The amount shown in the FED appropriation in 1998-99 includes \$2,266,300 that was provided by the 1997-99 biennial budget act to estimate funds that the state was expected to receive to perform preliminary engineering for the East-West Corridor reconstruction project in Milwaukee and Waukesha counties. DOT decided not to do this preliminary engineering and so did not seek or receive this \$2,266,300 in federal funding, which would have come from a special category of funds that was reserved for the East-West Corridor project. Although the funding provided by the bill is expressed as an increase over a base that includes this special category of funding, the FED amounts provided for the rehabilitation program in 1999-00 and 2000-01 include only funding from the main federal highway aid program.

**Joint Finance:** Provide an additional \$12,110,100 FED and delete \$5,410,100 SEG in 1999-00 and provide an additional \$8,387,200 FED and delete \$8,387,200 SEG in 2000-01. The total change to the Governor would be an increase of \$6,700,000 in 1999-00 and the total above-base increase for the program under this item would be \$13,305,100 in 1999-00 and \$16,153,300 in 2000-01, which would provide annual increases of 2.5% in 1999-00 and 0.5% in 2000-01.

The following table compares the total funding provided for the program under the bill and under the Joint Finance Committee's substitute amendment. The amounts reflect this item and a separate item that would provide \$160,800 SEG in 1999-00 for the construction of sidewalks along STH 54 in Portage County.

<u>Fund</u>	<u>Governor</u>		<u>Joint Finance</u>	
	<u>1999-00</u>	<u>2000-01</u>	<u>1999-00</u>	<u>2000-01</u>
SEG	\$255,933,300	\$255,923,400	\$250,684,000	\$247,536,200
FED	<u>283,280,100</u>	<u>292,828,300</u>	<u>295,390,200</u>	<u>301,215,500</u>
TOTAL	\$539,213,400	\$548,751,700	\$546,074,200	\$548,751,700

**Assembly:** Decrease funding by \$1,800,000 SEG in 1999-00 and increase funding by \$1,800,000 SEG in 2000-01.

**Conference Committee/Legislature:** Decrease funding by \$1,271,300 SEG in 1999-00 and increase funding by \$371,300 FED in 1999-00 and \$900,000 SEG in 2000-01 to reflect a shift of \$900,000 SEG from 1999-00 to 2000-01 and the conversion of \$371,300 in 1999-00 from SEG funding to FED funding.

The following table compares the total funding provided by the Joint Committee on Finance substitute amendment with the funding provided by the act.

Fund	Joint Finance		Conf. Committee/Legislature	
	1999-00	2000-01	1999-00	2000-01
SEG	\$250,684,000	\$247,536,200	\$249,412,700	\$248,436,200
FED	<u>295,390,200</u>	<u>301,215,500</u>	<u>295,761,500</u>	<u>301,215,500</u>
TOTAL	\$546,074,200	\$548,751,700	\$545,174,200	\$549,651,700

2. MAJOR HIGHWAY DEVELOPMENT -- FUNDING LEVEL [LFB Paper 946]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG	\$8,266,400	\$400,000	-\$6,419,600	\$2,246,800
FED	4,036,400	0	0	4,036,400
SEG-S	<u>6,546,900</u>	<u>5,500,000</u>	<u>6,419,600</u>	<u>18,466,500</u>
Total	\$18,849,700	\$5,900,000	\$0	\$24,749,700

**Governor:** Provide \$1,838,000 SEG, \$1,708,000 FED and \$2,675,000 SEG-S (revenue bond proceeds) in 1999-00 and \$6,428,400 SEG, \$2,328,400 FED and \$3,871,900 SEG-S in 2000-01 to provide 3% annual inflationary increases for the major highway development program. Revenue bond proceeds would provide 53% of the total funding in 1999-00 and 52% of the total funding in 2000-01. The total increases would be \$6,221,000 in 1999-00 and \$12,628,700 in 2000-01.

The following table shows the proposed funding for the program by funding source. The funding in each year of the biennium reflects the net effect of this item, plus the following: (a) standard budget adjustments (-\$60,800 SEG annually); and (b) a separate item that would transfer funds to the highway administration appropriation (-\$61,200 SEG in 1999-00 and -\$59,400 SEG in 2000-01) to fund some of the costs of complying with new federal stormwater management regulations.

Fund	1998-99	Governor		Biennial Total
	Base*	1999-00	2000-01	
SEG	\$41,350,000	\$43,066,000	\$47,658,200	\$90,724,200
FED	55,620,100	57,328,100	57,948,500	115,276,600
Bonding	<u>110,535,300</u>	<u>113,210,300</u>	<u>114,407,200</u>	<u>227,617,500</u>
Total	\$207,505,400	\$213,604,400	\$220,013,900	\$433,618,300

\* Includes \$14,685,000 FED that was provided by DOT's plan for allocating additional 1999 federal aid, approved by the Joint Committee on Finance at its December meeting under s. 13.10.



**Joint Finance:** Provide an additional \$5,900,000 SEG in 1999-00 and \$5,500,000 SEG-S in 2000-01 and delete \$5,500,000 SEG in 2000-01. The total, above-base increase for the program under this item would be \$12,121,000 in 1999-00 and \$12,628,700 in 2000-01, which would provide annual increases of 5.8% in 1999-00 and 0.2% in 2000-01.

The following table compares the total funding provided for the program under the bill and under the Joint Finance Committee's substitute amendment.

<u>Fund</u>	<u>Governor</u>		<u>Joint Finance</u>	
	<u>1999-00</u>	<u>2000-01</u>	<u>1999-00</u>	<u>2000-01</u>
SEG	\$43,066,000	\$47,658,200	\$48,966,000	\$42,158,200
FED	57,328,100	57,948,500	57,328,100	57,948,500
Bonding	<u>113,210,300</u>	<u>114,407,200</u>	<u>113,210,300</u>	<u>119,907,200</u>
Total	\$213,604,400	\$220,013,900	\$219,504,400	\$220,013,900

**Assembly:** Provide an additional \$3,300,000 SEG and delete \$3,300,000 SEG-S in 2000-01. This would fund 53.0% of the program in 2000-01, instead of 54.5% under Joint Finance with bond proceeds.

**Senate:** Delete \$7,517,100 SEG and provide \$7,517,100 SEG-S in 1999-00 and delete \$1,100,400 SEG and provide \$1,100,400 SEG-S in 2000-01. This would fund 55% of the program with bond proceeds each year.

**Conference Committee/Legislature:** Delete \$6,419,600 SEG and provide \$6,419,600 SEG-S in 1999-00, which would maintain the same total funding for the program as Joint Finance, but would fund 54.5% of the program with bond proceeds each year.

The following table compares the total funding provided for the program under the Joint Finance Committee's substitute amendment and under the act.

<u>Fund</u>	<u>Joint Finance</u>		<u>Conf. Committee/Legislature</u>	
	<u>1999-00</u>	<u>2000-01</u>	<u>1999-00</u>	<u>2000-01</u>
SEG	\$48,966,000	\$42,158,200	\$42,546,400	\$42,158,200
FED	57,328,100	57,948,500	57,328,100	57,948,500
Bonding	<u>113,210,300</u>	<u>119,907,200</u>	<u>119,629,900</u>	<u>119,907,200</u>
Total	\$219,504,400	\$220,013,900	\$219,504,400	\$220,013,900

### 3. MAJOR HIGHWAY DEVELOPMENT -- PROJECT ENUMERATION

**Governor:** Enumerate the following project in the statutes as a major highway development project: USH 41 from 1.5 miles south of Frog Pond Road in Oconto County to 1.3 miles north of Schacht Road in Marinette County (between the cities of Oconto and Peshtigo). Depending upon which route would be used in constructing this project, the estimated cost ranges from \$48 million to \$79 million.

**Assembly/Senate/Legislature:** Enumerate STH 23 between STH 67 near Plymouth and USH 41 in Fond du Lac in Sheboygan and Fond du Lac counties as a major highway development project.

[Act 9 Sections: 1818w and 1819]

### 4. TRANSPORTATION PROJECTS COMMISSION

**Joint Finance/Legislature:** Prohibit DOT from preparing an environmental impact statement or an environmental assessment for a potential major highway development project unless the Department has been notified by the Transportation Projects Commission (TPC) that the Commission has approved the potential project for preparation of an environmental impact statement or an environmental assessment, first applying to projects for which DOT commences preliminary engineering or design work or studies on April 1, 2000.

Require DOT to: (a) not later than October 15 of each odd-numbered year, provide a list of potential major highway projects, including those that the Department has initially determined may be recommended to the TPC for approval for preparation of an environmental impact statement or an environmental assessment; and (b) not later than March 15 of each even-numbered year, report to the TPC the potential major highway development projects that the Department recommends be approved for preparation of an environmental impact statement or an environmental assessment. Specify that the TPC may conduct public hearings on potential major highway projects.

Require the TPC, not later than April 15 of each even-numbered year, to notify DOT of those potential major highway projects that the TPC approves for preparation of an environmental impact statement or an environmental assessment or to notify DOT that it does not approve any potential major highway projects for preparation of an environmental impact statement or an environmental assessment.

[Act 9 Sections: 3jm, 1819c, 1830h and 9350(2m)]

**5. STATE HIGHWAY MAINTENANCE AND TRAFFIC OPERATIONS [LFB Paper 947]**

SEG	\$15,412,000
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**Governor:** Provide \$3,626,700 in 1999-00 and \$11,785,300 in 2000-01 for highway maintenance and traffic operations. This would provide increases of 2.8% in 1999-00 and 6.1% in 2000-01, calculated on a base that excludes costs related to salaries and fringe benefits for state employees.

**Joint Finance/Legislature:** Provide \$4,079,300 in 1999-00 and delete \$4,079,300 in 2000-01 to provide an above-base increase of \$7,706,000 annually. This would amount to an increase of 5.9% in 1999-00 with no further increase in 2000-01.

**6. OUTDOOR ADVERTISING SIGN INVENTORY SYSTEM [LFB Paper 948]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$1,650,700	-\$1,140,700	\$510,000
SEG	\$510,000	\$0	\$510,000

**Governor:** Provide \$510,000 in 2000-01 for the procurement of an inventory system for outdoor advertising signs along highways eligible for federal aid. DOT would contract with a vendor to create and maintain the electronic sign database, which would replace the existing system that relies on a paper card file maintained in each district office. The Department indicates that it intends to increase sign permit fees and create an annual renewal fee by administrative rule, which would produce an estimated \$1,650,700 in revenue on an annual basis, beginning in 2000-01. (The bill would not make the changes to sign permit fees that would be needed to generate the revenue, but does reflect the revenue.) There is currently no annual renewal fee for sign permits. The current permit issuance fee, which is established by administrative rule, depends upon the size of the sign and ranges from \$5 to \$100.

**Joint Finance/Legislature:** Permit DOT to establish, by rule, an annual sign permit renewal fee. Specify that the failure to pay any permit renewal fee established by DOT within two months of the date on which the payment is due is evidence that the sign has been abandoned.

Require DOT to design a permit renewal fee to collect not more than \$510,000 in 2000-01, if DOT promulgates a rule establishing such a fee during the 1999-01 biennium. Reduce estimated transportation fund revenue by \$1,140,700 in 2000-01 to reflect the limitation on sign permit renewal revenue.

[Act 9 Sections: 1824f and 9150(3m)]

## 7. OUTDOOR ADVERTISING ELIGIBILITY CHANGE

**Governor/Legislature:** Specify that, with respect to regulation of outdoor advertising, uses of real property that are authorized by special zoning permission, including uses by conditional use, special exception, zoning variance or conditional permit, may not be considered when determining whether an area is a business area. Under current law, the placement of outdoor signs in areas along federal-aid highways that are outside of areas defined as business areas is generally prohibited. This modification narrows the definition of a business area by excluding areas that are zoned to allow business, industrial or commercial uses only as a conditional use, which would restrict the areas for which DOT may issue sign permits. Prior to a 1986 Court of Appeals decision, DOT did not issue permits in these cases. Due to the decision, however, DOT determined that permits could not be denied for signs in these areas. Recently, the Federal Highway Administration (FHWA) indicated that DOT's practice of issuing permits for these areas is not in compliance with federal law. DOT indicates, therefore, that this change is necessary for the state to be in compliance with federal law. A sanction equal to 10% of the amount the state receives in the principal federal highway aid programs could be imposed by FHWA, which in federal fiscal year 1999 would have amounted to about \$37.0 million.

[Act 9 Section: 1821]

## 8. REGULATION OF ON-PROPERTY OUTDOOR ADVERTISING SIGNS

SEG-REV	- \$16,300
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**Governor/Legislature:** Eliminate restrictions on the allowed number and size of signs that advertise activities conducted on the property on which the signs are located (on-property signs) and which are located outside an incorporated area and adjacent to interstate highways or highways on the federal aid system.

Specify that no on-property sign may be erected where it constitutes a traffic hazard. Specify that on-property signs may be illuminated, except that the following signs are prohibited: (a) signs that contain, include or are illuminated by any flashing, intermittent or moving light or lights, except electronic signs permitted by rule; (b) signs that are not effectively shielded as to prevent beams or rays of light from being directed at any portion of the traveled ways of the interstate or federal-aid primary highway and that are of such intensity or brilliance as to cause glare or to impair the vision of the driver of any motor vehicle, or which otherwise interfere with any driver's operation of a motor vehicle; and (c) signs that are illuminated such that they obscure or interfere with the effectiveness of an official traffic sign, device or signal.

Specify that DOT is not required to issue permits for on-property signs that conform to these requirements as long as the Department issues permits for other outdoor advertising signs. Reduce estimated transportation fund revenue by \$7,800 in 1999-00 and \$8,500 in 2000-01 to reflect DOT's intent to stop issuing these permits.

[Act 9 Sections: 1822 thru 1824]

**9. TRAFFIC OPERATIONS CENTER**

FED	\$628,000
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**Governor/Legislature:** Provide \$314,000 FED annually in the highway maintenance and traffic operations appropriation for the traffic operations center (TOC) to replace the same amount of SEG funds in order to pay 80% of the salary and fringe benefit costs of TOC employees with federal funds instead of SEG funds. Currently, all of the salary and fringe benefit costs for permanent staff associated with the TOC are paid with SEG funds, while 80% of the operations of the TOC are paid with FED funds and 20% are paid with SEG funds. This item would make the payment of the TOC's salary and fringe benefit costs consistent with the payment of the TOC's operations costs. The traffic operations center operates the traffic cameras and monitors, variable message signs and ramp meters on the Milwaukee area freeway system and serves as an emergency vehicle dispatcher in the event of an accident. The bill would not reduce the SEG funds that are currently being used for the TOC's salary and fringe benefit costs, which would allow these funds to be used in the principal highway maintenance and traffic operations program.

**10. TRANSFER TO FUND PLANNING GRANTS TO LOCAL GOVERNMENTS [LFB Paper 949]**

**Governor:** Specify that DOT's highway administration and planning FED appropriation may be used to transfer funding to a new, DOA appropriation for making planning grants to local governmental units. Transfer \$1,000,000 FED annually from the DOT appropriation to the DOA appropriation. Under the bill, the amount of funding in DOT's highway administration and planning FED appropriation is \$5,700,400 annually. Additional funding would not be provided to make the transfer to DOA's appropriation, so DOT would have to reduce funding for activities currently funded through this appropriation, which is primarily used for transportation research and statewide transportation planning. Federal law requires each state to designate one agency to administer federal highway aid. Since DOT is the designated agency for Wisconsin, the DOT Secretary would have to approve all grants made by DOA under this program. The creation of the new DOA appropriation and the grant program are summarized in a separate item under "Administration."

**Joint Finance:** Specify that grants funded with the transferred FED could only be made for purposes related to the transportation element of a comprehensive plan.

**Assembly:** Delete provision.

**Conference Committee/Legislature:** Include Joint Finance provision.

[Act 9 Section: 352]

## 11. STORMWATER MANAGEMENT

**Governor:** Transfer \$443,300 SEG in 1999-00 and \$430,200 SEG in 2000-01 from the state highway rehabilitation (\$382,100 in 1999-00 and \$370,800 in 2000-01) and major highway development (\$61,200 in 1999-00 and \$59,400 in 2000-01) programs to the highway administration and planning appropriation for administrative costs related to the implementation of a cooperative agreement between DOT and DNR regarding stormwater management.

New federal rules, which are expected to take effect in October, 1999, would expand the number of cities in which stormwater management is required and would require state highway agencies, as well as the affected municipalities, to comply with the regulations. The agreement would allow DOT to be in compliance with the rules by following certain standard practices in those cities, rather than seeking stormwater permits for individual sites. The practices include: (a) reaching agreements with municipalities to coordinate pollution control practices and pollution monitoring; (b) producing storm sewer system maps of DOT facilities (primarily state highways and bridges); (c) screening for illicit discharges originating from DOT facilities; (d) performing maintenance activities, such as street sweeping, designed to minimize pollutants in stormwater runoff; (e) periodically sampling and testing runoff at selected sites; (f) keeping records of pollutant concentrations in stormwater runoff and calculating the amount of pollutants attributable to runoff from DOT facilities; and (g) submitting an annual report to DNR that evaluates the stormwater management program and summarizes the monitoring data.

In addition to the costs related to administration, DOT indicates that the agreement, which also requires the Department to install structural stormwater management controls in conjunction with highway construction projects, will add to the cost of projects in regulated areas. These costs are estimated at \$5,122,400 in 1999-00 and \$5,790,000 in 2000-01.

**Assembly/Legislature:** Require DOT to allocate \$750,000 in 1999-00 and \$850,000 in 2000-01 from the major highway development program and \$4,900,000 in 1999-00 and \$5,400,000 in 2000-01 from the state highway rehabilitation program for costs related to complying with stormwater regulations.

[Act 9 Section: 9150(10c)]

## 12. TRANSFER PAVEMENT MARKING POSITIONS TO PLANNING

**Governor/Legislature:** Transfer \$430,100 SEG annually from the maintenance and traffic operations appropriation to the highway administration and planning appropriation to reflect the conversion of 12.0 pavement marking positions to transportation planning positions in transportation district offices in Green Bay, Madison and Waukesha. The new planning positions would be assigned to work with local and regional planners and perform activities related to the following: (a) multimodal planning and corridor studies; (b) programming for transit, rail, harbor and aeronautics projects; (c) highway systems management; and (d) transportation data collection and analysis. DOT indicates that the functions previously performed by the pavement marking employees will be done with remaining pavement marking positions and through contracting with private firms or counties using reallocated base funds.

## 13. SCENIC BYWAYS PROGRAM

**Governor/Legislature:** Require DOT to develop, implement and administer a program to designate highways or portions of highways in the state that have outstanding scenic, historic, cultural, natural, recreational or archeological qualities as scenic byways. Permit DOT to seek designation by the federal government of a highway designated as a scenic byway by the state as a national scenic byway or as an All-American Road. Require DOT to promulgate rules for the program that are consistent with the federal scenic byways program. Specify that state, local or federal funds appropriated for state highway maintenance and traffic operations can be used for the program. Eliminate obsolete statutory language, inserted by 1997 Act 27, that allowed a one-time grant for the Cassville ferry to be made from the state highway maintenance and traffic operations appropriation.

Under federal law, a state must have a scenic byways program in order to be eligible for federal discretionary grants under the federal scenic byways program, or to have highways designated as federal scenic byways. Grants under the federal program, which may cover up to 80% of the cost of a project, may be used for activities such as the development of a state scenic byways program, safety improvements on scenic byways, the construction of bicycle and pedestrian lanes, rest areas, overlooks or passing lanes along or adjacent to scenic byways, and the development of a scenic byways marketing program.

[Act 9 Sections: 349 thru 351 and 1820]

**14. COMPENSATION RESERVES FOR HIGHWAY PROGRAMS [LFB Papers 945 and 946]**

SEG-Reserves - \$1,013,300
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**Joint Finance/Legislature:** Reduce transportation fund compensation reserves by \$289,500 in 1999-00 and \$723,800 in 2000-01. Specify that DOT cannot use compensation reserves to provide compensation supplements for any position funded from the state highway rehabilitation and major highway development SEG appropriations, except for any supplement that exceeds the following, as determined by the Secretary of the Department of Administration: (a) 2.5% in 1999-00 and 3.0% in 2000-01 above the amount established for state highway rehabilitation positions in 1998-99; and (b) 5.8% in 1999-00 and 6.1% in 2000-01 above the amount established for major highway development positions in 1998-99. This item would fund compensation increases from the funding increases for these programs, up to the percentage increases provided for each program.

[Act 9 Section: 9150(2c)]

**15. SIDEWALKS ALONG STH 54 IN WOOD COUNTY**

SEG	\$160,800
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**Joint Finance/Legislature:** Provide \$160,800 in 1999-00 in the state highway rehabilitation program for the installation of sidewalks along both sides of STH 54 northeast of Wisconsin Rapids between 32<sup>nd</sup> and 48<sup>th</sup> streets and require DOT to install sidewalks at this location.

[Act 9 Section: 9150(8g)]

**16. RECONSTRUCTION OF STH 59 IN WAUKESHA COUNTY**

**Joint Finance:** Permit DOT to reconstruct STH 59 to add lanes between STH 164 on the eastern edge of the City of Waukesha and 124<sup>th</sup> Street at the eastern Waukesha County line, notwithstanding a statutory provision that prohibits the Department from, within any six-year period, constructing a highway project consisting of separate, contiguous projects, which do not individually qualify as major highway projects, but which in their entirety would constitute a major highway development project.

**Senate:** Delete provision.

**Conference Committee/Legislature:** Include Joint Finance provision.

[Act 9 Sections: 1819d and 1819e]



**17. MUKWONAGO BYPASS**

**Assembly/Legislature:** Require DOT to conduct the bid letting for the contracts for construction of all of the following portions of the Mukwonago Bypass project in July, 2001: (a) the Bay View Road extension; (b) interchange improvements at the intersection of I-43 and STH 83; and (c) intersection improvements at the intersection of STH 83 and CTH NN.

[Act 9 Section: 9150(6f)]

**18. NOISE BARRIERS ALONG I-94 IN MILWAUKEE COUNTY**

**Senate:** Require DOT to install noise barriers along the western side of I-94, between Grange Avenue and Ramsey Avenue, in Milwaukee County. Require the Department to allocate funds from the STH rehabilitation program to pay for this installation.

**Conference Committee/Legislature:** Delete provision.

**19. USH 63 BOX CULVERT IN POLK COUNTY**

**Conference Committee/Legislature:** Require DOT to replace the railroad grade crossing under USH 63 near the Village of Clear Lake in Polk County with a box culvert of dimensions sufficient to accommodate the comfortable passage of snowmobiles under the highway. Require DOT to fund the project from the state highway rehabilitation SEG appropriation.

**Veto by Governor [B-81]:** Delete the requirement that the project be funded from the state highway rehabilitation SEG appropriation. In his veto message, the Governor indicates that he is requesting DOT to work with the Department of Natural Resources to reach an equitable cost-sharing agreement for this project between highway and snowmobile users.

[Act 9 Section: 9150(2i)]

[Act 9 Vetoed Section: 9150(2i)]

**20. TRAFFIC SIGNALS IN ST. CROIX FALLS**

**Joint Finance/Legislature:** Require DOT to install traffic signals at the intersection of USH 8 and 218<sup>th</sup> Street in the City of St. Croix Falls in Polk County.

[Act 9 Section: 9150(7f)]

**21. TRAFFIC SIGNALS FOR STH 35 AND STH 70 IN SIREN**

**Assembly/Legislature:** Require DOT to install traffic signals at the intersection of STH 35 and STH 70 in the Village of Siren in Burnett County. Specify that, if DOT reconstructs STH 35 at this intersection during 2000, the Department shall install traffic signals in conjunction with this project.

[Act 9 Section: 9150(10x)]

**22. TRAFFIC SIGNALS ON USH 51 IN ROCK COUNTY**

**Senate/Legislature:** Require DOT to let a contract for the installation of traffic signals at the intersection of USH 51 and Townline Road in Rock County by April 1, 2001.

[Act 9 Section: 9150(10d)]

**23. TRAFFIC SIGNALS IN SOUTH MILWAUKEE**

**Senate/Legislature:** Require DOT to install traffic signals at the intersection of STH 32 and Columbia Avenue in the City of South Milwaukee.

[Act 9 Section: 9150(10t)]

**24. MEEHAN STATION HISTORICAL SITE**

**Joint Finance/Legislature:** Require DOT to allocate up to \$14,900 in 1999-00 from the state highway rehabilitation SEG appropriation for directional signs, an historical marker, land acquisition activities, landscaping and historic information materials related to the Meehan Station historical site located six miles west of Plover in Portage County off of STH 54.

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

[Act 9 Vetoed Sections: 348 and 9150(7e)]

**25. SIGNS FOR THE HARTFORD HERITAGE AUTO MUSEUM**

**Joint Finance/Legislature:** Require DOT to erect directional signs along USH 41 near the interchange with STH 60 for the Hartford Heritage Auto Museum located in the City of Hartford in Washington County. Prohibit DOT from charging any fee related to these signs.

[Act 9 Section: 9150(7c)]

**26. SIGNS FOR AMERICA'S BLACK HOLOCAUST MUSEUM**

**Joint Finance:** Require DOT to erect and maintain directional signs along I-43 for America's Black Holocaust Museum in Milwaukee County. Prohibit DOT from charging any fee related to the erection or maintenance of these signs.

**Senate/Legislature:** Modify the provision to only require DOT to maintain any sign that is in existence on the effective date of the bill.

[Act 9 Section: 1855r]

**27. JOHN R. PLEWA MEMORIAL LAKE PARKWAY**

**Joint Finance/Legislature:** Require DOT to designate and mark a segment of I-794 and STH 794 between the Daniel Webster Hoan Memorial Bridge to East Layton Avenue in Milwaukee County as the John R. Plewa Memorial Lake Parkway in recognition and appreciation of the life of John R. Plewa and his public service as a member of the Wisconsin Legislature for more than 20 years.

[Act 9 Section: 1819rm]

**28. SIGNS AND COMMERCIAL ACTIVITIES WITHIN HIGHWAY RIGHTS-OF-WAY**

**Joint Finance:** Permit DOT, as part of a build-operate-lease or transfer agreement for the construction or operation of a transportation facility, to exempt a private entity from the prohibition against: (a) conducting a commercial enterprise within or on property acquired for, or designated as, a controlled-access highway; and (b) placing a sign, other than a sign necessary for the guidance or warning of traffic, within the limits of any street or highway. Specify that DOT may only exempt a private entity from these restrictions if the Department: (a) determines that such an exemption advances the public interest; and (b) specifies any requirements, as part of the build-operate-lease agreement, that the Department determines will practicably advance the purposes of those restrictions.

**Senate:** Delete provision.

**Conference Committee:** Include the Joint Finance provision, but specify that the exemptions would only apply to park-and-ride facilities, defined as a facility with a parking lot and, within a reasonable walking distance, a station or transfer point where commuters access a mass transit system.

[Act 9 Sections: 1818mn, 1820n and 1855p]

**29. SPECIFIC INFORMATION SIGNS ON STH 172**

**Conference Committee/Legislature:** Add STH 172 from USH 41 to I-43 in Brown County to the list of highways on which DOT may authorize the erection of specific information signs (the blue signs indicating the presence of businesses offering gas, food, lodging or camping). DOT cannot authorize the erection of these signs after May 8, 1990, unless the highway is included in a statutory listing.

[Act 9 Section: 1855rm]

**30. TOLLES ROAD IN ROCK COUNTY**

**Joint Finance/Legislature:** Require DOT to study whether Tolles Road in Rock County should be added to the state trunk highway system and report the results of the study to the Governor and Legislature by June 30, 2000.

**Veto by Governor [B-80]:** Delete provision.

[Act 9 Vetoed Section: 9150(7g)]

**31. INTERCHANGE ON I-39 AT KOWALSKI ROAD IN MARATHON COUNTY**

**Assembly:** Require DOT to seek a waiver from federal regulations on the placement of interchanges on interstate highways if the placement of an interchange at the intersection of I-39 and Kowalski Road in the Town of Kronenwetter in Marathon County would violate those regulations. Require DOT to design an interchange for that location if the federal government issues a waiver for the placement of this interchange or if it is determined that a waiver is not needed. Specify that upon completion of the design for this interchange, DOT must allocate funds for future construction of the interchange.

**Conference Committee/Legislature:** Include the Assembly provision, but specify that DOT is only required to seek a waiver, or, if a waiver is not required, design an interchange and allocate funds for the construction of the interchange if the Department determines that there would be no adverse safety impact in the vicinity of the intersection as the result of the construction of an interchange at that location.

[Act 9 Section: 1819rg]

**32. STUDY OF IMPROVEMENTS FOR USH 10 BETWEEN MARSHFIELD AND OSSEO**

**Assembly/Legislature:** Require DOT to conduct a study of potential improvements to the segment of USH 10 between Marshfield and Osseo, including the addition of passing lanes or community bypasses, the reconstruction of segments to eliminate hazardous curves or hills and

the widening of lanes and shoulders, and report the results of the study to the Governor and Legislature by January 1, 2001.

**Veto by Governor [B-83]:** Delete the January 1, 2001, deadline for the study. In his veto message, the Governor indicates that he is requesting DOT to submit the results of the study by June 30, 2001.

[Act 9 Section: 9150(10e)]

[Act 9 Vetoed Section: 9150(10e)]

### **33. USH 8 CORRIDOR STUDY**

**Senate/Legislature:** Require DOT, not later than June 30, 2001, to conduct a corridor study for USH 8 in Barron, Polk, Price and Rusk Counties and to report the results of the study to the county boards of those counties.

[Act 9 Section: 9150(10f)]

### **34. STATE HIGHWAY REHABILITATION -- ELIGIBLE PROJECTS**

**Assembly/Legislature:** Specify that the cost to maintain or replace curb and pavement markings and the cost to operate, maintain or replace highway signs, traffic signals and highway lighting may not be paid through the state highway rehabilitation program unless such activities are done in conjunction with a resurfacing, reconditioning or reconstruction project on a state trunk highway. Under this item, the cost of these activities would have to be paid from the budget for the state highway maintenance and traffic operations program.

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

[Act 9 Vetoed Section: 1818p]

### **35. REIMBURSEMENT OF THE TRANSPORTATION FUND FROM THE STEWARDSHIP PROGRAM FOR ELEMENTS OF THE USH 12 HIGHWAY PROJECT AGREEMENT**

**Assembly:** Require the Department of Natural Resources to transfer funds from the stewardship program to the transportation fund upon receipt of a certification from the Secretary of Transportation of amounts encumbered or expended during the previous fiscal year for elements of the USH 12 major highway project agreement. Require the Secretary of Transportation to certify these amounts to the Secretaries of Administration and Natural Resources by August 1 of each year from 2000 through 2004. Credit the transferred amounts to a new, continuing appropriation for the major highway development program. Specify that the

Department of Natural Resources shall designate the amounts transferred as having been obligated from one or more subprograms of the stewardship program.

Establish that DOT may spend funds, and receive reimbursement for, the following during the five-year period from 1999-00 through 2003-04: (a) an amount for land acquisitions, purchase of easements and other rights in land to protect the forest resources in the Baraboo Range National Natural Landmark (BRNNL), but not to exceed \$1,000,000 annually; (b) an amount for the acquisition of scenic, conservation or agricultural easements, lands or development rights in northwestern Dane County (defined as the towns of Berry, Black Earth, Dane, Mazomanie, Roxbury, Springfield and Westport), but not to exceed \$1,000,000 annually; (c) an amount for the purchase of scenic, conservation or agricultural easements, lands or development rights in Sauk County outside the BRNNL, but not to exceed a total of \$250,000 over the five-year period; and (d) an amount for Ice Age Trail acquisitions and improvements within the approved trail corridors in the vicinity of USH 12, based on the amount of federal transportation enhancements funds encumbered for that purpose, but not to exceed \$2,000,000 over the five-year period.

Require DOT to promulgate an emergency rule specifying what constitutes the vicinity of USH 12, prior to promulgating a permanent rule for this purpose. Specify that the emergency rule can be promulgated without providing evidence that the rule is necessary for the preservation of public peace, health, safety or welfare or a finding of emergency.

The amounts transferred under this provision would reimburse the transportation fund for the purchases of land, conservation and agricultural easements and other rights in land made by DOT in compliance with an agreement between the Department and several state, federal and private parties on the construction of a major highway development project on USH 12 between Middleton and Lake Delton. The agreement was signed in March, 1999.

**Conference Committee/Legislature:** Delete provision.

### **36. PURCHASE OF REAL ESTATE, EASEMENTS OR DEVELOPMENT RIGHTS**

**Assembly/Legislature:** Prohibit DOT from encumbering or expending funds from the appropriations for the state highway program for purposes related to the purchase of land, easements or the development rights to land unless both of the following apply: (a) the purchase is done in association with a highway improvement project; and (b) the land is within one-quarter of one mile of the centerline or proposed centerline of the highway. Specify that this provision would not apply to either of the following: (a) the purchase of any land as compensatory mitigation for another wetland that will suffer an adverse impact due to a highway improvement project; or (b) the purchase of land, easements or the development rights to land in compliance with an agreement or relocation order between DOT and other parties related to a highway improvement project, if the agreement or relocation order was executed or filed prior to the effective date of the bill.

**Veto by Governor [B-82]:** Delete the reference to "improvement" in a "highway improvement project" and the references to the centerline or proposed centerline of the highway, so that, as vetoed, the prohibition applies unless the purchase is made in association with a highway project and the land is within one-quarter mile of the highway.

[Act 9 Sections: 358m, 1818r, 1818t, 1819rgg, 1819rgm, 1820mg, 1824fm and 1855rn]

[Act 9 Vetoed Section: 1855rn]

### **37. LIABILITY EXEMPTION FOR PUBLIC WORKS CONTRACTORS USING RECYCLED MATERIALS IN PUBLIC WORKS PROJECTS**

**Assembly:** Specify that a person is immune from liability for the use of special waste (defined as any solid waste that is characterized for beneficial use in public works projects by the Department of Natural Resources) on a public works project (defined as any work done under contract with a state agency or local governmental unit) or for damages resulting from the person's actions or omissions relating to the use of the special waste on a public works project, provided that all of the following apply: (a) the acts or omissions by the person occurred while performing work under a contract for a public works project, including acts or omissions by any person who has a direct contractual relationship with the prime contractor under a contract for a public works project to perform labor or furnish materials; and (b) the acts or omissions involving special wastes were required or permitted in a contract for a public works project and the acts or omissions conformed to the provisions of the contract. Specify that these provisions do not apply to any person to whom either of the following applies: (a) the person's act or omission involved reckless, wanton or intentional misconduct; or (b) the person's act or omission resulted in injury or death to an individual.

Specify that the Department of Natural Resources may characterize solid waste as special waste by rule, by memorandum of understanding with other state agencies or local governmental units or on a case-by-case basis. Require DNR to compile and maintain a list of special wastes in a format readily available to the general public and specify that only those types of special waste may be required to be used in a public works project. Specify that special waste is not subject to regulation as solid waste when used in a public works project.

**Conference Committee/Legislature:** Include the Assembly provision, with a clarification that it is contracting agencies who can require the use of DNR-listed special waste in public works projects.

[Act 9 Section: 3113p]

### **38. OFFSITE CONTAMINATION SOURCE LIABILITY EXEMPTION**

**Assembly/Legislature:** Exempt state agencies that own properties from liability for hazardous discharges when the source of the contamination originated from outside the property boundaries and the agency did not cause or contribute to the contamination. This provision would treat state agencies similarly to other persons that own properties that are affected by contamination that originates from outside the property boundaries.

[Act 9 Sections: 2581r and 2581w]

### **39. MEMORANDUM OF UNDERSTANDING FOR HAZARDOUS MATERIALS REMEDIATION ON DOT-OWNED PROPERTY**

**Governor:** Require the Secretaries of the Departments of Transportation and Natural Resources to submit to the Secretary of the Department of Administration, by January 1, 2000, a memorandum of understanding (MOU) establishing the respective responsibilities of the departments for hazardous substances discovered on any property under the jurisdiction of DOT. Specify that any actions to restore the environment or to minimize the harmful effects of the hazardous substances on the property shall be based on the risk to public health and the environment and shall, to the greatest extent practicable, rely on natural processes of attenuation without human intervention. Require the MOU to establish a means of resolving disputes between the agencies arising under the MOU. Specify that the MOU does not take effect unless the Secretary of DOA approves it in writing to the Secretaries of DOT and DNR. This item would restore a provision in the Governor's bill that was removed from the bill by the Joint Committee on Finance.

**Joint Finance:** Delete provision as non-fiscal policy.

**Assembly:** Restore provision.

**Conference Committee/Legislature:** Delete provision.

### **40. INTELLIGENT TRANSPORTATION SYSTEMS**

**Conference Committee/Legislature:** Permit DOT to fund the installation, maintenance or replacement of intelligent transportation systems, defined as a specialized computer or other technical system, including roadway detector loops, closed circuit television, variable message signs, ramp meters or an integrated traffic signal system, that is used for the purpose of traffic flow measurement and management, congestion avoidance, incident management, travel time information or other similar purposes. Specify, however, that after June 30, 2000, DOT may only encumber funds for such systems from one of three newly-created appropriations (SEG, FED and SEG-L) for intelligent transportation systems, unless the system is physically



integrated with and installed as part of a highway project that includes construction or improvement in addition to the intelligent transportation system.

Require DOT to conduct a study on its proposed method of funding intelligent transportation systems for 2000-01. Require the Department, no later than April 30, 2000, to prepare and submit a written report of its findings, conclusions and recommendations to the chairpersons of the Joint Committee on Finance for consideration at the second quarterly meeting of the Committee under s. 13.10 in 2000. Specify that the report must include recommendations concerning the transfer of funds from the appropriations for the major highway development, state highway rehabilitation, highway maintenance and traffic operations and administration and planning programs to the new intelligent transportation systems appropriations.

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

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.395(3)(gq),(gv)&(gx)), 351g, 351h, 351j, 1819j and 9150(7j)]

## Motor Vehicles

### 1. LICENSE PLATES -- NEW DESIGN FUNDING [LFB Paper 955]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$3,001,400	- \$107,100	\$2,894,300

**Governor:** Provide \$967,200 in 1999-00 and \$2,034,200 in 2000-01 for the costs associated with issuing license plates of a new design over a five-year period, beginning with registrations effective July 1, 2000.

DOT indicates that in order to reissue all these license plates in three years, as is required under current law, increases above the base of \$1,956,800 in 1999-00 and \$3,892,300 in 2000-01 would be required, which is higher than the cost of reissuing plates over five years, as proposed by the bill, by \$989,600 in 1999-00 and \$1,858,100 in 2000-01.

**Joint Finance/Legislature:** Delete \$35,700 in 1999-00 and \$71,400 in 2000-01 based on a reestimate of the funding required to replace special license plates on a five-year schedule.

## 2. LICENSE PLATES -- SIX-YEAR REDESIGN INTERVALS AND NEW DESIGN ISSUANCE [LFB Paper 955]

**Governor:** Require DOT to develop new license plate designs by July 1, 2000 (which is already required under current law), and every sixth year thereafter, for the following plate types: (a) regular automobile plates; (b) light duty truck plates (under 8,000 pounds) and other motor truck plates; (c) disabled plates, except disabled veteran plates; (d) special group plates, except sesquicentennial plates (this includes military group plates, endangered resources plates, UW plates and firefighter/EMT plates); (e) plates for light farm trucks and dual purpose farm trucks (under 12,000 pounds); (f) National Guard plates; (g) amateur radio plates; (h) vehicle collector plates; (i) motor bus plates; (j) plates for motor homes or dual purpose motor homes; (k) school bus plates; and (l) other miscellaneous plates registered for five years for \$5 (this includes certain special vehicles owned by nonprofit organizations). Eliminate a July 1, 2003, sunset of the redesign requirement to reflect the change making redesign an ongoing requirement. Prohibit DOT from developing a new design for the "children first" plate (which would be renamed "celebrate children" by the bill) until January 1, 2005.

Specify that, in each six-year design interval, these plates shall be as similar in appearance as practical. Eliminate the requirement that DOT consult with the following persons before specifying a plate design: (a) the Adjutant General, regarding the National Guard plate; (b) the President of the University of Wisconsin System, regarding UW plates; (c) the Secretary of the Department of Natural Resources, regarding the endangered resources plate; and (d) the Child Abuse and Neglect Prevention Board, regarding the "celebrate children" plate. Instead, require DOT only to consult with these persons or organizations regarding the words or symbols used on the respective plates. Eliminate the requirement that DOT receive approval, in writing, from these persons or organizations, of the words or symbols used on the respective plates. Eliminate the requirement that DOT consult with the President of the University of Wisconsin System on the color combination used for the UW plates and eliminate the requirement that the UW System President get the approval, in writing, of each University of Wisconsin chancellor prior to approving the words or symbols used on the plates for their respective campuses.

Eliminate the requirement that new plates be issued for all of these vehicles and plate types by July 1, 2003, and instead, require that new plates be issued for these vehicles by July 1, 2005 (except for vehicles registered with "celebrate children" and sesquicentennial plates). Modify a current law provision that gives DOT the authority to determine a new-plate issuance schedule for these vehicles, except farm trucks and \$5 plate types, whose registration is renewed between July 1, 2000, and the end of the reissuance period (which is June 30, 2003, under current law, but would be June 30, 2005, under the bill) to eliminate this permissive authority after June 30, 2005 (a technical modification to the bill would be necessary to do this).

Eliminate the requirement that DOT issue new plates, upon registration renewal, for light farm trucks and dual purpose farm trucks and certain vehicles that are registered for \$5 for a five-year period if the registration for those vehicles expires after June 30, 2000, and before

January 1, 2004. Instead, require DOT to issue a new plate for these vehicles if a plate of the new design has not already been issued for the vehicle, effective July 1, 2000.

Require DOT, beginning with vehicle registrations effective on July 1, 2005, to issue plates of the design created for the six-year interval in which the issuance occurs, as follows: (a) for all original registrations for the vehicles and plate types specified above; and (b) for all registration renewals for these vehicle and plate types if a plate has not been issued for the vehicle during the previous six years. Specify that a new set of plates must be issued for these vehicles within five years of the date on which a new design must be developed for each six-year interval. Permanently exempt vehicles registered with sesquicentennial plates from this requirement.

**Joint Finance/Legislature:** Require sesquicentennial license plates to be replaced beginning July 1, 2005. Since the sesquicentennial plate is no longer an authorized special group plate, these plates would be replaced with a different plate type.

**Veto by Governor [B-84]:** Delete the following provisions: (a) the requirement that DOT develop a new plate design by July 1, 2000; and (b) the requirement that DOT replace all plates for vehicles that are currently registered by July 1, 2005.

As vetoed, the Department is required to develop a new plate design every six years, but with no initial deadline. In addition, although DOT is no longer required to replace all existing plates prior to July 1, 2005, the Department is required to replace these plates after January 1, 2005, and may replace plates prior to that time. In his veto message, the Governor indicates that he is requesting DOT to begin the replacement of existing plates in July, 2000, as planned, but using the current plate design. When a new design is developed, the Department will begin issuing plates of the new design.

[Act 9 Sections: 2721 thru 2726, 2727, 2728 and 2734b]

[Act 9 Vetoed Sections: 2721 and 2724]

**3. DRIVER'S LICENSE WITHDRAWAL FOR FAILURE TO PAY A FORFEITURE -- FUNDING LEVEL [LFB Paper 956]**

	<b>Governor (Chg. to Base)</b>		<b>Jt. Finance (Chg. to Gov)</b>		<b>Legislature (Chg. to JFC)</b>		<b>Net Change</b>	
	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>
SEG	\$1,771,200	3.00	-\$455,400	-1.00	-\$1,315,800	-2.00	\$0	0.00

**Governor:** Provide \$868,300 and 2.0 positions in 1999-00 and \$902,900 and 3.0 positions in 2000-01 for processing requests to suspend and revoke driver's licenses for failure to pay fines and forfeitures. According to the Executive Budget Book, part of the funding and positions provided in this item reflects a reallocation of resources from other DOT programs, as follows: (a) \$118,300 and 2.0 positions annually from the Office of Organizational Developmental

Services, reflecting the elimination of two vacant positions in that Office; and (b) \$34,600 and 1.0 position in 2000-01 from the Division of Motor Vehicle's Bureau of Field Services, reflecting the expected savings from implementing third-party skills testing for "Class D" license (noncommercial vehicles) skills tests. The remaining \$750,000 annually is not associated with any other budget recommendation.

**Joint Finance:** Delete \$210,400 in 1999-00 and \$245,000 and 1.0 position in 2000-01 to provide a total of \$657,900 and 2.0 positions annually for the Division of Motor Vehicles' operating budget. This reflects the transfer of \$118,300 and 2.0 positions annually from the Office of Organizational Development Services and the provision of \$539,600 annually, which is the estimated, direct cost of processing 35,500 license withdrawals and associated license reinstatements. The number of license withdrawal orders increased by 35,500 between 1994 and 1998. The provision of \$34,600 and 1.0 position in 2000-01 associated with the savings resulting from the implementation of third-party "Class D" license skills testing was deleted.

**Senate/Legislature:** Delete provision in conjunction with a separate item that would eliminate the courts' authority to suspend licenses for the failure to pay a forfeiture related to a nondriving offense.

**4. DRIVER'S LICENSE WITHDRAWAL FOR THE FAILURE TO PAY FORFEITURES – NONDRIVING VIOLATIONS**

SEG-REV - \$1,448,300

**Senate/Legislature:** Eliminate the authority of courts to suspend driver's licenses solely for the failure to pay a forfeiture imposed for violating a local ordinance that is unrelated to the violator's operation of a vehicle, effective with forfeitures imposed on the first day of the second month following the effective date of the bill. Decrease estimated transportation fund revenue by \$289,700 in 1999-00 and \$1,158,600 in 2000-01 to reflect a decrease in the number of license reinstatement fees collected.

[Act 9 Sections: 2758, 3080mg, 3083m, 3129b, 3159b, 3161b and 9350(11g)]

**5. DRIVER'S LICENSE WITHDRAWAL FOR FAILURE TO PAY A FORFEITURE -- COURT FEE [LFB Paper 957]**

**Governor:** Require DOT to promulgate an administrative rule to develop and administer a system for charging a fee to circuit courts and municipal courts for each order of the court that suspends or revokes a person's driver's license solely for the failure to pay a forfeiture imposed for violating a local ordinance that is unrelated to the violator's operation of a vehicle. Specify that the amount of the fee established by the rule may not exceed the cost of processing a license suspension or revocation order. Prohibit DOT from processing such an order unless the court has paid any fee required by the rule.

Provide that, where courts currently have the authority to suspend or revoke a person's driver's license for the failure to pay a forfeiture imposed for the violation of an ordinance not related to driving, this authority is subject to payment of any applicable fee required by DOT's administrative rule.

Permit circuit courts and municipal courts to require a person to pay a fee when his or her license is ordered suspended or revoked under these circumstances. Specify that such a fee may not exceed the amount of the fee that the court is required to pay to DOT for ordering the suspension or revocation.

Specify that these provisions would first apply to suspensions and revocations ordered on the effective date of DOT's rule. The bill does not reflect any revenue from this fee because it is unclear when the rule would be promulgated. DOT indicates that the cost of processing a suspension or revocation order is approximately \$9.50.

**Joint Finance/Legislature:** Delete provision.

**6. IMPLEMENTATION OF OPERATING WHILE SUSPENDED/  
OPERATING AFTER REVOCATION LAW CHANGES (1997  
ACT 84)**

SEG	\$450,900
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**Governor/Legislature:** Provide \$76,000 in 1999-00 and \$374,900 in 2000-01 for contract computer programmers to make computer system changes necessary to implement 1997 Act 84 in conjunction with the redesign of the Division of Motor Vehicles driver databases. Act 84 made numerous changes to the laws governing operating with a suspended license and operating after license revocation (OWS/OAR).

Modify a provision relating to the effective date of Act 84 to specify that the general provisions of the law shall become effective on May 1, 2001, instead of May 1, 2000. Modify a provision that allows the Secretary of the Department of Transportation to publish a notice in the Wisconsin Administrative Register that establishes an earlier effective date for Act 84 to specify that such a notice must clearly state which portion of the law would be given an earlier effective date. This provision would clarify that the DOT Secretary is allowed to selectively implement earlier effective dates for the law.

Modify a provision of Act 84 specifying that a person who is convicted of first-offense operating after revocation may be required to forfeit not more than \$600, when that offense was committed before May 1, 1999, to specify, instead, that such a penalty would apply if the offense occurred prior to May 1, 2002. Specify that this provision would become effective on May 1, 2001, or upon publication in the Wisconsin Administrative Register of an earlier effective date. Under Act 84, any OAR offense that occurs after May 1, 1999, (amended by the bill to May 1, 2002) is a criminal offense, and the offender may be required to pay a fine of not more than \$2,500 and may be imprisoned for not more than one year. Under current law, the penalty for

committing an OAR offense varies widely depending on the reason the person's license was revoked. This provision would allow an OAR offense to be treated as a civil offense for the first year following the general effective date of Act 84, as modified by this provision, which DOT claims was the original intent of the Act.

Specify that the beginning date for the five-year revocation period for habitual traffic offenders always begins on the date that DOT mails the revocation notice to the person. Under current law, if the person's license was already suspended or revoked at the time the person attained habitual traffic offender status, the five-year revocation begins on the later of the date the person surrendered his or her driver's license or the date of the conviction that establishes habitual traffic offender status.

Specify that the penalty under Act 84 for violating the state prohibition against operating with a suspended license (a forfeiture of \$50 to \$200) also applies to a violation of a local ordinance in conformity with the state law, effective May 1, 2001, or upon publication in the Wisconsin Administrative Register of an earlier effective date. Remove OWS/OAR from a list of offenses that, when committed in another jurisdiction, is considered a serious offense under the habitual traffic offender law. Act 84 removed the violation of the state OWS/OAR laws from the list of serious offenses and removed the reference to a section of the Uniform Vehicle Code (UVC) relating to OWS/OAR in a portion of the list relating to offenses committed in other jurisdictions, but did not remove the description of the OWS/OAR laws which had accompanied the deleted UVC section reference.

[Act 9 Sections: 1854, 2750, 2751, 2816, 2817, 2818, 3263 and 9450(1)]

**7. ENHANCED VEHICLE EMISSION INSPECTION AND MAINTENANCE PROGRAM**

FED	\$1,277,600
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**Governor/Legislature:** Provide \$475,400 in 1999-00 and \$802,200 in 2000-01 for increased costs under the state's contract with a private vendor to administer the enhanced vehicle emission inspection and maintenance program. The vendor performs emissions tests on all cars and light trucks in a seven-county area in southeastern Wisconsin. This increase would support costs for contract provisions related to inflation and projected increases in the number of vehicles required to be tested. Funds would be provided through the state's federal congestion mitigation and air quality improvement apportionment.

**8. DRIVING SKILLS TEST FEE INCREASE**

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
SEG-REV	\$995,800	-\$94,800	\$901,000

**Governor:** Increase the fee charged by DOT for administering driving skills tests for noncommercial motor vehicles and school buses, from \$10 to \$15, effective beginning with applications for licenses and school bus endorsements submitted on October 1, 1999. Increase estimated transportation fund revenue by \$426,800 in 1999-00 and \$569,000 in 2000-01 to reflect this change.

**Conference Committee/Legislature:** Delay the effective date to December 1, 1999. Decrease estimated transportation fund revenue by \$94,800 to reflect this change.

[Act 9 Sections: 2747 and 9350(5)]

**9. THIRD-PARTY SKILLS TESTING FOR CLASS D DRIVER'S LICENSES [LFB Paper 958]**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG-REV	-\$60,000		\$60,000		\$0	
SEG	-\$34,600	-1.00	\$34,600	1.00	\$0	0.00

**Governor:** Permit DOT to contract with third-party examiners to administer the "Class D (noncommercial vehicle)" driving skills test to license applicants who are 18 years of age or older. Specify that current law restrictions that prohibit DOT from contracting with private driver training schools or other private institutions to administer commercial motor vehicle skills tests do not apply to "Class D" third-party testers. Extend the following provisions that currently apply to third-party testing for commercial motor vehicle operator licenses and school bus endorsements to third-party testing for "Class D" licenses: (a) all tests conducted by the third-party tester must be the same as those given by DOT; (b) DOT or the Federal Highway Administration may conduct random examinations, inspections and audits of the third-party tester without any prior notice; (c) at least annually, DOT must conduct an on-site inspection of the third-party tester to determine compliance with the contract and with the Department's standards for skills testing; (d) at least annually, DOT must evaluate testing given by the third-party tester by either having Department employees take tests administered by the third-party tester or by retesting a sample of drivers who were tested by the third-party tester to compare pass and fail results; (e) third-party examiners must meet the same qualifications and training standards as DOT's license examiners; and (f) DOT must take prompt and appropriate remedial action against a third-party tester that fails to comply with the Department's standards.

Permit DOT, after consultation with the Department of Public Instruction (DPI) and the Technical College System Board, to provide for the administration of the "Class D" driving skills test to persons under the age of 18 by a driver education instructor in conjunction with a driver education course, as long as the person taking the test is enrolled in the course. Specify that instructors for the following driver education courses may administer these tests: (a) a course in

a public school approved by DPI; (b) a course in a technical college approved by the Technical College System Board; (c) a course in driver education in a nonpublic or private school that meets the minimum standards set by DPI; or (d) a course in a driver school licensed by DOT. The ability to administer driving knowledge tests, which currently applies to public schools, technical colleges and nonpublic or private schools, would be extended to instructors at driver schools licensed by DOT.

Delete \$34,600 and 1.0 position in 2000-01 to reflect a decreased driving skills testing workload for DOT. According to the Executive Budget Book, this position and the associated funding were reallocated to the Division of Motor Vehicles to help offset increasing costs associated with requests to suspend and revoke driver's licenses. Decrease estimated transportation fund revenue by \$60,000 in 2000-01 to reflect an estimated decrease in the number of driving skills tests administered by DOT. DOT indicates that third-party testing would be implemented after January, 2001.

**Joint Finance/Legislature:** Delete provision.

**10. OVERWEIGHT/OVERSIZE VEHICLE PERMITTING SYSTEM**  
 [LFB Paper 959]

SEG-REV	\$588,200
SEG	\$641,600

**Governor:** Provide \$447,800 in 1999-00 and \$193,800 in 2000-01 to purchase and install an automated permit routing system for overweight and oversize permits. The system would use data on construction projects and bridge and pavement condition to automatically select a route for overweight or oversize trucks needing a permit to operate on highways in the state.

Modify a provision that requires DOT to develop and implement a telephone call-in procedure for the issuance of single-trip permits, to: (a) require DOT to develop and implement such a system to issue and renew single-trip permits, as well as multiple-trip, consecutive month and annual permits; and (b) specify that the system shall be a computerized system that determines and designates the route to be used by the permit holder. Specify that permits issued through the telephone call-in procedure must be carried on the vehicle during the operations for which the permit was issued. Require DOT to promulgate rules to implement the telephone authorization procedure.

Require applicants for permits using the telephone call-in procedure to pay the following fees, in addition to the fees for the permit: (a) \$10 or the actual cost of the telephone authorization, as determined by DOT, whichever is less; and (b) a late fee of \$10 for each vehicle for which a permit is issued, if DOT receives the required fees after a period of time specified by DOT.

Specify that a person may cancel a permit obtained through the telephone call-in procedure before the first day of operation authorized by the permit without having to pay the fee for the permit, but require the person to pay the telephone authorization fee and specify that



DOT may also charge a cancellation fee. Specify that a permit obtained through the telephone call-in procedure may not be cancelled on or after the first day of operation authorized by the permit and prohibit DOT from refunding any permit fees on or after that day. Specify that DOT may require any cancellation of a permit obtained through the telephone call-in procedure to be done by telephone.

Allow DOT to refuse to issue a permit through the telephone call-in procedure to any applicant who does not comply with the requirements established for using the procedure, or who has had an overweight or oversize permit suspended or revoked. Allow DOT to suspend any or all permits of a person who does not pay the required fees for a permit obtained through the telephone call-in procedure within the time period established by DOT. Specify that a permit suspended for nonpayment of the fees remains suspended until the required fees are paid.

Increase the fees for overweight and oversize permits that are applied for after December 31, 1999, and before July 1, 2003, by 10%, rounded to the nearest whole dollar, as shown in the following table:

<u>Permit</u>	<u>Current Fee</u>	<u>Proposed Fee</u>
<b>Single-Trip Permits</b>		
Overlength	\$15	\$17
Overwidth or Overheight	20	22
Overwidth and Overheight	25	28
<b>Annual and Multiple-Trip Permits</b>		
Overlength	\$60	\$66
Overwidth and/or Overlength	90	99
Overweight--90,000 lbs. or less*	200	220
Overweight--Over 90,000 lbs. to 100,000 lbs.*	350	385
Overweight--Over 100,000 lbs.*	\$350 plus \$100 for each 10,000 lbs. or fraction thereof above 100,000 lbs.	\$385 plus \$110 for each 10,000 lbs. or fraction thereof above 100,000 lbs.
<b>Consecutive Month Permits</b>		
Fee in Addition to Prorated Annual Fee for Same Type of Permit**	\$15	\$16.50

\* Based on gross vehicle weight.

\*\* Total permit fee would be rounded to the nearest whole dollar.

Specify that the fees for single-trip permits for vehicles that exceed weight limitations, which are 10% of the fee for an annual permit for the same weight of vehicle, shall be rounded to the nearest whole dollar. Since the fee for single-trip overweight permits and the base fee for

consecutive month overweight and oversize permits are based on the corresponding annual permits, the bill would also increase the fees for these permits for applications after December 31, 1999, and before July 1, 2003.

Increase estimated transportation fund revenue by \$195,200 in 1999-00 and \$393,000 in 2000-01 to reflect the increased permit fees.

**Joint Finance/Legislature:** Delete provisions related to the telephone call-in procedure. Instead, require DOT to develop and implement an automated system for designating the route to be traveled by a vehicle that is issued an oversize or overweight permit.

[Act 9 Sections: 2776 thru 2786m]

**11. REPEAL FINANCIAL INSTITUTIONS REGISTRATION AND TITLE TRANSACTION FEE [LFB Paper 960]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	-\$459,000	\$459,000	\$0

**Governor:** Repeal the \$5 transaction fee charged to financial institutions that file electronic applications, on behalf of their customers, for an original vehicle title and registration. Decrease estimated transportation fund revenue by \$170,000 in 1999-00 and \$289,000 in 2000-01 to reflect this change. DOT indicates that the fee has served as a disincentive for financial institutions to file such applications electronically.

**Joint Finance/Legislature:** Delete provision.

**12. POSTAGE INFLATION**

SEG	\$159,300
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**Governor/Legislature:** Provide \$159,300 in 1999-00 for postage to fund a portion of the costs related to an increase in postage rates and an increase in mailing volume. DMV's base budget for postage is \$3,378,000.

**13. HAZARDOUS MATERIALS TRANSPORTATION REGISTRATION PROGRAM**

	Funding Positions	
PR	-\$164,600	-1.00

**Governor:** Delete \$82,300 and 1.0 position annually associated with the hazardous materials transportation registration program and eliminate: (a) the requirement that the Division of Emergency Management (DEM) establish, by rule, an annual hazardous materials transportation registration fee; (b) the requirement that DOT collect the hazardous materials registration fee established by the DEM from persons required to

register with the federal government as hazardous materials carriers; and (c) the DOT PR appropriation for the administration of the hazardous materials transportation registration program.

Require any unencumbered balance remaining in the DOT PR appropriation on the effective date of the bill to lapse to the transportation fund. Although there is currently approximately \$300,000 in this appropriation, the bill does not reflect any additional transportation fund revenue from this item because it is assumed that these funds will be spent on the cost of eliminating the program and the cost of paying refunds for fees previously paid. In 1996, the Wisconsin Court of Appeals ruled that the fee structure established by the Division of Emergency Management violates the commerce clause of the U.S. Constitution, and placed an injunction against collecting additional registration fees. No new fee structure has been created.

**Senate:** Require DOT to promulgate rules to establish a hazardous materials transportation registration fee structure that is consistent with the procedures, limitations and recommendations developed by the Alliance for Uniform Hazmat Transportation Procedures in cooperation with the Secretary of the U.S. Department of Transportation. This procedure uses a base state registration system that apportions fees to motor carriers based on the carrier's hazardous materials registration activity in participating states. Require DOT to design the rules so that the revenue from the fees paid in 2000-01 is approximately \$700,000. Increase estimated transportation fund revenue by \$700,000 in 2000-01 to reflect this requirement.

**Conference Committee/Legislature:** Delete provision added by the Senate.

[Act 9 Sections: 354, 1853, 2303 and 9250(2)]

**14. COMMERCIAL VEHICLE TELEPHONE REGISTRATION  
LATE FEE**

SEG-REV	\$9,000
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**Governor/Legislature:** Increase the fee for late payment of registration fees under the telephone authorization program from \$5 to \$10, first applying to fees owed for using the program on January 1, 2000. Increase estimated transportation fund revenue by \$3,000 in 1999-00 and \$6,000 in 2000-01 to reflect this change. The telephone authorization program allows operators of certain commercial vehicles that are registered on a quarterly or consecutive monthly basis to register a vehicle by phone and then send the registration fee to DOT by mail. Under current law, DOT charges a \$5 late fee if the registration fees are not paid within 21 days of the telephone authorization. This item would make this late fee consistent with the fee charged for late renewal of vehicle registration for cars, light trucks, motorcycles and mopeds.

[Act 9 Sections: 2730, 9350(2) and 9450(2)]

**15. CAMPING TRAILER REGISTRATION FEE [LFB Paper 961]**

SEG-REV	- \$8,400
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**Governor:** Reduce the registration fee for camping trailers weighing 3,000 pounds or less from \$24.25 to \$15.00, first applying to registration applications submitted on the effective date of the bill. Decrease estimated transportation fund revenue by \$2,800 in 1999-00 and \$5,600 in 2000-01 to reflect this change. This would make the fee for these trailers the same as the fee for camping trailers weighing more than 3,000 pounds. Under current law, registration of camping trailers weighing 3,000 pounds or less is required if they are used for hire or for rental, but is optional if used exclusively for private purposes.

**Joint Finance/Legislature:** Specify that the fee modifications would first apply to registration applications submitted on January 1, 2000, instead of on the effective date of the bill.

[Act 9 Sections: 2731, 2732 and 9350(1)]

**16. SERVICE OF PROCESS FEE FOR TRAFFIC ACCIDENT CLAIMS AGAINST NONRESIDENTS**

SEG-REV	\$3,000
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**Governor/Legislature:** Increase the service of process fee, which a Wisconsin resident must pay to DOT to initiate a traffic-related legal action against a nonresident, from \$15 to \$25, first applying to processes and notices served to DOT on the effective date of the bill. Increase estimated transportation fund revenue by \$1,500 annually to reflect this change. Under current law, DOT has the responsibility for serving legal notice against a nonresident related to a traffic claim, which gives Wisconsin courts jurisdiction in the case.

[Act 9 Sections: 2752 and 9350(4)]

**17. AIRCRAFT REGISTRATION**

**Governor/Legislature:** Transfer the responsibility for registering aircraft from the Bureau of Aeronautics, within the Division of Transportation Infrastructure Development, to the Bureau of Vehicle Services, within the Division of Motor Vehicles. Transfer \$26,100 SEG annually from the aeronautics assistance appropriation to the vehicle registration and driver licensing appropriation to reflect this change.

Delete a provision requiring that refunds paid by DOT for aircraft registration fees paid in error be paid from the Department's management and operations appropriation. DOT's authority to pay such refunds would not be affected. DOT indicates that such refunds would be accounted for as a refund of revenues.

[Act 9 Sections: 346, 355 and 2039]

18. REGISTRATION AND TITLING OF MOBILE HOMES

	Jt. Finance (Chg. to Base)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG-REV	-\$482,300		\$430,000		\$52,300	
SEG	-\$62,700	-1.60	\$0	0.00	-\$62,700	-1.60

**Joint Finance:** Delete \$62,700 and 1.6 positions in 2000-01 in the Division of Motor Vehicles to reflect the transfer of the responsibility for titling and registering mobile homes that have an overall length in excess of 45 feet from DOT to the Department of Commerce. Decrease estimated transportation fund revenue by \$482,300 in 2000-01 to reflect the loss of registration and titling fees for these mobile homes. Define a recreational vehicle as a mobile home that is 45 feet or less in length. Replace references to "mobile homes" in the statutes related to vehicle titling and vehicle registration with the phrase "recreational vehicle," to reflect that these vehicles would still be titled and registered by DOT.

The creation of mobile home titling and registration provisions in the Department of Commerce is summarized in a separate item under "Commerce -- Building and Environmental Regulation."

**Assembly:** Modify the provision to: (a) specify that fees received by the Department of Commerce for the registration and titling of mobile homes would continue to be deposited in the transportation fund, instead of in a Department of Commerce PR appropriation; and (b) require the Department of Commerce to collect the \$7.50 supplemental title fee for mobile homes and deposit these funds in the transportation fund. Delete \$76,400 PR and 1.6 PR position in the Department of Commerce appropriation in 2000-01 and, instead, provide \$76,400 SEG and 1.6 SEG position in a new, transportation fund appropriation in 2000-01 within the Department of Commerce (the fiscal effect of this change is shown under "Commerce -- Building and Environmental Regulation"). Reduce estimated PR revenue by \$319,300 in 2000-01 (also shown under "Commerce") and increase estimated transportation fund revenue by \$454,300 in 2000-01 to reflect this modification. The amount of the reduction in PR revenue is less than the increase in transportation fund revenue because, under Joint Finance, the Department of Commerce would not collect the \$7.50 supplemental title transfer fee, but would collect this fee and deposit it in the transportation fund under this change. The amount of transportation fund revenue restored by this change would be \$28,000 less than revenue reduction under Joint Finance because the Department of Commerce would not collect the counter service charge that is currently levied by DOT.

**Conference Committee/Legislature:** Include the Joint Finance provision, as modified by the Assembly, but specify that mobile homes that are titled by the Department of Commerce are exempt from vehicle registration. Reduce estimated transportation fund revenue by \$24,300 in 2000-01 to reflect this change.

[Act 9 Sections: 217cr, 613km, 704mh, 704pd, 711m, 1830gm, 1998gx, 2342cc, 2342cL, 2342ct, 2342cx, 2342gc, 2342gi, 2342gL, 2342gt, 2342gx, 2342Lg, 2342LL, 2342pc, 2342pL, 2342pp, 2342tL, 2342tt, 2720dd thru 2720ht, 2730m, 2732d, 2734dd, 2734dh, 2734dp, 2734dt, 2734hd, 2734hh thru 2734pt, 9110(7n)(b) and 9410(5x)]

## 19. GREEN BAY PACKERS LICENSE PLATE

**Joint Finance:** Require DOT to issue Green Bay Packers license plates to interested persons who register: (a) an automobile, station wagon or motor home; (b) a truck, dual purpose motor home or dual purpose farm truck that has a gross weight of not more than 8,000 pounds; or (c) a farm truck that has a gross weight of not more than 12,000 pounds. Specify that applicants for the plate, in addition to the fee for vehicle registration or other fees, shall pay a \$15 issuance or reissuance fee, to be deposited in the transportation fund and an annual \$25 fee (or a \$50 fee for vehicles registered on a biennial basis) as long as the plate is maintained. Deposit revenue from the \$25 (or \$50) fee, after subtracting \$35,000 or DOT's initial costs for data processing related to the plate, whichever is less, in two new, PR, continuing appropriations, as follows: (a) an amount necessary to pay reasonable licensing fees related to the use of the word (or words) or symbol on the plate; and (b) remaining amounts for making payments to the Boys and Girls Clubs of Wisconsin. Require DOT to pay the necessary licensing fees and require the Secretary of the Department of Administration to make payments to the Boys and Girls Clubs of Wisconsin from the respective appropriations. Specify that the \$25 (or \$50) fee shall be deductible as a charitable contribution to the extent permitted under current law.

Require DOT to consult with the chief executive officer of the Green Bay Packers and an authorized representative of the National Football League before specifying the word (or words) or symbol to be used on the plate. Prohibit DOT from issuing Green Bay Packers license plates until six months after the Department has received information sufficient to determine that any approvals required for the use of any logo, trademark, trade name or other commercial symbol designating the Green Bay Packers have been obtained. Create an exception for the Green Bay Packers plate from a provision that prohibits new special group license plates from being authorized after October 1, 1998, except for under a procedure whereby groups apply for a special group plate and deposit \$15,500 with the application.

Prohibit DOT, after an initial design for the Green Bay Packers plate is developed, from developing a new design for the plate until January 1, 2005, and exempt the Green Bay Packers plate from plate replacement requirements until July 1, 2005.

Specify that these provisions would take effect on the first day of the fifth month beginning after publication of the bill.

**Senate:** Modify the provision as follows: (a) specify that the net proceeds from the sale of the plate shall be distributed to the United Way of Wisconsin, instead of the Boys and Girls

Clubs of Wisconsin; and (b) prohibit DOT from developing and issuing a Green Bay Packers license plate unless the National Football League waives the licensing fee for the use of the word (or words) or symbol on the plate. Delete the appropriation created for payment of licensing fees.

**Conference Committee/Legislature:** Delete provision.

## **20. MOPED DEFINITION**

**Joint Finance/Legislature:** Modify the definition of a moped to include a bicycle-type vehicle with fully operative pedals for propulsion by human power and an engine certified by the manufacturer at 130 cubic centimeters, instead of 50 cubic centimeters under current law, or an equivalent power unit, provided that the top speed of the vehicle is not more than 30 miles per hour. This modification would reclassify this type of vehicle, with an engine between 50 and 130 cubic centimeters, as a moped instead of a motor bicycle, making it subject to vehicle registration requirements and making it subject to different treatment under certain traffic regulations.

[Act 9 Section: 2720du]

## **21. MAKE AND MODEL ON THE CERTIFICATE OF TITLE**

**Joint Finance/Legislature:** Specify that the make and model contained on a Wisconsin certificate of title issued by DOT for a vehicle that was previously registered in another state or other jurisdiction shall be the same as the make and model entered on the title issued by the other state or jurisdiction.

[Act 9 Section: 2734hf]

## **22. PROBATION FOR FOURTH OR SUBSEQUENT OWI OFFENSES**

**Joint Finance:** Specify that courts may place a person on probation who is convicted of an operating while intoxicated offense, including the offenses of causing injury by operating a vehicle while intoxicated or with a prohibited blood alcohol concentration and operating a commercial motor vehicle with a blood alcohol concentration between 0.04 and 0.1, if both of the following apply: (a) the person has committed three prior OWI offenses, including the improper refusal to provide a sample of blood, breath or urine for testing upon request of a law enforcement officer; and (b) the person's sentence includes a period of confinement that is at least as long as the minimum sentence provided in statute for the offense. Current law does not allow probation for OWI offenses.

**Assembly:** Delete provision.

**Senate/Legislature:** Include Joint Finance provision.

[Act 9 Sections: 3205d, 3205e, 3205f and 9358(6m)]

### 23. VEHICLE TITLES FOR SALVAGE VEHICLES

SEG-REV - \$105,000

**Assembly/Senate/Legislature:** Prohibit motor vehicle dealers and wholesalers, with respect to a salvage vehicle that is titled as a salvage vehicle and that is acquired and held for resale, from submitting to DOT a certificate of title or application for a certificate of title that names the dealer or wholesaler as the owner of the salvage vehicle, unless all of the spaces on the title for a dealer's or wholesaler's reassignment on the certificate of title for the vehicle have been completed. Require the dealer or wholesaler, in these cases, to promptly execute the assignment and warranty of title upon transferring the vehicle to another person. This would make the procedures for the assignment of titles for salvage vehicles the same as the assignment of titles for vehicles that are not salvage vehicles as long as the salvage vehicle already has a salvage vehicle title. Dealers and wholesalers would continue to be required to apply for a new salvage vehicle title for a salvage vehicle that does not have a salvage vehicle title at the time the vehicle is acquired. Specify that these provisions would first apply to vehicles acquired on the first day of the first month beginning after publication of the bill. Decrease estimated transportation fund revenue by \$45,000 in 1999-00 and \$60,000 in 2000-01 to reflect a reduction in the number of titles issued.

[Act 9 Sections: 2734hem, 2734hep, 2734hgd thru 2734hgo, 9350(10d) and 9450(4c)]

### 24. AUTOMOBILE MANUFACTURER, IMPORTER OR DISTRIBUTOR OWNERSHIP INTEREST IN A MOTOR VEHICLE DEALERSHIP

**Assembly:** Modify a current law provision that prohibits any motor vehicle manufacturer, importer or distributor, or a subsidiary thereof from owning, operating or controlling a motor vehicle dealership in this state, as follows: (a) apply this prohibition to a factory instead of to a manufacturer, importer or distributor, or a subsidiary thereof ("factory" is defined as a manufacturer, distributor or importer, or an agent of a manufacturer, distributor or importer; "agent" is defined as a person who is employed by or affiliated with a factory or who directly or through an intermediary is controlled by or under common control of a factory; "control" is defined as the possession, direct or indirect, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise); and (b) replace the prohibition against ownership with a prohibition against directly or indirectly holding an ownership interest in a motor vehicle dealership ("ownership interest" is defined as the beneficial ownership of one percent or more of any class of equity interest in a dealership, whether the interest is that of a shareholder, partner, limited liability company member or otherwise; "hold," in this context, is defined as having possession of, title to or control of the ownership interest, whether directly or indirectly,



through a fiduciary or an agent). Replace references to "manufacturer, importer or distributor, or subsidiary thereof," with the word "factory" in related provisions.

Delete a provision that specifies that the prohibition against a manufacturer, importer or distributor owning a dealership does not apply if the dealership is being sold under a bona fide contract or purchase option to the operator of the dealership, or a contract exists under which the operator of the dealership can expect to acquire full ownership of or controlling interest in the dealership, and, after the transfer of ownership is completed, the dealership will no longer be owned, operated or controlled by the manufacturer, importer or distributor or a subsidiary thereof. Instead, specify that the prohibition does not prevent a factory from holding an ownership interest in a dealership if all of the following apply: (a) the dealer operator is an individual who is not an agent of the factory ("dealer operator" is defined as an individual who is vested with the power and authority to operate a dealership; "operate" is defined to mean the direct or indirect management of a dealership); (b) the dealer operator is unable to acquire full ownership of the dealership with his or her own assets or in conjunction with financial investments and loans from investors or lenders other than the factory holding an ownership interest in the dealership; (c) the dealer operator of the dealership holds not less than 15 percent of the total ownership interests in the dealership within one year from the date that the factory initially acquires any ownership interest in the dealership; (d) there is a bona fide written agreement in effect between the factory and the dealer operator of the dealership under which the dealer operator will acquire all of the ownership interest in the dealership held by the factory on reasonable terms specified in the agreement and that grants the dealer operator the right to acquire all of the ownership interest in the dealership held by the factory not later than five years after the effective date of the agreement; (e) such a written agreement does not require that the dealer operator use only funds that are received in the form of salaries, bonuses, dividends or other payments to him or her as the dealer operator, or as the holder of an ownership interest in the dealership, to acquire the factory's ownership interest in the dealership, or does not otherwise unreasonably restrict the source of funds used by the dealer operator to acquire ownership interest in the dealership held by the factory; (f) the written agreement provides that the dealer operator will make reasonable progress toward acquiring all of the ownership interest in the dealership, and the dealer is making reasonable progress toward acquiring all of the ownership interest in the dealership; (g) not more than eight years have elapsed since the factory initially acquired its ownership interest in the dealership, unless DOT, upon petition by the dealer operator, determines that there is good cause to allow the dealer operator a longer period to complete his or her acquisition of all the ownership interest in the dealership held by the factory and the longer period determined by the Department has not yet elapsed; and (h) the written agreement between the dealer operator and the factory provides the dealer operator with the right to purchase the real property at which the dealership is located, if the factory owns the property, for its fair market value at the time that the dealer completes his or her acquisition of the factory's ownership interest in the dealership and there is no obligation by the dealer operator to lease the real property to the factory after the dealer operator purchases the property.

Prohibit DOT from issuing a dealer license unless the Department determines that no factory will hold ownership interest in or operate or control the dealership, unless the ownership by the factory is exempted from the prohibition against factory ownership under current law or under the provisions created by this item. Specify that DOT must require an applicant for a dealer license to supply a copy of the written agreement between the factory and the dealer operator related to the acquisition of the ownership interest by the dealer operator from the factory, if the applicant asserts that the exception from the prohibition against factory ownership related to the written agreement applies. Require the Division of Hearings and Appeals to order the denial or revocation of a dealership's license if the Division determines, upon request for a hearing by DOT or a dealer licensee, that a factory holds an ownership interest in a dealership or operates or controls a dealership in violation of current law provisions or the provisions created by this item.

Delete a current law provision that specifies that if a dealer and a vehicle manufacturer, distributor or importer with which the dealer has an agreement, have agreed in writing to either a change in the ownership or executive management of a dealership, the transfer of the dealership's assets to another person, the addition of another franchise at the same location as the existing franchise or the relocation of a franchise, then a provision that requires the approval of the manufacturer, distributor or importer prior to the change, subject to a review by the Division of Hearings and Appeals, does not apply.

**Conference Committee/Legislature:** Include provision with the following modifications:

a. Specify that the term "control" does not include a relationship between a factory and a dealership that is identical to the basic agreement that the factory has with all of its dealers and distributors in Wisconsin;

b. Modify the provision that allows a factory to own a dealership if, among other requirements, the factory and dealer operator have a bona fide written agreement under which the dealer operator will acquire all of the ownership interest in the dealership, as follows: (i) delete the requirement that the agreement must grant the dealer operator the right to acquire all or the ownership interest in the dealership held by the factory not later than five years after the effective date of the agreement; and (ii) delete the requirement that the agreement must not require that the dealer operator use only funds that are received in the form of salaries, bonuses, dividends or other payments to him or her as the dealer operator, or as the holder of an ownership interest in the dealership, to acquire the factory's ownership interest in the dealership, or does not otherwise unreasonably restrict the source of funds used by the dealer operator to acquire ownership interest in the dealership held by the factory;

c. Specify that the prohibition against a factory holding an ownership interest in a dealership does not apply to the holding or acquisition, solely for investment purposes, of an ownership interest in a publicly traded corporation by an employee benefit plan that is sponsored by a factory;

d. Specify that the prohibition against a factory holding an ownership interest in a dealership does not apply to a dealership trading solely in a line make of new motor vehicles with a gross weight of less than 8,500 pounds if all the following apply: (i) on or after January 1, 1999, no more than ten locations for the line make are licensed and in operation within Wisconsin; (ii) at the time the factory first acquires an ownership interest in the dealership, the distance between the dealership and the nearest non-affiliated new motor vehicle dealership trading in the same line make of motor vehicles is not less than 35 miles; (iii) the factory does not own, directly or indirectly, in aggregate, in excess of a 45% interest in the dealership; (iv) the factory provides written assurance to DOT that on all matters pertaining to the operation of the dealership, the dealership has the same degree of independence from the factory as have all other dealerships of the same line make, including the same right to seek legally enforceable redress against the manufacturer in any dispute arising under the franchise agreement; and (v) all franchise agreements for the line make of new motor vehicles include provisions for actively sharing responsibility between the factory and representatives of dealers of the line make for decision-making on matters within the scope of the agreement that significantly affect the retail automotive business, including prior approval of any performance standards binding on dealers, prior and ongoing review of the allocation system the factory uses for distributing new motor vehicles covered by the franchise agreement, prior approval of any proposed supplements to the franchise agreement applicable to dealerships in which the factory owns a partial interest and approval of any superceding franchise agreement before the agreement is offered to dealers of the line make; and

e. Modify a current law provision that lists examples of factors that may be considered by the Division of Hearings and Appeals in a hearing on whether or not to allow the transfer of a dealership's assets to another person, the addition of another franchise at the same location as the existing franchise or the relocation of a franchise, over the objection of a vehicle, manufacturer, distributor or importer, to include whether the dealer and the manufacturer, distributor or importer have previously agreed upon a specific action that is inconsistent with the proposed action, and, if so, whether there has been a change in circumstances sufficient to justify the proposed action.

**Veto by Governor [B-85]:** Delete the exception provided for some dealerships trading in a line make of new motor vehicles with a gross weight of less than 8,500 pounds (letter "d" in the provisions added by the Conference Committee).

[Act 9 Sections: 2342abc thru 2342abv, 2342avm and 2342abw]

[Act 9 Vetoed Section: 2342abw]

## 25. MILK TRUCK WEIGHT LIMITS

**Governor:** Modify a current law provision that allows vehicles or combinations of vehicles carrying exclusively milk from the point of production to the primary market or the

return of dairy supplies and dairy products from the primary market to the farm, to carry heavier allowable loads than are normally allowed, by specifying that the normal allowable weights for such vehicles may be exceeded by 2,000 pounds for groups of three or more consecutive axles that are nine feet or more apart, rather than, under current law, more than nine feet apart. Specify that this provision would first apply to vehicles operated on the effective date of the bill. Since current law specifies that axle distances be rounded to the nearest foot, the effect of this change would be to extend the 2,000 pound provision to those vehicles having three or more consecutive axles that are eight and one-half feet to just under nine and one-half feet apart.

**Joint Finance:** Delete provision as non-fiscal policy.

**Assembly/Legislature:** Restore provision.

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

[Act 9 Vetoed Sections: 2761r and 9350(10c)]

## **26. DUPLICATION OF DRIVER'S LICENSES**

**Assembly/Legislature:** Specify that a prohibition against reproducing a license does not apply if the reproduction is done pursuant to rules promulgated by DOT and is done for a valid business or occupational purpose.

[Act 9 Section: 2747s]

## **27. ALL-TERRAIN VEHICLES OPERATED ON HIGHWAYS**

**Assembly/Legislature:** Specify that that the restrictions against the operation of an all-terrain vehicle on a highway do not apply to the operator of an all-terrain vehicle who is engaged in land surveying operations, if safety does not require strict adherence to those restrictions. Under current law, there are already exceptions from these restrictions for the operator of an all-terrain vehicle that is owned by a municipality, state agency or public utility, if operated in an emergency or in the course of operations directly related to the functions of the municipality, state agency or public utility.

[Act 9 Sections: 681g and 681h]

**28. PROCESSING APPLICATIONS FOR CELEBRATE CHILDREN LICENSE PLATES**

**Senate/Legislature:** Require DOT to forward all applications for "Celebrate Children" license plates to the Department's special license plate unit. Specify that DOT may not charge a fee for forwarding such an application.

**Veto by Governor [B-87]:** Delete provision.

[Act 9 Vetoed Section: 2726v]

**29. GRADUATED DRIVER'S LICENSES**

SEG-REV	\$243,900
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**Conference Committee/Legislature:** Prohibit holders of a "Class D" probationary driver's license from operating a vehicle in Wisconsin during the first nine months after the license is issued or until the licensee reaches the age of 18, whichever occurs first, with any passenger in the vehicle other than the following: (a) any number of members of the licensee's immediate family; (b) a person who has at least two years of licensed driving experience, holds a valid regular license and who is either 21 years of age or older or who is 19 years of age or older and is a qualified driving instructor or is a parent, guardian or spouse of the licensee; or (c) not more than one other person.

Prohibit these licensees, during the same time period, from operating a vehicle in Wisconsin between midnight and five a.m., unless the licensee is traveling between his or her place of residence, school or place of employment or unless the licensee is accompanied by a person who has at least two years of licensed driving experience, holds a valid regular license and who is either 21 years of age or older or who is 19 years of age or older and is a qualified driving instructor, parent, guardian or spouse of the licensee. Specify that the period of the passenger and time-of-day restrictions does not run while the licensee's operating privilege is suspended or revoked.

Specify that these restrictions do not apply to any licensee operating a motor vehicle for emergency purposes or for a licensee that is operating a motor vehicle in the service of an organized program that, without compensation, transports teenagers to their homes, as long as all the following apply: (a) the licensee possess documentation, signed by a person who is at least 25 years of age and is associated with the program, that identifies the program and the licensee and that authorizes the licensee to operate a motor vehicle in service of the program on the date and time of the operation; (b) the licensee is accompanied by another licensee, other than a teenager who is being transported, who is in the motor vehicle in the service of the program and who also possesses authorizing documentation; and (c) the licensee is accompanied by not more than three passengers in the vehicle, not counting the other licensee working in the service of the program. Specify that the passenger and time-of-day restrictions also do not apply for a licensee operating a motor vehicle to or from such a program as long as the licensee possesses authorizing documentation from the program.

Require DOT to extend these restrictions for an additional six months, or until the licensee reaches 18 years of age, whichever occurs first, if any of the following occur: (a) the licensee commits any moving violation specified by DOT by rule, resulting in a conviction; (b) the licensee violates the passenger or time-of-day restrictions; or (c) a court or DOT suspends or revokes the licensee's operating privilege for any reason other than a mental or physical disability. Specify that if DOT extends the period of restriction, the Department is required to notify the licensee of the extension by first class mail to the person's last-known residence address. Specify that these provisions may not be construed to create a separate cause of action against the parent or guardian of a probationary licensee or against the owner of any vehicle operated by a probationary licensee.

Prohibit DOT from issuing a "Class D" license to any person under 18 years of age unless: (a) the person has accumulated at least 30 hours of behind-the-wheel driving experience, at least 10 hours of which were during hours of darkness; and (b) the person has held an instructional permit for not less than six months and, during the six-month period immediately preceding the application for the license, has not committed any moving violation that is specified by DOT by rule that results in a conviction. Permit DOT to promulgate rules to waive these license prerequisites for qualified applicants who are licensed by another jurisdiction to operate "Class D" vehicles. Specify that up to five hours of driving practice while accompanied by a qualified instructor may be double-counted.

Extend the period of instructional permits to operate vehicles other than commercial motor vehicles or school buses from six months to twelve months and increase the fee for these permits from \$20 to \$25.

Require DOT to assess twice the number of demerit points as are normally assessed for a traffic offense if all of the following apply: (a) the driver committing the offense holds a probationary license, an instructional permit or is unlicensed, but would hold a probationary license if licensed; (b) the driver committing the offense has been previously convicted of an offense for which demerit points are assessed; and (c) the offense is not a violation of vehicle equipment regulations. Require DOT to suspend the operating privilege for six months of any person who holds a probationary license who has accumulated 12 demerit points in any 12-month period, instead of permitting DOT, as under current law, to suspend or revoke a person's operating privilege for the accumulation of demerit points.

Delete provisions that create different sets of conditions under which a holder of an instructional permit may operate a vehicle, depending upon whether the permittee is under the age of 16, or age 16 or over. Instead, specify that the same conditions apply to all permittees, as follows: (a) the permittee may only drive if accompanied by a person who has at least two years of licensed driving experience, presently holds a valid regular license and is either a qualified instructor, parent, guardian or spouse who is 19 years of age or older or is a person who is 21 years of age or older, as long as that person has been designated in writing to accompany the permittee by the permittee's parent or guardian prior to the operation of the vehicle by the permittee (written permission is not required if the permittee is at least 18 years of age); (b)

three other people, other than the permittee and an instructor, may occupy seats in a vehicle other than the front seats of a vehicle driven by the permittee if the vehicle is equipped with dual controls; and (c) members of the permittee's immediate family may occupy seats in a vehicle other than the front seats of a vehicle driven by the permittee if the person accompanying the permittee in the front seat is a parent, guardian or spouse who is 19 years of age or older.

Allow technical college system boards, along with school boards under current law, to establish and collect reasonable fees for any driver education program or part of a program that is not required and is not taken for credit toward graduation

Require DOT to submit a draft rule to the Legislative Council staff by the first day of the fourth month beginning after the publication of the bill, specifying which traffic offenses would result in the extension of the time-of-day and passenger restrictions if a probationary driver is convicted of one of the offenses while subject to those restrictions. Specify that the following offenses could not result in such an extension: (a) holding more than one driver's license; (b) driving without a valid license; (c) driving a school bus without a school bus endorsement; (d) violating lane restrictions related to motorcycles and mopeds; (e) failure to display a warning flag or light on a portion of a load that extends from the body of the vehicle; (f) failure to carry or display warning flares or other warning devices on certain vehicles; (g) defective horn or unnecessary use; (h) unlawful horn or siren; (i) unlawful use of emergency vehicle siren; (j) violation of mirror requirements; (k) wiper violations; (l) no fenders or mudguards on a truck; (m) improper drawbar, trailer hitch or mobile home coupling; (n) violation of eye protective gear regulations for motorcyclists; (o) defective motorcycle handlebars; (p) violation of motorcycle seating requirements; (q) improper moped equipment; (r) driving with a revoked or suspended license; and (s) driving with an expired license.

Specify that the provisions relating to the practice driving hours prerequisite, instructional permit restrictions and instructional permit periods and fees would first apply to licenses or permits applied for on the first day of the fourth month beginning after publication of the bill. Specify that the provisions relating to the six-month instructional permit prerequisite, time-of-day and passenger restrictions for probationary licenses and mandatory six-month suspensions for demerit point accumulations by probationary licensees would first apply to licenses and permits applied for on the first day of the tenth month beginning after publication or on September 1, 2000, whichever is later.

Increase estimated transportation fund revenue by \$166,700 in 1999-00 and \$77,200 in 2000-01 to reflect the net effect of increasing the fee for instructional permits and increasing the period for which instructional permits are valid.

[Act 9 Sections: 2142b, 2734qd thru 2734rv, 2746g, 2746m, 2749gg thru 2749gr, 9150(5g), 9350(4g), 9350(4h) and 9450(3g)]

**30. DISTINCTIVE DRIVER'S LICENSES FOR DRIVERS UNDER THE AGE OF 18**

**Governor:** Require DOT to give driver's licenses issued to persons who are under the age of 18 at the time of issuance a distinctive appearance that clearly identifies to the public that the person was under 18 years of age at the time of issuance. Specify that this requirement would first apply to licenses issued on January 1, 2000. Include the attaining of the age of 18 years as a reason for which a person may apply for a duplicate license, providing that the person provides proof of having attained that age. This provision would be in addition to the current law requirement that driver's licenses issued to persons who are under the legal drinking age must have a distinctive appearance. The Budget in Brief states that this provision is intended to enhance youth smoking prevention efforts.

**Joint Finance:** Delete provision as non-fiscal policy.

**Conference Committee/Legislature:** Restore provision, but specify that it would first apply to licenses issued on January 1, 2000, or on the day after the first day of the fourth month beginning after publication, whichever is later.

[Act 9 Sections: 2744g, 2744m, 9350(4h) and 9450(3g)]

**State Patrol**

**1. ADDITIONAL TRAFFIC OFFICERS [LFB Paper 965]**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$1,130,500	14.00	-\$18,600	0.00	\$1,111,900	14.00
SEG-S	<u>332,600</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>332,600</u>	<u>0.00</u>
Total	\$1,463,100	14.00	-\$18,600	0.00	\$1,444,500	14.00

**Governor:** Provide \$321,900 SEG, \$189,000 SEG-S and 9.0 SEG positions in 1999-00 and \$808,600 SEG, \$143,600 SEG-S and 14.0 SEG positions in 2000-01 to increase the size of the state traffic patrol. Increase the statutory number of traffic officers that DOT may employ by 15, from 385 to 400. The SEG amounts provided would be for salary and fringe benefits, fleet costs, materials and supplies and training costs associated with hiring additional state troopers. The SEG-S amounts would provide additional expenditure authority for DOT's fleet service center, which would be used for the purchase of 14 vehicles and related insurance, fuel and repair costs.



The Executive Budget Book states that this item was intended to increase the number of traffic officers by 14. Although only 14.0 positions were provided, the total number of traffic officers that DOT could hire, which is established by statute, would be increased by 15. Under current law, there are 386 persons in the state traffic patrol, consisting of 385 traffic officers and the person in the classified service designated to head them (the State Patrol Colonel). Under the bill, the treatment of the person designated to head the traffic patrol would not change, so the total number of persons in the traffic patrol would increase by 15, from 386 to 401. In order to limit the statutory increase in the number of officers that DOT could hire to 14, the bill would need to be amended to either: (a) specify that the person designated to head the traffic patrol must be counted as one of the 400 traffic officers; or (b) establish the total number of traffic officers at 399.

**Joint Finance/Legislature:** Delete \$500 SEG in 1999-00 and \$18,100 SEG in 2000-01 based on a reestimate of the costs to provide 14 additional troopers. Reduce the statutory number of traffic officers that DOT may hire to 399 to reflect the intent to limit the increase in the number of troopers that may be hired to 14.

[Act 9 Section: 2031]

**2. ADDITIONAL OFFICER TRAINING CLASS**

SEG	\$1,591,700
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**Governor/Legislature:** Provide \$535,500 in 1999-00 and \$1,056,200 in 2000-01 to fund an additional 22-week training class during the 1999-01 biennium (in addition to the two that are normally conducted per biennium) for new state troopers and inspectors. The funding would pay cadet salaries and fringe benefits during training and their probationary period, provide equipment for new troopers and inspectors and pay for increased travel expenses and fleet costs associated with maintaining a full staffing level. The intention of conducting an additional class would be to hire enough new officers to fill all current vacancies by the end of 1999-00 and maintain that staffing level through the end of the biennium.

Due, in part, to a large number of retirements, in November, 1998, immediately prior to the graduation of the last class of 29 cadets, there were 42 vacancies out of a total of 498 sworn staff in the State Patrol (including state troopers, motor vehicle inspectors, sergeants and officers). Normally, training classes are funded through salary and fringe benefit savings resulting from vacancies. Since the goal of this item is to reduce the number of vacancies among the sworn positions, this item would establish permanent supplies and services funding that would be used for training, including the payment of cadet salaries.

**3. DIGITAL MICROWAVE COMMUNICATIONS EQUIPMENT**

SEG	\$581,000
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**Governor/Legislature:** Provide \$290,500 annually to make payments on a seven-year master lease for the purchase of digital microwave communications equipment. Microwave communications equipment is used to send radio signals over long

distances in order to link communication towers to State Patrol dispatch centers located in district headquarters. The digital equipment that would be purchased would replace older, analog technology, which cannot operate more advanced radio communications, such as trunking (a system that uses a computer to automatically select open signal channels to minimize radio congestion). The full cost of the equipment is \$1,627,200.

**4. COMPUTER-AIDED DISPATCH SYSTEM**

SEG	\$343,400
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**Governor/Legislature:** Provide \$171,700 annually for making payments on a seven-year master lease for the purchase of a computerized radio dispatching system. The system is estimated to cost \$1,050,000 and would replace an existing dispatching system used for the past eight years. The new system, unlike the present system, would automatically record data that are entered on mobile data computers in State Patrol vehicles and would allow dispatchers to more easily track the status of all State Patrol vehicles. Data recorded by the system would be entered into a database, which would allow managers to examine data on response times, the number and types of calls received during a specific period and the amount of time spent by officers on particular duties.

**5. COMPUTER SOFTWARE MAINTENANCE CONTRACTS FOR COMMUNICATIONS EQUIPMENT**

SEG	\$121,900
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**Governor/Legislature:** Provide \$55,000 in 1999-00 and \$66,900 in 2000-01 for software maintenance and support contracts for recently-acquired digital radio communications equipment. The contracts would be for service and support for: (a) the mobile data communications network, which allows data to be transmitted between mobile data computers in State Patrol vehicles and Division of Motor Vehicles and Department of Justice databases; (b) digital mobile radios; and (c) data network routers at radio repair shops. The State Patrol has no base funding for communications software maintenance because older analog communications equipment, which is being or has been replaced, did not require software to operate. The new digital equipment, which allows for more advanced forms of voice and data transmission, must operate with vendor software. These contracts would allow for software upgrades.

**6. DNR/DOT RADIO SHOP MERGER**

	Funding Positions	
SEG-REV	\$881,000	
SEG	\$881,000	7.00

**Governor/Legislature:** Provide \$435,200 in 1999-00 and \$445,800 in 2000-01 and 7.0 positions annually to reflect the consolidation of DNR's radio maintenance facilities and personnel with those of DOT. Specify that the positions created under DOT would be filled by transferring the incumbent employees holding the positions in DNR performing duties primarily related to radio services. Specify that these employees shall have all the rights and the same

status under state employment relations provisions that they had under DNR and that they shall not be required to serve a probationary period if they had attained permanent status in DNR.

Require DNR to make payments to DOT for radio services, if DOT provides such services to DNR, from the DNR appropriations for administration and technology equipment pool operations (SEG-S) and general program operations (SEG). Specify that such payments shall be made on the first day of each quarter during the 1999-01 biennium, except that the first payment of 1999-00 shall be made on July 31, 1999, or ten days after the effective date of the bill, whichever is later. Increase estimated transportation fund revenue by \$435,200 in 1999-00 and \$445,800 in 2000-01 to reflect estimated payments from DNR for radio maintenance.

Currently, DNR has five radio repair and service facilities and DOT has seven. Following consolidation, DOT indicates that there will be nine facilities to service the equipment of both departments.

[Act 9 Sections: 336, 9136(5) and 9150(6)]

**7. PUBLIC SAFETY RADIO PROGRAM -- FUNDING INCREASE**

PR	\$37,200
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**Governor/Legislature:** Provide \$18,600 annually for the public safety radio program, which provides radio technical services and support for state and local agencies, primarily DOT and DNR. Of these amounts, \$6,600 would provide full funding of the salary and fringe benefit costs of a communications tower specialist and \$12,000 would be for supporting supplies and services costs for the program's three positions. Normally, the full funding of salary and fringe benefit costs of permanent positions is provided through a standard budget adjustment that provides the difference between the actual salary and fringe benefits for a position on July 1, 1998, and what an agency had budgeted for the position in the base year. The tower specialist position was vacant on July 1, 1998, but was subsequently filled. Under the full funding of salary and fringe benefit costs adjustment, a vacant position is funded at the minimum salary for the position's classification. The position was filled at a salary class higher than the minimum, so the standard budget adjustment did not fully fund the salary and fringe benefit costs.

The public safety radio program is funded primarily through transfers from the State Patrol's general operations appropriation, the state highway rehabilitation program and the Department of Natural Resources. These transfers, and funding increases necessary to make them, are summarized separately.

**8. PUBLIC SAFETY RADIO PROGRAM -- TRANSFERS FROM DOT AND DNR**

PR-REV	\$196,000
SEG	\$98,000

**Governor/Legislature:** Require the following transfers to the

public safety radio management PR-S appropriation within the State Patrol: (a) \$68,700 annually from the State Patrol's SEG general operations appropriation; and (b) \$32,400 annually from the state highway rehabilitation SEG appropriation. Specify that these transfers shall be made: (a) on July 31, 1999, or on the 30<sup>th</sup> day following the effective date of the bill, whichever is later; and (b) on July 31, 2000. Modify the state highway rehabilitation appropriation to allow for these transfers.

Require DNR to make payments to DOT for radio services, if DOT provides such services to DNR, from the DNR appropriations for administration and technology equipment pool operations (SEG-S) and general program operations (SEG). Specify that such payments shall be made on the first day of each quarter during the 1999-01 biennium, except that the first payment of 1999-00 shall be made on July 31, 1999, or ten days after the effective date of the bill, whichever is later. Estimate such payments from DNR at \$101,100 annually.

Provide \$33,200 SEG annually for the State Patrol's general operations appropriation, which, when combined with base funding of \$35,500, would provide the \$68,700 annually needed to make the State Patrol's transfer. Provide \$15,800 SEG annually for the state highway rehabilitation program, which, when combined with base funding of \$16,600, would provide the \$32,400 annually needed to make the highway program's transfer.

This item would provide a total of \$202,200 annually for the public safety radio program, which provides technical support of the state's public safety radio system. The transferred funds represent an increase of \$98,000 annually above the amount transferred in the base year (\$104,200, of which DNR and DOT each paid \$52,100). Following past practice, half of the transferred funds would come from DNR and half would come from DOT, although the bill would not require a transfer of a specific amount from DNR. Of DOT's share, 68% would come from the State Patrol and 32% would come from the state highway program.

[Act 9 Sections: 336, 348, 9136(5)(d) and 9250(1)]

**9. PUBLIC SAFETY RADIO PROGRAM -- SERVICES FOR LOCAL GOVERNMENTS**

PR-REV	\$44,000
PR	\$44,000

**Governor/Legislature:** Allow DOT to contract with local governments for the provision of public safety radio management services. Create a PR, continuing appropriation for public safety radio management services and provide \$22,000 annually in this appropriation to reflect estimated fees for services provided to local governments, such as radio equipment maintenance and the leasing of communications tower space.

[Act 9 Sections: 357, 704 and 1832]

**10. PRELIMINARY BREATH TESTING INSTRUMENTS**

PR-REV	\$290,900
PR	\$290,900

**Governor/Legislature:** Provide \$290,900 in 1999-00 for the purchase of 493 preliminary breath testing instruments. Require the Secretary of the Department of Administration, within 30 days after the effective date of the bill, to transfer \$290,900 from the Department of Health and Family Services (DHFS) appropriation for the collection of operating while intoxicated (OWI) driver improvement surcharge revenue to the State Patrol's breath screening instruments PR appropriation to fund this purchase. These instruments are used by State Patrol officers to help determine whether a driver may be intoxicated and should be arrested and given a more accurate breath test or a blood or urine test. The test results from preliminary breath testing instruments are not admissible as evidence in court.

Persons convicted of OWI offenses must pay a \$340 driver improvement surcharge, a portion of which is kept by the county in which the offense occurred and a portion of which is collected by the state. The state's portion is deposited in a DHFS appropriation and is used to support various state programs related to substance abuse, including the State Patrol's chemical testing section. The 1997-99 budget act provided \$1,990,400 from unencumbered balances in this appropriation to purchase new stationary breath testing machines, which are used to provide evidence of intoxication that is admissible in court. Only \$1,583,798 of this amount was needed, however, so the remaining \$406,602 lapsed to the DHFS appropriation.

[Act 9 Section: 9123(5)]

**11. CHEMICAL TESTING SECTION -- OPERATIONS**

PR	\$217,100
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**Governor/Legislature:** Provide \$127,400 in 1999-00 and \$89,700 in 2000-01 for operations of the chemical testing section of the State Patrol. The chemical testing section is responsible for the maintenance and testing of breath testing equipment used in the enforcement of the state's operating while intoxicated (OWI) laws, as well as training local and state personnel to operate that equipment. The funding would be used as follows: (a) \$39,800 in 1999-00 and \$9,200 in 2000-01 for the salary and fringe benefit costs of three LTEs hired to provide training to local and state law enforcement personnel in the operation of new breath testing equipment that was purchased during the 1997-99 biennium; (b) \$54,300 in 1999-00 and \$21,600 in 2000-01 for travel and fleet costs associated with the training; (c) \$16,300 annually for data processing hardware and software associated with the new machines; (d) \$14,900 in 1999-00 and \$39,900 in 2000-01 for supplies needed to operate the new breath testing instruments; and (e) \$2,100 in 1999-00 and \$2,700 in 2000-01 associated with an anticipated increase in payments to hospitals to take blood samples for the purpose of testing for alcohol content.

The chemical testing section is funded by a portion of the revenue collected from the \$340 OWI driver improvement surcharge, which is levied against individuals convicted of an OWI offense.

**12. CHEMICAL TESTING SECTION -- OVERTIME ADJUSTMENT**

PR	\$55,200
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**Governor/Legislature:** Provide \$27,600 annually for overtime salary and fringe benefit costs in the State Patrol's chemical testing section. Overtime funding was removed from the base budget for the chemical testing program as part of the full funding of salary and fringe benefits standard budget adjustment. This item would restore this funding, thereby providing the same level of overtime funding as in the base budget.

**13. CHEMICAL TESTING SECTION -- FUNDING MECHANISM**

**Governor/Legislature:** Delete the requirement that the Secretary of the Department of Administration transfer 31.29% of the operating while intoxicated (OWI) driver improvement surcharge revenue deposited in a Department of Health and Family Services (DHFS) clearinghouse appropriation to the DOT appropriation for the chemical testing section of the State Patrol. Instead, specify that the DOA Secretary may transfer funds to this appropriation after consultation with the DOT Secretary. This would establish the same mechanism for funding the chemical testing section as exists for other programs that are funded with OWI surcharge revenue. Specify that the unencumbered balance in the chemical testing section appropriation shall be transferred back to the DHFS appropriation on June 30 of each year.

[Act 9 Sections: 356 and 444]

**14. TRAINING ACADEMY OPERATIONS**

PR	\$374,900
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**Governor/Legislature:** Provide \$170,800 in 1999-00 and \$204,100 in 2000-01 in additional budget authority for State Patrol training academy operations. The additional funding would be used to expand the number of law enforcement training courses offered at the academy and would be provided from the tuition payments of course participants. The academy trains State Patrol personnel as well as law enforcement officers from other state and local agencies.

**15. STATEWIDE TRAUMA CARE SYSTEM [LFB Paper 506]**

	Governor (Chg. To Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$64,900	\$15,100	\$80,000

**Governor:** Provide \$64,900 in 2000-01 in the State Patrol's general operations appropriation for making a transfer to the Department of Health and Family Services (DHFS) to support the development of a statewide trauma care system.

Transfer \$64,900 from the State Patrol's appropriation to DHFS's general program operations appropriation on July 1, 2001, for the purposes of the statewide trauma care system.

The bill would provide funding in 2000-01, but would require a transfer on the first day of 2001-02. Since the funding is provided in the State Patrol's general operations appropriation, which is an annual appropriation, the funding provided by the bill would lapse before the transfer would occur. Further, the DHFS appropriation receiving the transfer is an annual, GPR appropriation limited to the amounts shown in the Chapter 20 appropriations schedule. The correct type of appropriation to receive a transfer from another agency would be a service funds appropriation.

A separate item, summarized under "Health and Family Services -- Public Health," would create a transportation fund appropriation in DHFS, and provide \$80,000 SEG and 1.0 SEG position in 2000-01 for the development of the statewide trauma care system. DOA indicates that the inclusion of both of these items was an error. According to DOA, the Governor's intent was to provide \$80,000 in the State Patrol's appropriation and transfer that amount to a new, DHFS appropriation in 2000-01 for the development of the trauma care system.

**Joint Finance/Legislature:** Delete the one-time transfer of \$64,900 from the State Patrol's general program operations appropriation to DHFS's general program operations appropriation for the statewide trauma care system on July 1, 2001. Instead, provide \$15,100 in 2000-01 in the State Patrol's general program operations appropriation and provide for an ongoing, annual transfer of \$80,000 to DHFS's interagency PR appropriation for the trauma care system, beginning on July 1, 2000.

A separate item, summarized under "Health and Family Services -- Public Health," would delete the \$80,000 transportation fund appropriation in DHFS proposed by the Governor. That item would also provide \$80,000 PR in expenditure authority in DHFS to reflect the transfer from the State Patrol's appropriation.

[Act 9 Sections: 358 and 1852m]

**16. MOTOR CARRIER ENFORCEMENT COMPUTER SYSTEM**

FED	\$35,000
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**Governor/Legislature:** Provide \$35,000 in 1999-00 for computer programming related to the upgrade of the State Patrol's commercial motor carrier enforcement database. The programming would allow State Patrol commercial motor vehicle inspectors to access the commercial motor vehicle and driver database through mobile data computers installed in vehicles. It would also allow inspectors to file incident reports directly into the database instead of, under current practice, filing a paper report that is later entered into the system. The funds would be provided through the federal motor carrier safety program.

**17. STATE PATROL DIVISION ADMINISTRATOR [LFB Paper 405]**

**Governor:** Specify that the following apply to an administrator of the Division of the State Patrol if he or she is certified by the law enforcement standards board as being qualified to be a law enforcement officer: (a) the administrator is considered a member of the state traffic patrol; (b) the administrator shall be designated as the superintendent of the state traffic patrol; (c) the administrator shall not be counted in the total number of traffic officers that DOT may hire (under current law, the division administrator is already not counted); and (d) the administrator is included as a protective occupation participant, which has implications for certain retirement benefits, effective January 1, 2000.

**Assembly:** Delete the provision that makes the division administrator a protective occupation participant.

**Senate:** Delete the entire provision.

**Conference Committee/Legislature:** Restore the Governor's provision.

[Act 9 Sections: 935, 936, 2031, 2032 and 9450(3)]

**18. STROBE LIGHTING FOR STATE PATROL VEHICLES**

**Assembly/Legislature:** Provide \$28,000 annually for the purchase and installation of strobe lighting for State Patrol vehicles. Specify that this increase would not be part of the Department's base for the 2003-05 biennial budget (the increase would remain in the base for the 2001-03 biennial budget).

SEG	\$56,000
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[Act 9 Section: 9150(1p)]

**19. RADIO INSTALLATION POSITIONS**

**Assembly/Legislature:** Provide \$30,400 and 4.0 positions in 2000-01 for the State Patrol to replace four LTE positions that are currently used to install radio equipment in State Patrol vehicles with permanent positions. The funding provided would pay the difference in the salary and fringe benefit costs between what is currently paid for the LTE positions and what would be paid for the permanent positions.

	Funding Positions	
SEG	\$30,400	4.00



## Other Divisions

### 1. STANDARD BUDGET ADJUSTMENTS

**Governor/Legislature:** Adjust the base budget for: (a) turnover reduction (-\$3,324,200 SEG annually); (b) removal of noncontinuing funding and positions (-\$43,700 SEG and -\$16,600 FED in 1999-00 and -\$76,200 SEG, -\$23,200 FED and -\$22,400 SEG-S in 2000-01 and -0.95 SEG position and -1.05 FED positions in 1999-00 and -0.95 SEG position, -2.05 FED positions and -1.0 SEG-S position in 2000-01); (c) full funding of continuing position salaries and fringe benefits (-\$1,351,200 SEG, -\$20,100 FED, -\$13,100 SEG-S and -\$30,800 PR annually); (d) full funding of financial services charges (\$39,200 SEG annually); (e) overtime (\$2,826,400 SEG, \$35,600 FED and \$14,200 SEG-S annually); (f) night and weekend salary differentials (\$259,100 SEG, \$4,800 FED and \$300 SEG-S annually); and (g) fifth week of vacation as cash (\$209,800 SEG and \$400 FED annually).

	Funding	Positions
FED	\$1,600	- 2.05
PR	- 61,600	0.00
SEG	- 2,801,700	- 0.95
SEG-S	- 19,600	- 1.00
<b>Total</b>	<b>- \$2,881,300</b>	<b>- 4.00</b>

### 2. INFORMATION TECHNOLOGY INFRASTRUCTURE [LFB Paper 970]

SEG	\$1,200,000
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**Governor/Legislature:** Provide \$1,200,000 in 2000-01 to provide base funding for information technology hardware, software and ongoing support of the system. The funding would be used for network and data repository hardware and software, data integration tools, Oracle database software and support and improved web access and enhanced access to the data repository by Department employees. The Department would purchase equipment and software, beginning in 1999-00, using existing expenditure authority in DOT's automation service center, and the costs would be recovered, beginning in 2000-01, over a period of four years through charges to the departmental management and operations appropriation, which is where the funding in this item would be provided. Because the equipment and software would generally be on a four-year replacement cycle and because DOT indicates that the systems would require ongoing maintenance, this recommendation involves a permanent increase for information technology services.

### 3. INFORMATION TECHNOLOGY SALARY INCREASES [LFB Paper 971]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$703,300	- \$703,300	\$0

**Governor:** Provide \$442,000 in 1999-00 and \$261,300 in 2000-01 to provide funding for discretionary salary increases for certain DOT information technology employees, with the

intention of increasing retention of these employees. Discretionary salary increases are currently allowed, but require transfers within appropriations, such as from the supplies and services line to the salary and fringe benefits lines. This item would provide supplemental salary and fringe benefit funding to allow for discretionary increases while reducing or eliminating the need to make line transfers.

**Joint Finance/Legislature:** Delete provision.

**4. FEDERAL PLANNING FUNDS [LFB Paper 972]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
SEG	\$312,200	\$0	\$312,200
FED	<u>1,344,800</u>	<u>199,200</u>	<u>1,544,000</u>
Total	\$1,657,000	\$199,200	\$1,856,200

**Governor:** Provide \$168,100 SEG and \$672,400 FED in 1999-00 and \$144,100 SEG and \$672,400 FED in 2000-01 for transportation planning. The increase is an allocation of anticipated higher levels of federal highway and transit aid. Of these amounts, \$100,100 SEG and \$400,400 FED in 1999-00 and \$58,200 SEG and \$400,400 FED in 2000-01 would be provided in DOT's highway administration and planning appropriations and \$68,000 SEG and \$272,000 FED in 1999-00 and \$85,900 SEG and \$272,000 FED in 2000-01 would be provided in DOT's departmental management and operations appropriations. The funds provided in the highway administration and planning appropriations would be for statewide planning and research while the funds provided in the departmental management and operations appropriations would support the regional transportation planning functions of the state's metropolitan planning organizations. The SEG funds are the estimated amounts that, when combined with available base funding, would provide the required 20% nonfederal match.

**Joint Finance/Legislature:** Delete \$400,400 FED annually in federal highway funds for highway research and instead provide \$500,000 FED annually in federal discretionary research funds. Delete \$68,000 FED annually in federal highway funds for transportation planning and instead provide \$68,000 FED annually in federal transit planning funds.

**5. FLEET INFLATION**

SEG-S	\$486,800
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**Governor/Legislature:** Provide \$109,500 in 1999-00 and \$377,300 in 2000-01 for additional expenditure authority related to inflation for fuel and vehicles. These represent increases of 1.0% in 1999-00 and 2.4% in 2000-01 over the fleet service center's base budget for supplies and services and permanent property. The fleet service center is funded through charges back to DOT's operating divisions for the use of fleet vehicles.

**6. VEHICLE FLEET PURCHASES**

SEG-S	- \$347,000
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**Assembly/Legislature:** Delete \$162,100 in 1999-00 and \$184,900 in 2000-01 from the fleet operations appropriation for the purchase of vehicles for the DOT-operated fleet. The reduction reflects the estimated savings in the 1999-00 biennium from the purchase of 125 four-cylinder sedans and station wagons instead of six-cylinder sedans and station wagons.

**7. DOT VEHICLE FLEET TRANSFER TO DOA [LFB Paper 149]**

**Governor:** Require that the Department of Administration (DOA) submit an implementation plan to the Joint Committee on Finance (JFC) at its third quarterly s. 13.10 meeting in 2000 for consolidating the vehicle fleet management functions of DOT with the corresponding functions of DOA. Provide that JFC could approve, or modify and approve, the plan and that DOA could implement the plan, if approved, on the date specified in the plan. DOA would be prohibited from implementing the plan if it is not approved by JFC.

Require DOT to reflect any savings from this consolidation in the Department's 2001-03 biennial budget request. Require that DOT fully cooperate with DOA in implementing an approved consolidation plan.

Similar vehicle fleet transfer plans would apply to the Department of Natural Resources and the University of Wisconsin-Madison. The nonstatutory provisions that would govern the specific items to be covered in each plan for transfer to DOA are summarized under "Administration -- Agency Services."

**Joint Finance:** Delete provision. Require DOA to conduct a study of the possible consolidation of agency fleet operations and submit the results of the study and suggested legislation to the Joint Committee on Finance upon completion of the study. The study requirements are summarized in more detail in a separate item under "Administration -- Agency Services."

**Assembly/Legislature:** Delete Joint Finance provision and restore Governor's provision.

[Act 9 Section: 9158(1d)]

**8. SOIL MAP FUNDING [LFB Paper 195]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$400,000	-\$134,800	\$265,200

**Governor:** Provide \$200,000 annually in DOT's departmental management and operations appropriation for the transfer to DOA of funds to pay for conducting soil surveys and digitizing soils maps. The bill would give DOA the authority to assess state agencies for these costs and would provide funding in DOT and DNR for the purpose of paying the assessment. A separate item under "Administration" summarizes changes made regarding the soil survey and mapping functions.

**Joint Finance/Legislature:** Delete \$67,400 annually and reduce the amount transferred to DOA for conducting soil surveys to \$132,600 annually to reflect a decision to spread project costs over six years instead of four years. Authorize the Land Information Board, rather than DOA, to assess DOT and DNR for the costs of conducting soil surveys and soil mapping activities.

**Veto by Governor [B-26]:** Delete the authority of the Land Information Board to assess DOT and DNR. As vetoed, Act 9 provides the funding for soil mapping in DOT's budget, but no entity is given the explicit authority to assess DOT for the costs of conducting the soil surveys and producing the maps.

[Act 9 Vetoed Section: 114m]

**9. OFFICE OF ORGANIZATIONAL DEVELOPMENT SERVICES**

Funding Positions		
SEG	-\$236,600	- 2.00

**Governor/Legislature:** Delete \$118,300 and 2.0 positions annually in the Office of Organizational Development Services (OODS). Transfer \$443,000 SEG and 6.0 SEG positions annually to the departmental management and operations appropriation from the highway administration and planning appropriation to reflect the transfer of the remainder of the office to the Division of Business Management. OODS provides services for the Department related to quality management, strategic and business planning, process improvement, performance management, customer and employee assessment and management development and training. The two eliminated positions are currently vacant. According to the Executive Budget Book, these positions and the associated funding were reallocated to the Division of Motor Vehicles to help offset increasing costs associated with requests to suspend and revoke driver's licenses. The Legislature deleted the positions in the Division of Motor Vehicles.

**10. FEDERAL TRAFFIC SAFETY FUNDS**

FED	\$156,000
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**Governor/Legislature:** Increase funding by \$56,000 in 1999-00 and \$100,000 in 2000-01 in the traffic safety program to reflect estimated increases in the amount of federal traffic safety aid that will be received by the state during the biennium. This increase

would establish total federal funding for the program at \$3,431,600 in 1999-00 and \$3,475,600 in 2000-01.

**11. RENT AND LEASEHOLD IMPROVEMENTS**

SEG	\$135,200
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**Governor/Legislature:** Provide \$33,500 in 1999-00 and \$101,700 in 2000-01 for renting new facilities. These amounts would be used as follows: (a) \$15,500 in 1999-00 and \$30,900 in 2000-01 for the rental of eight tower sites for State Patrol communications; (b) \$18,000 in 1999-00 and \$33,300 in 2000-01 for the incremental costs of renting new DMV service center sites to replace existing sites (in Baraboo, Port Washington and Richland Center); and (c) \$37,500 in 2000-01 for the rental of additional space for the transportation district office in Wisconsin Rapids.

**12. RENT TRANSFER FOR WISCONSIN RAPIDS DISTRICT OFFICE**

**Governor/Legislature:** Transfer \$171,000 SEG annually to the departmental management and operations appropriation from the highway administration and planning appropriation to reflect increased space rental costs associated with new, larger district office space in Wisconsin Rapids. Facilities-related costs are centrally managed in DOT by the Division of Business Management.

**13. UPGRADE OFFICE SPACE**

SEG	\$106,300
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**Governor/Legislature:** Provide \$33,500 in 1999-00 and \$72,800 in 2000-01 for upgrading DOT office space to meet DOA guidelines.

**14. FEDERAL INDIRECT COST REIMBURSEMENT APPROPRIATION [LFB Paper 973]**

**Governor** Create a federal, continuing appropriation for indirect cost reimbursements associated with administering federal transportation programs. Specify that the appropriation could first receive reimbursements of indirect costs incurred on the effective date of the bill. Federal reimbursements credited to this appropriation could be used for administrative purposes, program purposes, funding of positions, payment of federal aid disallowances or other purposes authorized by law. A recent change in federal law allows state agencies charged with administering federal transportation programs to be reimbursed for indirect administrative costs, such as procurement, accounting, payroll, personnel, data processing and facilities management. DOT indicates that a transfer of funds from federal program appropriations to this appropriation would be requested after the federal government approves the state's plan for indirect cost reimbursement.

**Joint Finance/Legislature:** Delete provision.

**15. PRETRIAL INTOXICATED DRIVER INTERVENTION GRANT PROGRAM**

SEG	\$429,700
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**Joint Finance/Legislature:** Provide \$115,000 in 1999-00 and \$314,700 in 2000-01 for the pretrial intoxicated driver intervention grant program. Eliminate the current \$500,000 limit on the total amount of grants that DOT may make under the program. Total funding for the program would be \$265,000 in 1999-00 and \$464,700 in 2000-01.

[Act 9 Section: 1855g]

**16. REVIEW OF LONG-RANGE TRANSPORTATION PLANS**

**Joint Finance:** Require the Secretary of the Department of Transportation to submit any proposed long-range transportation plan to the Joint Committee on Finance prior to the adoption of the plan. Specify that if the cochairpersons of the Committee do not notify DOT, within 14 days after the date of the submittal of the plan, that the Committee has scheduled a meeting for the purpose of reviewing the plan, DOT may adopt the plan. Specify that if, within 14 days after the date of the submittal of the plan, the cochairpersons of the Committee notify DOT that the Committee has scheduled a meeting for the purpose of reviewing the plan, DOT may adopt the plan only upon approval of the Committee. Specify that the Committee may require DOT to reconsider particular elements of a plan and that, in this case, DOT must resubmit a revised plan for the Committee's review. Specify that a transportation plan that covers a period of six years or less shall not be considered a long-range transportation plan for the purposes of this provision.

**Assembly/Legislature:** Delete provision.

**17. BROWNFIELDS -- 2001-03 BUDGET REQUEST**

**Joint Finance/Legislature:** Require DOT to work with the cities of Green Bay, La Crosse, Milwaukee and Oshkosh to develop proposals for transportation planning, access and infrastructure improvements for inclusion in the Department's 2001-03 budget request.

**Veto by Governor [B-31]:** Delete provision.

[Act 9 Vetoed Section: 9150(3v)]

**18. BROWNFIELDS -- BIENNIAL REPORT**

**Joint Finance/Legislature:** Direct the Departments of Administration, Commerce, Natural Resources, Revenue and Transportation to submit an annual consolidated report on June 30 of each year to the Joint Committee on Finance and the appropriate standing

committees of the Legislature that evaluates the effectiveness of the state's efforts to remedy the contamination of, and to redevelop, brownfields.

**Veto by Governor [B-36]:** Delete the requirement for the Departments of Revenue and Transportation, delete the June 30 annual submittal date and delete the requirement that the report be submitted to the appropriate standing committees.

[Act 9 Section: 2611d]

[Act 9 Vetoed Section: 2611d]

# UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS AUTHORITY

## Budget Change Items

### 1. INCREASE BONDING AUTHORITY [LFB Paper 980]

**Governor:** Increase the amount of bonds the Authority could issue or the indebtedness it could incur by \$40 million. Under current law, the Authority may not issue bonds, or incur indebtedness to the Wisconsin Health and Educational Facilities Authority (WHEFA), if the aggregate principal amount of the Authority's outstanding bonds and indebtedness to WHEFA would exceed \$50 million. This limitation on bonds and indebtedness does not apply to bonds issued to refund outstanding bonds, or indebtedness incurred to pay off or purchase outstanding indebtedness.

**Joint Finance/Legislature:** Increase the amount of bonds the Authority could issue or the indebtedness it could incur by an additional \$16.5 million over the \$40 million recommended by the Governor. This would provide for a total statutory limitation on bonding or indebtedness of \$106.5 million, compared to \$50 million under current law.

[Act 9 Section: 2369]

### 2. LIMIT ON USE OF BONDING AUTHORITY [LFB Paper 980]

**Governor:** Prohibit the Authority from issuing bonds for the purpose of purchasing a clinic or hospital, beginning with the effective date of the bill.

**Joint Finance/Legislature:** Delete provision and instead prohibit the Authority from issuing bonds or incurring indebtedness to WHEFA for the purpose of purchasing a health maintenance organization or any other insurer as defined under current law governing insurance, beginning with the effective date of the bill.

**Veto by Governor [A-21]:** Delete provision.

[Act 9 Vetoed Sections: 2367q, 2368m and 2368r]



# UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS BOARD

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	<u>Act 9 Change Over Base Year Doubled</u>	
						Amount	Percent
PR	\$117,030,800	\$126,390,300	\$126,390,300	\$126,390,300	\$126,390,300	\$9,359,500	8.0%

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	<u>Act 9 Change Over 1998-99 Base</u>
PR	1,613.33	1,634.54	1,634.54	1,634.54	1,634.54	21.21

## Budget Change Item

### 1. STAFF SALARIES AND RELATED FUNDING

	<b>Funding Positions</b>	
PR	\$9,359,500	21.21

**Governor/Legislature:** Provide \$3,447,500 in 1999-00 and \$5,912,000 in 2000-01 and provide 22.71 classified positions and delete 1.5 project positions beginning in 1999-00. The funding would be provided for the following: (a) \$1,367,000 in 1999-00 and \$3,094,100 in 2000-01 for classified position salaries increases of approximately 4% annually; (b) \$2,197,900 in 1999-00 and \$2,926,500 in 2000-01 for additional fringe benefits costs calculated at the rate of 42% of salary costs; (c) -\$114,600 in 1999-00 and -\$106,900 in 2000-01 for adjustments to project position salaries; and (d) -\$2,800 in 1999-00 and -\$1,700 in 2000-01 for supplies and services.

The Board has the statutory authority to create or abolish positions funded with revenues from a contractual service agreement with a University of Wisconsin Hospitals and Clinics Authority for services provided by the Board's classified and LTE employees. The Board is required to report quarterly to DOA and the Joint Committee on Finance the number of positions created or abolished by the Board. The additional 21.21 PR positions provided under the Governor's recommendations adjusts the base level position totals to reflect the number of positions the Board reported to DOA in its agency budget request as compared to the July, 1998, report. As of June 30, 1999, the Board reported a total of 1,701.54 positions.

## UNIVERSITY OF WISCONSIN SYSTEM

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$1,821,965,800	\$1,866,397,700	\$1,878,962,800	\$1,913,964,000	\$1,912,543,300	\$90,577,500	5.0%
FED	1,203,959,400	1,203,959,400	1,203,959,400	1,203,959,400	1,203,959,400	0	0.0
PR	2,472,944,800	2,624,087,000	2,619,990,900	2,622,449,300	2,622,449,300	149,504,500	6.0
SEG	<u>43,385,000</u>	<u>48,463,700</u>	<u>48,713,700</u>	<u>49,113,700</u>	<u>48,563,700</u>	<u>5,178,700</u>	11.9
<b>TOTAL</b>	<u>\$5,542,255,000</u>	<u>\$5,742,907,800</u>	<u>\$5,751,626,800</u>	<u>\$5,789,486,400</u>	<u>\$5,787,515,700</u>	<u>\$245,260,700</u>	4.4%

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	18,250.94	18,290.44	18,290.94	18,292.94	18,291.44	40.50
FED	3,487.81	3,487.81	3,487.81	3,487.81	3,487.81	0.00
PR	6,262.15	6,290.65	6,293.65	6,291.65	6,291.65	29.50
SEG	<u>85.69</u>	<u>85.69</u>	<u>85.69</u>	<u>88.69</u>	<u>85.69</u>	<u>0.00</u>
<b>TOTAL</b>	<u>28,086.59</u>	<u>28,154.59</u>	<u>28,158.09</u>	<u>28,161.09</u>	<u>28,156.59</u>	70.00

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS

**Governor/Legislature:** Adjust the base budget for: (a) removal of noncontinuing items (-\$1,175,700 GPR and -\$77,000 PR annually); (b) full funding of continuing salaries and fringe benefits (\$6,638,300 GPR and \$952,700 PR annually); (c) full funding of financial services charges (\$59,900 GPR annually); and (d) night and weekend differential (\$166,900 GPR and \$57,000 PR annually).

GPR	\$11,378,800
PR	<u>1,865,400</u>
<b>Total</b>	<b>\$13,244,200</b>

Note: For all items under the UW System, the source of program revenues (PR) is tuition and fees, unless otherwise noted.

2. FUNDING FOR UW MADISON [LFB Paper 985]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$15,000,000	17.00	\$0	0.00	\$4,000,000	0.00	\$19,000,000	17.00
PR	<u>15,000,000</u>	<u>0.00</u>	<u>-6,923,100</u>	<u>0.00</u>	<u>2,153,800</u>	<u>0.00</u>	<u>10,230,700</u>	<u>0.00</u>
Total	\$30,000,000	17.00	-\$6,923,100	0.00	\$6,153,800	0.00	\$29,230,700	17.00

**Governor:** Provide \$5,500,000 GPR and \$5,500,000 PR in 1999-00 and \$9,500,000 GPR and \$9,500,000 PR in 2000-01 and 17.0 GPR positions beginning in 2000-01. All of the funding would be placed in unallotted reserve to be released by the Department of Administration (DOA). According to executive budget documents and UW System staff, the funding would be used for a number of items at UW-Madison which may include: (a) compensation increases for faculty and academic staff; (b) hiring 17.0 new faculty positions in 2000-01 in interdisciplinary clusters; (c) increased funding for the biological life sciences; (d) maintenance, reconditioning and energy conservation projects for existing facilities; (e) differential tuition initiatives; and (f) financial aid. Additional funding for these items would be provided using private monies from the UW foundation and the Wisconsin Alumni Research Foundation.

**Joint Finance:** Modify the Governor's recommendation by deleting \$2,538,500 PR in 1999-00 and \$4,384,600 PR in 2000-01 to provide the funding for the Madison initiative according to the traditional 65% GPR/35% PR split. Total funding for UW-Madison would be \$8,461,500 in 1999-00 and \$14,615,400 in 2000-01. In addition, specify that the Board of Regents may not use any of the funds provided under Joint Finance for the Madison initiative for merit-based salary increases for a faculty or academic staff member unless the increases are made to recognize competitive factors.

**Assembly:** Provide \$2,538,500 PR in 1999-00 and \$4,384,600 PR in 2000-01 to restore the amount provided under the Governor's budget for various initiatives at UW-Madison. Restoring the PR funds would result in a 50% GPR/50% PR split.

**Senate:** Provide an additional \$4,000,000 GPR and \$2,153,800 PR in 2000-01 to increase funding for the Madison initiative. Total funding for the initiative is \$8,461,500 in 1999-00 and \$20,769,200 in 2000-01. In addition, require the Board of Regents to submit a report to the Joint Committee on Finance, annually by October 1, 2000, and by October 1, 2001, regarding the amounts of any salary increases to recognize competitive factors which are granted using funding provided for the Madison initiative, and the institutions at which they are granted, for fiscal years 1999-00 and 2000-01.

**Conference Committee/Legislature:** Include the Senate provision.

[Act 9 Section: 9154(1w)]

**3. FUNDING FOR LIBRARIES [LFB Paper 986]**

GPR	\$4,767,100
PR	2,566,900
Total	\$7,334,000

**Governor/Legislature:** Provide \$1,616,300 GPR and \$870,300 PR in 1999-00 and \$3,150,800 GPR and \$1,696,600 PR in 2000-01 to increase funding for UW System libraries. According to executive budget documents and UW System staff, the funds would be used for the following:

*Acquisitions.* \$1,040,000 GPR and \$560,000 PR in 1999-00 and \$2,080,000 GPR and \$1,120,000 PR in 2000-01 to increase funding for the acquisition of books, journals and other documents.

*Electronic Licenses.* \$433,300 GPR and \$233,300 PR in 1999-00 and \$866,700 GPR and \$466,700 PR in 2000-01 to purchase licenses for electronic databases, reference services and journals for UW System institutions.

*Statewide Resource Sharing.* \$143,000 GPR and \$77,000 PR in 1999-00 and \$204,100 GPR and \$109,900 PR in 2000-01 to expand the physical delivery services among UW campuses from three days per week to five or six days per week. Delivery service for all UW campuses except UW-Superior and the UW Colleges is currently provided under a contract with South Central Library System. Superior and the Colleges receive deliveries via UPS, U.S. mail or U.S. document delivery.

**4. INSTRUCTIONAL TECHNOLOGY [LFB Paper 987]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$3,162,900	-\$598,000	\$2,564,900
PR	1,703,100	-322,000	1,381,100
Total	\$4,866,000	-\$920,000	\$3,946,000

**Governor:** Provide \$718,900 GPR and \$387,100 PR in 1999-00 and \$2,444,000 GPR and \$1,316,000 PR in 2000-01 for the following instructional technology (IT) student staffing increases and training.

*Student Staff.* \$276,900 GPR and \$149,100 PR in 1999-00 and \$1,404,000 GPR and \$756,000 PR in 2000-01 to fund salaries and fringe benefits for an additional 200 student IT workers over the biennium.

*Training.* \$442,000 GPR and \$238,000 PR in 1999-00 and \$1,040,000 GPR and \$560,000 PR in 2000-01 for IT training. Under the Governor's recommendation, 340 student IT workers would receive training in 1999-00 and 800 student IT workers in 2000-01 at a cost of \$2,000 per student.

**Joint Finance/Legislature:** Reduce funding for training by \$598,000 GPR and \$322,000 PR in 2000-01 to provide training for 340 IT students workers in 2000-01 instead of 800 student IT workers. Require the Board to report the following to the Joint Committee on Finance by September 1, 2000: (a) the number of new student IT positions filled during 1999-00 at each UW institution; (b) the range of salaries and average salary for student IT workers at each UW institution during 1999-00; (c) the number of students at each UW institution that received IT work-related training during 1999-00, the areas of training and associated costs; (d) turnover rates for student IT workers during 1999-00; and (e) average length of time students, employed in 1999-00, are employed in UW System IT jobs for each UW institution.

In addition, require the Board to develop a plan to help ensure that students who receive IT training from the UW System while employed as student IT workers are retained as IT employes for the duration of their enrollment. Require the Board to submit a copy of this plan to the Joint Committee on Finance before November 1, 1999.

**Veto by Governor [A-27]:** Delete all of the requirements that the Board report on student IT positions and develop a student IT worker retention plan.

[Act 9 Vetoes Section: 9154(1d)]

**5. INTERNATIONAL EDUCATION [LFB Paper 988]**

	<b>Governor (Chg. to Base)</b>		<b>Jt. Finance (Chg. to Gov)</b>		<b>Legislature (Chg. to JFC)</b>		<b>Net Change</b>	
	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>
GPR	\$2,650,000	10.00	-\$597,500	0.00	\$97,500	0.00	\$2,150,000	10.00
PR	350,000	0.00	- 52,500	0.00	52,500	0.00	350,000	0.00
Total	\$3,000,000	10.00	-\$650,000	0.00	\$150,000	0.00	\$2,500,000	10.00

**Governor:** Provide \$1,000,000 GPR in 1999-00 and \$1,650,000 GPR and \$350,000 PR and 10.0 GPR positions in 2000-01 for international education initiatives. According to executive budget documents, the funding would be used for: (a) grants of \$2,000 each to UW undergraduate students to pay a portion of the costs associated with studying abroad (\$1,000,000 GPR annually); (b) development of a bachelor of global studies program at UW-Milwaukee (\$552,500 GPR and \$297,500 PR and 10.0 GPR positions in 2000-01); and (c) business development initiatives including assisting Wisconsin businesses seeking to trade overseas (\$97,500 GPR and \$52,500 PR in 2000-01).

**Joint Finance:** Modify the Governor's recommendation by reducing the amount provided for study abroad grants by \$500,000 GPR in 1999-00 and providing funding for the grants in a new, annual appropriation. Total funding for the grants would be \$500,000 GPR in 1999-00 and \$1,000,000 GPR in 2000-01. Require the Board of Regents to award a grant of \$2,000 to a resident undergraduate student to assist in paying the costs associated with studying abroad provided that the student: (a) demonstrates financial need for the grant, as determined by the

Board; (b) is enrolled full-time in the UW System in the semester preceding the student's study abroad; and (c) is enrolled in a program leading to an associate or bachelor's degree. In addition, reduce the amount provided for purposes related to international education by \$97,500 GPR and \$52,500 PR in 2000-01 to reflect the elimination of funding for business development initiatives.

**Assembly:** Delete \$500,000 in 1999-00 to delay awarding need-based grants to resident undergraduate students to assist in paying the costs associated with studying abroad until 2000-01. As under Joint Finance, \$1,000,000 would be provided for the grants in 2000-01.

**Senate:** Modify the Joint Finance provisions to provide an additional \$97,500 GPR and \$52,500 PR in 2000-01 for international business development initiatives. Require UW-Milwaukee to collaborate with other institutions to develop and implement programs and training for Wisconsin businesses and UW System faculty in the area of international business development.

**Conference Committee/Legislature:** Include the Senate provision.

[Act 9 Sections: 286m, 891g and 895m]

## 6. TUITION REVENUE EXPENDITURE AUTHORITY [LFB Paper 989]

**Governor:** Change the appropriation for tuition and fee revenues from an annual, sum certain to a continuing appropriation, which would allow the UW to expend all monies received as tuition.

Under current law, a provision enacted in 1997 Act 27 permits the UW System to expend up to 104% of the sum certain amount appropriated for tuition and fee revenues in the first year of a biennium and up to 107% of the sum certain amount appropriated in the second year of a biennium. In addition, the University is allowed to expend tuition and fee revenues that were budgeted, but not expended, in the prior year. These current law provisions would be deleted. Instead, the UW System would be permitted to expend tuition revenues as they are generated, without limit and without the prior approval of the Legislature or the Joint Committee on Finance that is required for a sum certain appropriation.

**Joint Finance:** Delete the Governor's recommendation to change the appropriation for tuition and fee revenues from an annual, sum certain to a continuing appropriation. As under current law, the Board of Regents would continue to be allowed to expend, without prior approval, up to 104% of the amount appropriated in the first year of a biennium and up to 107% of the amount appropriated in the second year of a biennium.

In addition, permit the Board of Regents to allocate sufficient tuition revenues for any portion of the 1999-01 pay plan increases for faculty and academic staff that are not funded

through the compensation reserves, which is identical to a provision included in 1997 Act 27 relating to the 1997-99 pay plan increases.

**Assembly:** Restore the Governor's recommendation to change the appropriation for tuition and fee revenues from an annual, sum certain to a continuing appropriation, which would allow the UW to expend all monies received as tuition and fees.

**Conference Committee/Legislature:** Modify the Assembly provision to establish a limit on the amount the Board of Regents could increase tuition for resident undergraduate students. The Board would be prohibited from increasing tuition for such students beyond an amount sufficient to fund all of the following: (a) in an odd-numbered year, the highest amount shown in the appropriation schedule for the tuition appropriation for that year in the Joint Finance Committee substitute amendment, the engrossed budget bill or the enrolled budget bill; (b) in an even-numbered year, the amount shown in the appropriation schedule for the tuition appropriation; (c) the approved recommendations of the Secretary of Employment Relations for compensation and fringe benefits for classified and unclassified staff; (d) the projected loss in revenue caused by a change in the number of enrolled undergraduate, graduate, resident and nonresident students from the previous year; (e) state-imposed costs not covered by GPR as determined by the Board; (f) distance education, intersession and nontraditional courses; and (g) differential tuition that is approved by the Board and not included in the amount in the appropriation schedule for the tuition appropriation.

Under (c), if the recommendations have not been approved by the Joint Committee on Employment Relations (JCOER), the Board could raise tuition by an amount sufficient to fund the Secretary's recommendations, or if the Secretary has not made recommendations, the Board could raise tuition by an amount sufficient to fund the Board's own estimates and recommendations. If the Board sets tuition to fund compensation and fringe benefits that exceed the level finally approved by JCOER, then the Board would be required to reduce tuition for these students by the excess in the following year. If the Board sets tuition to fund compensation and fringe benefits that are less than the level finally approved by JCOER, then the Board could increase tuition for these students by the amount of the shortfall in the following year.

The Board would be required to report its determination of state-imposed costs under (e) to the Secretary of Administration beginning on December 15, 2000 and annually thereafter. The Board would also be required to report on the amount by which expenditures from the tuition appropriation in the previous fiscal year exceeded the amount shown in the appropriation schedule, the purposes for which the additional revenues were spent, and the amount spent for each purpose, beginning on December 15, 2000 and annually thereafter.

[Act 9 Sections: 70m, 291t, 296m, 296s, 296t, 891m, 891r, 891s and 9154(3m)]

**7. GPR FUNDING INCREASE**

GPR	\$28,000,000
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**Senate:** Provide \$4,000,000 annually in the UW System's appropriation for general program operations. The additional funding is intended to reduce tuition increases.

**Conference Committee/Legislature:** Provide \$28,000,000 in 2000-01. Prohibit the UW Board of Regents from charging more in tuition for resident undergraduate students in 2000-01, than it charged in 1999-00.

[Act 9 Section: 9154(4t)]

**8. UW ACCESS FUNDING**

**Conference Committee/Legislature:** Provide \$4,800,000 in 2000-01 in the Joint Committee on Finance (JFC) appropriation for release to the UW to fund additional faculty and staff so 1,000 additional students could attend the UW. Require that JFC would release these funds, once the UW has demonstrated to the Committee's satisfaction that enrollment in 2000-01 will increase by 300 students at UW-Madison and an additional 700 students in the UW System. The fiscal effect of this item is shown under "Program Supplements."

**Veto by Governor [A-22]:** Delete \$1,000,000 and the specific reference to UW-Madison to increase enrollment by 300 students. As a result, Act 9 provides \$3,800,000 for release by JFC to the UW to increase enrollment by a total of 1,000 students in the UW System.

[Act 9 Section: 9154(3d)]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.865(4)(a)) and 9154(3d)]

**9. GPR POSITION AUTHORITY [LFB Paper 990]**

**Governor:** Permit the Board of Regents to submit a proposal, during the 1999-01 biennium, to the Secretaries of the Department of Administration (DOA) and the Department of Employment Relations (DER) to increase its authorized FTE positions that are funded in whole or in part with GPR. Provide that the Board could propose an increase of up to 1% above the base level of authorized GPR positions. Require that the proposal include the Board's methodology for accounting for the cost of funding the positions. Provide that the Secretaries of DOA and DER could only approve such a proposal if the incremental costs for the positions, as determined by the Secretaries, would not be included in any subsequent biennial budget request submitted by the Board. Provide that if the Secretaries of DOA and DER jointly approve the proposal, the positions would be authorized. Prohibit the Board from requesting any funds for compensation adjustments for these positions during the 1999-01 biennium. Require the Board to report to the Secretaries of DOA and DER no later than the last day of the



month following the close of each calendar quarter, on the number of positions authorized under this provision that have been filled by the Board during the preceding calendar quarter and the source of funding for each of the positions.

Based on the number of GPR positions that the UW System would be authorized under the bill (18,261.44 positions in 1999-00 and 18,290.44 positions in 2000-01), the University could create approximately 183 new GPR positions during the biennium. However, the 1% limit would be based on the number of authorized GPR positions at the time the proposal is submitted, which could be higher than the level authorized in the budget act. Under current law, the UW System is allowed to create or abolish positions funded by auxiliaries, operational receipts, federal indirect cost reimbursements and trust funds without prior approval. Under current law, no GPR positions can be created or abolished except by the Legislature by law or the Joint Committee on Finance acting under s. 13.10 of the statutes.

**Joint Finance:** Delete provision.

**Assembly/Senate/Legislature:** Restore the Governor's recommendation.

**Veto by Governor [A-25]:** Delete the reference to the 1999-01 biennium in the provision relating to supplementation, so that the prohibition on requesting supplementation for these positions would be permanent, rather than only apply to the 1999-01 biennium.

[Act 9 Section: 9154(3t)]

[Act 9 Vetoed Section: 9154(3t)]

#### 10. GRADUATE STUDENT TUITION REMISSIONS

PR	-\$10,342,600
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**Governor/Legislature:** Reestimate tuition and fee revenues by -\$5,171,300 annually to reflect a reduction in tuition revenues generated due to the remission of tuition for certain graduate students at UW-Madison. A provision in the 1997-99 state budget required the Board of Regents to remit nonresident tuition and academic fees (resident tuition), in whole or in part, to resident and nonresident graduate students who are fellows or who are employed within the UW System as faculty, instructional academic staff or assistants with an appointment equal to at least 33% of a full-time equivalent position. The decrease in UW-Madison's tuition revenues resulting from the remissions is estimated at \$5,171,300 annually.

#### 11. REESTIMATE SPECIAL FEE REVENUES

PR	\$1,800,000
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**Governor/Legislature:** Reestimate funding for the student technology fee by \$600,000 in 1999-00 and \$1,200,000 in 2000-01. The technology fee, which is equal to 2.5% of tuition at UW-Madison and 2% of tuition for students at other UW institutions, is used to provide students with additional resources in the area of instructional technology

such as email, internet access, updated software, additional staffing and longer hours at computer labs and help desks. The reestimate is intended to reflect increased fee revenues due to increases in tuition and enrollment.

**12. CENTER FOR TOBACCO RESEARCH AND INTERVENTION [LFB Paper 455]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$2,000,000	-\$2,000,000	\$0
PR	0	2,000,000	2,000,000
Total	\$2,000,000	\$0	\$2,000,000

**Governor:** Provide \$1,000,000 in each year of the 1999-01 biennium in unallotted reserve, to be released by DOA, in the University's general program operations appropriation for education, research and public service. Require the Board of Regents to allocate \$1,000,000 in 1999-00 and \$1,000,000 in 2000-01 from that appropriation to advance the work of the UW Center for Tobacco Research and Intervention in developing new educational programs to discourage tobacco use, determining the most effective strategies for preventing tobacco use and expanding smoking cessation programs throughout the state.

**Joint Finance:** Delete provision. Instead provide \$1,000,000 PR annually, in a new, continuing appropriation within the UW System for the UW Center for Tobacco Research and Intervention at UW-Madison for the same purposes. The funds would be derived from a segregated tobacco control fund that would be created in the bill under the Department of Health and Family Services (DHFS). In addition, beginning on July 1, 2000, require the Legislative Audit Bureau to conduct a financial audit of the Center that would examine the use of funds appropriated from the DHFS tobacco control aids appropriation. Require the Legislative Audit Bureau to file its report by June 30, 2001.

**Assembly:** Provide \$500,000 PR in 2000-01 instead of \$1,000,000 PR annually for the UW Center for Tobacco Research and Intervention at UW-Madison.

**Conference Committee/Legislature:** Include the Joint Finance provision.

[Act 9 Sections: 294g, 2486g and 9131(2g)]

**13. FULL FUNDING OF 1997-98 COMPENSATION ADJUSTMENTS**

GPR	\$1,015,200
PR	439,200
Total	\$1,454,400

**Governor/Legislature:** Provide \$507,600 GPR and \$219,600 PR annually for the cost of certain 1997-98 compensation adjustments for specific classified non-represented employees. Of the total, \$418,700 GPR and \$181,100 PR annually represents the cost of 1997-98 performance recognition awards of 1% which were unfunded in that year, as well as

fringe benefits associated with the awards. The remaining \$88,900 GPR and \$38,500 PR annually would cover the cost of discretionary market adjustments that were provided to non-represented employees affected by pay compression or inequities resulting from compensation adjustments negotiated in the 1997-99 Fiscal and Staff Services collective bargaining agreements. Agencies that are included in the state's position management information system (PMIS) request funding for these purposes through the full funding of salaries and fringe benefits category in the standard budget adjustments. Since the UW System does not participate in PMIS, funding for these items is requested separately.

**14. PLAN 2008 DIVERSITY INITIATIVE**

GPR	\$1,000,000
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**Senate/Legislature:** Provide \$1,000,000 GPR in 2000-01 in the UW System's appropriation for programs for minority and disadvantaged students to fund items related to the University's Plan 2008: Educational Quality through Racial and Ethnic Diversity initiative.

**15. UW-EXTENSION PAY PLAN SUPPLEMENT [LFB Paper 991]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$449,000	-\$382,600	\$66,400

**Governor:** Provide \$224,500 annually to fund 1997-99 pay plan increases for federally funded Smith-Lever positions. Of this funding amount, \$188,000 annually is for salary costs and \$36,500 annually is for 1998-99 fringe benefit costs associated with pay plan for these positions. These positions did not receive any federally-funded pay plan increase in 1997-98 and are not expected to receive federal funding for such increases in 1998-99. Current law provides that the state provide a GPR supplement to cover the difference between increases in the federal funding and the cost of compensation increases for these positions.

**Joint Finance/Legislature:** Delete \$191,300 annually to reflect receipt of federal monies sufficient to fund the 1998-99 pay plan increase for the federally funded Smith-Lever positions. Of this funding amount, \$154,800 annually is for salary costs and \$36,500 annually is for fringe benefits costs associated with pay plan for these positions. Remaining funding for the positions would be \$33,200 annually for salary costs.

## 16. UW-EXTENSION LOCAL PLANNING ASSISTANCE

	Jt. Finance/Leg. (Chg. to Base)		Legislature (Chg. to JFC)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$0	0.00	\$181,800	2.00	-\$80,900	-1.00	\$100,900	1.00
PR	<u>181,800</u>	<u>2.00</u>	<u>-181,800</u>	<u>-2.00</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
Total	\$181,800	2.00	\$0	0.00	-\$80,900	-1.00	\$100,900	1.00

**Joint Finance:** Provide \$161,800 PR in 2000-01, funded from agency planning grant assessments, in a new annual appropriation for the UW-Extension and authorize 2.0 PR positions starting in 2000-01 for a UW-Extension local planning educational and technical assistance program. Specify that the program would be aimed at educating local policymakers about local planning and the local planning grant program.

In addition, provide \$20,000 PR in 1999-00, funded from the agency planning grant assessments, in the newly-created UW-Extension appropriation and require UW-Extension, in consultation with any other UW institution, a landscape architect, independent planners or any other consultant with an expertise in traditional neighborhood planning and development, to develop a model ordinance for traditional neighborhood development. Define traditional neighborhood development to mean a compact, mixed-use neighborhood where residential, commercial and civic buildings are within close proximity to each other. Require UW-Extension to develop the model ordinance by January 1, 2001.

For more information on comprehensive planning and the assessment of certain state agencies to fund planning grants and related activities see "General Provisions."

**Conference Committee/Legislature:** Change the source for the authorization of the positions and the related funding from PR to GPR. Require the development of a model ordinance for conservation subdivisions, as well as for traditional neighborhood developments. Define conservation subdivisions as housing developments in rural settings, which are characterized by compact lots and common open space, and where the natural features of the land are maintained to the greatest extent possible. Require the two ordinances to be submitted to the Legislature by January 1, 2001, and be referred to the appropriate standing committees. Require every city and village and every town with a population of at least 12,500 to enact an ordinance that is substantially similar to the ordinance developed by the UW-Extension and approved by the appropriate standing committee, although the ordinance would not be required to be mapped. Provide that no local government shall be required to adopt a traditional neighborhood development ordinance until it has been approved by the standing committees under a 14-day passive review procedure.

**Veto by Governor [B-27]:** Delete \$80,900 GPR in 2000-01 and 1.0 GPR position in 2000-01. In addition, delete the requirement that the model ordinance adopted by a city, village or town be "substantially" similar to the model ordinance. As vetoed, the adopted ordinance has to be similar to the model ordinance.

[Act 9 Sections: 285m, 887m, 1606m and 9154(5g)]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.285(1)(ep)) and 1606m]

**17. COMPREHENSIVE LOCAL PLANNING GRANT ASSESSMENTS**

**Joint Finance:** Authorize the Secretary of DOA to annually assess the UW System up to \$250,000 to be paid from the agency's GPR general operations appropriations to fund a local planning grant program administered by the Department of Administration that is created under the bill. The assessments would be for grants to counties, cities, villages, towns or regional planning commissions to finance the local cost of planning activities and the cost of program delivery.

**Conference Committee/Legislature:** Delete provision and instead provide GPR funding as shown in the preceding item.

**18. DEBT SERVICE REESTIMATE [LFB Paper 245]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$858,300	\$16,512,600	\$17,370,900
PR	<u>6,193,800</u>	<u>0</u>	<u>6,193,800</u>
Total	\$7,052,100	\$16,512,600	\$23,564,700

**Governor:** Reestimate debt service costs by \$1,417,500 GPR and \$711,700 PR in 1999-00 and -\$559,200 GPR and \$5,482,100 PR in 2000-01.

**Joint Finance/Legislature:** Provide \$11,357,000 GPR in 1999-00 and \$5,155,600 GPR in 2000-01 to reflect a reestimate of debt service costs.

**19. DEPRECIATION OFFSET [LFB Paper 1000]**

GPR	-\$1,214,800
PR	<u>1,214,800</u>
Total	\$0

**Joint Finance/Legislature:** Reduce funding by \$390,800 GPR in 1999-00 and \$824,000 GPR in 2000-01 and provide \$390,800 PR in 1999-00 and \$824,000 PR in 2000-01 to reflect the application of tuition revenues to be received in 1999-01 from depreciation charges assessed to students for instructional buildings.

**20. AREA HEALTH EDUCATION CENTERS [LFB Paper 992]**

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR	\$800,000	\$250,000	\$1,150,000	-\$700,000	\$1,500,000

**Governor:** Transfer \$400,000 annually from the Area Health Education Centers (AHECs) appropriation under the Medical College of Wisconsin (MCW) to the UW appropriation for AHECs. Delete the AHEC appropriation under the MCW and specify statutorily that funding under the UW would be used to operate and implement jointly with the MCW AHECs centers and projects. The fiscal effect of the MCW AHEC funding decrease is shown under "Medical College of Wisconsin."

In 1998-99, a total of \$800,000 is appropriated for AHECs, with \$400,000 under both MCW and the UW System. AHECs are regional centers designed to improve access to primary care health services in underserved rural and inner-city areas. AHECs work to increase access to health care for low-income citizens and provide community-based primary care training programs for medical, nursing, dentistry, allied health and pharmacy students. The four regional AHECs each serve a specific geographic region of the state, including northern, southwestern, eastern and the Milwaukee area.

**Joint Finance:** Provide \$125,000 annually for the AHEC system in the UW's AHEC appropriation and \$125,000 GPR annually in the Joint Committee on Finance's appropriation for release under a 14-day passive review process to the UW's AHEC appropriation, to the extent federal funding under the state-supported model AHEC grant program is not forthcoming. In addition, specify that beginning October 1, 1999, the Board of Regents of the UW System would solely operate and implement AHEC centers and projects.

**Senate/Legislature:** Modify the Joint Finance provisions to provide an additional \$450,000 annually for area health education centers (AHECs) and transfer \$125,000 annually placed in the Joint Committee on Finance's appropriation under Joint Finance to the UW's AHEC appropriation. Delete related provisions that would establish a 14-day passive review process for release of the funding in the JFC appropriation.

**Veto by Governor [A-26]:** Delete \$350,000 annually. This results in annual funding for AHECs of \$1,154,300 annually in the UW's AHEC appropriation, compared to adjusted base level funding of \$804,200 in 1998-99.

[Act 9 Sections: 249 and 285]

[Act 9 Vetoed Section: 172 (as it relates to s. 20.285(1)(b))]

21. UW-STOUT GRAPHIC COMMUNICATIONS MANAGEMENT PROGRAM [LFB Paper 993]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$582,200	7.00	-\$26,300	0.00	\$555,900	7.00
PR	<u>313,500</u>	<u>0.00</u>	<u>-14,100</u>	<u>0.00</u>	<u>299,400</u>	<u>0.00</u>
Total	\$895,700	7.00	-\$40,400	0.00	\$855,300	7.00

**Governor:** Provide \$179,400 GPR and \$96,600 PR and 5.0 GPR positions in 1999-00 and \$370,300 GPR and \$199,400 PR and an additional 2.0 GPR positions in 2000-01 to increase enrollment in UW-Stout's graphic communications management program. The funding would be used for additional faculty and staff, recruitment efforts and instructional supplies. In addition, provide \$32,500 GPR and \$17,500 PR in 2000-01 for collaborative efforts with Wisconsin Technical College System institutions and the youth apprenticeship program.

**Joint Finance/Legislature:** Modify the Governor's recommendation by deleting \$26,300 GPR and \$14,100 PR and 1.5 GPR positions in 1999-00, to reflect a delay in hiring 1.0 FTE laboratory technician and 0.5 FTE graduate student until 2000-01 to correspond with the number of positions included for 1999-00 in the UW System's budget request.

22. UW-LA CROSSE HEALTH SCIENCE CENTER [LFB Paper 994]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
	GPR	\$553,800	\$108,200
PR	<u>298,200</u>	<u>58,200</u>	<u>356,400</u>
Total	\$852,000	\$166,400	\$1,018,400

**Governor:** Provide \$184,600 GPR and \$99,400 PR in 1999-00 and \$369,200 GPR and \$198,800 PR in 2000-01 to support UW-La Crosse's share of the operating and maintenance costs of the La Crosse Health Science Center. The Center will be operated by a consortium consisting of UW-La Crosse, Western Wisconsin Technical College, Viterbo College, Gundersen-Lutheran and Franciscan Skemp Healthcare. The Center will house classrooms for UW-La Crosse's allied health programs and student health services. Each consortium member will pay a portion of the costs of operations, maintenance and technology for the 168,655 square foot facility based on the percentage of total space used by the consortium member. The total cost is estimated at \$1,255,000 annually. Because the Center is not expected to open until February, 2000, funding is provided for only six months in the first year of the biennium.

**Joint Finance/Legislature:** Provide an additional \$36,100 GPR and \$19,400 PR in 1999-00 and \$72,100 GPR and \$38,800 PR in 2000-01 to: (a) support UW La Crosse's share of the technology costs for the Center (\$15,400 GPR and \$8,300 PR in 1999-00 and \$30,800 GPR and \$16,600 PR in 2000-01); and (b) provide funding for costs associated with research space (\$20,700

GPR and \$11,100 PR in 1999-00 and \$41,300 GPR and \$22,200 PR in 2000-01). In addition, specify that the funding provided to UW-La Crosse to support the operating and maintenance costs of the Center would be provided on a one-time basis in the 1999-01 biennium only.

**23. STATE LABORATORY OF HYGIENE [LFB Paper 995]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$522,600	\$0	\$522,600
PR	1,306,000	158,400	1,464,400
Total	\$1,828,600	\$158,400	\$1,987,000

**Governor:** Provide \$231,300 GPR and \$651,900 PR in 1999-00 and \$291,300 GPR and \$654,100 PR in 2000-01 for the following items. Program revenue funding for the State Lab is generated by charges for testing services and a surcharge collected from persons convicted of an OWI offense.

a. \$231,300 GPR and \$244,400 PR annually for rental costs associated with the new laboratory facility. Rent for the new building is funded 50% from PR and 50% from GPR. In 1998-99, funding was provided for rent costs for a partial year, and the bill would increase the base level of funding to fund yearly rental costs.

b. \$210,000 PR in 1999-00 and \$15,000 PR in 2000-01 to support the increased workload of alcohol and drug tests performed by the State Laboratory. The State Lab analyzes the alcohol and other drug content of urine and blood samples for law enforcement agencies throughout the state.

c. \$197,500 PR in 1999-00 and \$394,700 PR in 2000-01 for general programs of the State Lab. Provides for pay plan adjustments, inflationary cost increases and continuation of programs.

d. \$60,000 GPR in 2000-01 for the development with the City of Milwaukee Health Department Laboratory (MHDL) of laboratories capabilities to assist state, federal and local agencies to respond to bioterrorism. These monies would partially fund a faculty position at the State Lab and a position at the MHDL who would be responsible for: (a) coordination of laboratory activities with local, state and national efforts; (b) training for staff to provide services in case of any biological related emergency; (c) serving as coordinator in an actual emergency for the Centers for Disease Control; and (d) directing and coordinating emergency response and analysis as necessary. In addition, these positions would work to obtain federally funded laboratory resources for the state.

**Joint Finance/Legislature:** Provide an additional \$73,100 PR and 1999-00 and \$85,300 PR in 2000-01 to fully fund an additional chemist and program assistant to support the increased workload of alcohol and drug tests performed by the State Laboratory. In addition, transfer



position authority for 1.5 vacant positions from another State Lab appropriation relating to testing fees and contract amounts to the appropriation that funds the alcohol and drug tests services.

**24. FUNDING FOR DNA PROBE MACHINES**

GPR	\$400,000
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**Senate/Legislature:** Provide \$400,000 in 1999-00 to the UW State Laboratory of Hygiene for the purpose of purchasing a DNA probe machine for testing for sexually transmitted diseases.

**25. FUNDING FOR PRECOLLEGE PROGRAMS [LFB Paper 996]**

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$476,200	- \$476,200	\$476,200	\$476,200
PR	256,400	- 256,400	256,400	256,400
Total	\$732,600	- \$732,600	\$732,600	\$732,600

**Governor:** Provide \$476,200 GPR and \$256,400 PR in 2000-01 to increase the number of precollege programs at UW campuses and expand some programs to provide year-round follow through experiences for students. It is estimated that the additional funds would allow 750 additional minority and disadvantaged students to enroll in these programs by the end of the biennium.

**Joint Finance:** Delete the Governor's recommendation. In addition, transfer \$173,300 GPR annually of base level funding provided in the 1997-99 state budget for precollege programs for minority and disadvantaged students from the University's general program operations appropriation to the appropriation for programs for minority and disadvantaged students.

**Senate/Legislature:** Provide \$476,200 GPR and \$256,400 PR in 2000-01 to increase the number of precollege programs at UW campuses and expand some programs to provide year-round follow-through experiences for students.

**26. ADVANCED OPPORTUNITY PROGRAM [LFB Paper 996]**

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR	\$612,000	\$134,400	- \$258,600	\$487,800

**Joint Finance:** Provide \$200,000 in 1999-00 and \$412,000 in 2000-01 to increase funding for the Advanced Opportunity Program (AOP) by 4.92% and 4.97%, respectively. Total funding for the program would increase from \$4,065,500 in 1999-00 to \$4,265,500 in 1999-00 and \$4,477,500

in 2000-01. Under the program, grants are provided to minority and economically disadvantaged graduate students.

**Senate/Legislature:** Provide an additional \$43,900 in 1999-00 and \$90,500 in 2000-01 to increase funding for the advanced opportunity program (AOP). Including the amounts provided under Joint Finance, total funding for the program would increase from \$4,065,500 in 1998-99 to \$4,309,400 in 1999-00 and \$4,568,000 in 2000-01, resulting in annual increases of 6%.

**Veto by Governor [A-24]:** Delete \$258,600 in 2000-01, so that \$4,309,400 is provided annually, resulting in a 6% increase in 1999-00 and no increase in 2000-01.

[Act 9 Vetoed Section: 172 (as it relates to s. 20.285(4)(b))]

**27. LAWTON UNDERGRADUATE MINORITY RETENTION GRANT [LFB Paper 996]**

	<b>Jt. Finance (Chg. to Base)</b>	<b>Legislature (Chg. to JFC)</b>	<b>Veto (Chg. to Leg.)</b>	<b>Net Change</b>
GPR	\$362,300	\$353,100	-\$253,200	\$462,200

**Joint Finance:** Provide \$118,400 in 1999-00 and \$243,900 in 2000-01 to increase funding for the Lawton minority undergraduate grant program by 4.92% and 4.97%, respectively. Total funding for the program would increase from \$2,406,900 in 1998-99 to \$2,525,300 in 1999-00 and \$2,650,800 in 2000-01.

**Senate:** Provide an additional \$26,000 in 1999-00 and \$53,600 in 2000-01 to increase funding for the Lawton minority undergraduate retention grant. Including the amounts provided under Joint Finance, total funding for the program would increase from \$2,406,900 in 1998-99 to \$2,551,300 in 1999-00 and \$2,704,400 in 2000-01, resulting in annual increases of 6%. Funding in the second year would represent the estimated cost of the proposed sum sufficient appropriation described below, if the highest percentage increase in resident undergraduate tuition charged at a UW System institution in 1999-00 would be 6%. At the time of Senate deliberations, information was not available on what the actual increase would be in 1999-00 and the 6% figure was only an assumption used for purposes of this estimate. For each percentage point that the actual highest increase in tuition differs from 6%, the cost of this provision in 2000-01 would change by \$25,500.

In addition, change the appropriation for Lawton grants from an annual sum certain appropriation to a sum sufficient appropriation. Require the Board of Regents to determine, by February 1, 2000, and annually thereafter, the amount to be appropriated for the program in the upcoming fiscal year by determining the percentage by which resident undergraduate tuition charged for the current academic year at each institution within the UW System has increased or decreased from resident undergraduate tuition charged for the previous academic year. Specify that the appropriation for the Lawton grant program in the upcoming fiscal year would

be equal to the result obtained by increasing, to the nearest \$100, the amount provided for the program in the current year by the highest percentage increase in resident undergraduate tuition charged at a UW System institution, as determined by the Board. Provide that if resident undergraduate tuition charged for the current academic year decreased or did not change from the amount charged in the previous academic year, the appropriation amount would remain at the amount provided in the current fiscal year. Specify that the change from a biennial sum certain to a sum sufficient appropriation would take effect on July 1, 2000.

**Conference Committee/Legislature:** Modify the Senate provision to adjust funding for Lawton grants by \$112,700 in 1999-00 and by \$240,400 in 2000-01. This would represent a 9.6% increase annually.

**Veto by Governor [A-23]:** Delete \$253,200 in 2000-01. In addition, delete the change in the appropriation from an annual sum certain to a sum sufficient and eliminate the methodology described above for the determination of the funding level under the sum sufficient appropriation. Total funding for the program will increase from \$2,406,900 in 1998-99 to \$2,638,000 annually in 1999-01, which represents a 9.6% increase in 1999-00 and no increase in 2000-01.

[Act 9 Vetoed Sections: 172 (as it relates to s.20.285(4)(dd)), 297t, 894m and 9454(1g)]

**28. WISCONSIN HUMANITIES COUNCIL**

	Legislature (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR	\$150,000	-\$100,000	\$50,000

**Senate/Legislature:** Provide \$75,000 annually to increase funding for the Wisconsin Humanities Council from \$50,000 to \$125,000 annually. The Council provides grants to nonprofit organizations and community groups in Wisconsin for humanities programs and projects.

**Veto by Governor [A-31]:** Delete \$50,000 annually, so that annual funding is \$75,000.

[Act 9 Vetoed Section: 172 (as it relates to s. 20.285(1)(ft))]

**29. REMOVE 1997-99 BUDGET REDUCTION FROM BASE**

GPR	-\$342,800
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**Governor/Legislature:** Delete \$171,400 annually to make permanent a 2% lapse from the University's general program operations appropriation for UW System Administration that was required in the 1997-99 state budget.

**30. EXCLUDE STUDENT EMPLOYEES FROM SOCIAL SECURITY PAYMENTS**

GPR	- \$1,091,800
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**Assembly/Senate/Legislature:** Provide that services performed by a student in the employ of a school, college or university would be exempt from social security coverage if the student is enrolled and regularly attending classes at the school, college or university. This provision would first apply to services performed by a student in the employ of a school, college or university on July 1, 2000. Delete \$1,091,800 in 2000-01 attributable to this change.

Under current law, public employers are not required to provide social security coverage for a student in a position or office which does not normally require actual performance of duty for at least 600 hours in each calendar year. Recent federal legislation enabled a state to modify its existing agreements with the Social Security Administration to exclude students from social security coverage provided the state enacts legislation providing for the exclusion prior to July 1, 2000.

[Act 9 Sections: 940tc, 940tr and 9315(1m)]

**31. STUDENT SERVICES AT UW COLLEGES [LFB Paper 997]**

	<b>Governor (Chg. to Base)</b>		<b>Jt. Finance/Leg. (Chg. to Gov)</b>		<b>Net Change</b>	
	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>
GPR	\$325,000	5.50	-\$59,000	0.00	\$266,000	5.50
PR	<u>175,000</u>	<u>0.00</u>	<u>- 31,800</u>	<u>0.00</u>	<u>143,200</u>	<u>0.00</u>
Total	\$500,000	5.50	-\$90,800	0.00	\$409,200	5.50

**Governor:** Provide \$121,700 GPR and \$65,500 PR in 1999-00 and \$203,300 GPR and \$109,500 PR in 2000-01 and 5.5 GPR positions beginning in 1999-00 to expand student services at the UW Colleges. According to executive budget documents and UW System staff, the funds would be used to hire additional staff in the following areas:

*Recruitment and Admissions.* Admissions professionals who would operate regionally to recruit students from high schools, businesses, social service agencies and the community. These positions could also develop technologies, such as phone-in registration and a database to track prospective students, and conduct research on the effectiveness of recruitment efforts.

*Advising and Counseling.* Counselors who would be specifically trained to provide advising services to nontraditional students from admission through transfer to a four-year institution.

**Joint Finance/Legislature:** Modify the Governor's recommendation by deleting \$27,100 GPR and \$14,600 PR in 1999-00 and \$31,900 GPR and \$17,200 PR in 2000-01 to reflect a reduction in the amount of supplies and services funding provided for travel expenses.

32. ADVISING INITIATIVE [LFB Paper 997]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$2,000,000	28.50	-\$50,000	0.00	\$1,950,000	28.50

**Governor:** Provide \$2,000,000 and 28.50 positions in 2000-01 to improve academic, career and transfer student advising efforts at all UW System institutions. According to DOA staff, each UW campus would receive additional advising staff positions as follows: 3.0 FTE positions at UW-Madison; 2.5 FTEs at UW-Milwaukee; a total of 16.5 FTEs at the comprehensive campuses; and a total of 6.5 FTEs at the UW College campuses.

**Joint Finance/Legislature:** Modify the Governor's recommendation by deleting \$50,000 in 2000-01 to reflect the elimination of funding for an evaluation of the advising initiative.

33. EARLY ENGLISH AND MATHEMATICS PLACEMENT [LFB Paper 998]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$253,600	-\$253,600	\$0
PR	<u>136,400</u>	<u>-136,400</u>	<u>0</u>
Total	\$390,000	-\$390,000	\$0

**Governor:** Provide \$126,800 GPR and \$68,200 PR annually for the administration of the early mathematics placement testing (EMPT) program and for the development of an early writing assessment program. According to executive budget documents and UW System staff, of the total amount provided, \$70,000 annually (\$45,500 GPR and \$24,500 PR) would be used to support the costs of administering the EMPT without charge to school districts, students or higher education institutions. Administration of the test is currently funded through a fee of \$3 per test, which is charged to students or school districts, and monies provided by the UW System, UW-Madison and the Wisconsin Technical College System. The test, which is offered on a voluntary basis to high school juniors, is intended to provide students with information on their mathematical proficiency in relation to the math requirements of UW and technical college programs. The results of the test are then used to assist students in determining appropriate math courses for their senior year in high school. The remaining \$125,000 annually (\$81,300 GPR and \$43,700 PR) would be used to develop an early writing assessment program for high school students. The program would be intended to allow the students to evaluate their writing ability in comparison to college-level work. The program would use a software package provided by the Educational Testing Service to electronically grade student writing samples and provide feedback on their performance. The funds would be used to purchase the software and support additional costs for staff, travel, programming and instructional materials.

**Joint Finance/Legislature:** Delete provision.

**34. OVERSEAS MARKET STUDY**

	<b>Jt. Finance (Chg. to Base)</b>	<b>Legislature (Chg. to JFC)</b>	<b>Net Change</b>
GPR	\$250,000	\$150,000	\$400,000

**Joint Finance:** Provide \$250,000 in one-time funding in 2000-01 and require UW-Milwaukee to conduct a market research and feasibility study related to expanding the programming and presence of the UW System overseas. Specify that the study would not include the feasibility of purchasing overseas real estate. Require the Board of Regents, upon completion of the study, to submit a report summarizing the findings of the study to the Governor and Legislature.

**Assembly:** Delete provision.

**Senate:** Provide an additional \$150,000 in 2000-01 for UW-Milwaukee to conduct a market research and feasibility study related to expanding the programming and presence of the UW System overseas. Including funding provided under Joint Finance, a total of \$400,000 in one-time funding would be provided for the study in 2000-01.

**Conference Committee/Legislature:** Modify the Senate provision to specify that this funding would be provided to determine the feasibility of overseas UW academic programming through a pilot project, emphasizing agriculture, the environment and public policy. The UW-Milwaukee would report on its findings to the Governor and Legislature.

[Act 9 Section: 9154(3b)]

**35. TUITION REMISSIONS FOR RELATIVES OF CERTAIN PROTECTIVE SERVICES OFFICERS**

GPR	\$30,000
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**Governor/Legislature:** Increase the appropriation for tuition and fee remissions for children and spouses of certain protective services officers by \$15,000 annually. Total annual funding for the remissions would be \$30,000. Beginning in 1996-97, the Board of Regents was required to grant full remission of tuition and fees to any resident undergraduate student who is enrolled in a bachelor's degree program and who is the child or spouse of a correctional officer, fire fighter or law enforcement officer who was killed in the line of duty in this state. An annual appropriation, currently funded at \$15,000 GPR, was established to cover the cost of the remissions. The Board is required to notify the Joint Committee on Finance if, in any fiscal year, the appropriation is insufficient to fully fund the fee remissions. In 1997-98, ten students received remissions valued at \$23,460. Because the amount appropriated was not sufficient to

cover the total amount of the remissions, the excess costs were funded within the University's budget.

**36. MEAD WILDLIFE AREA PUBLIC INTERPRETIVE CENTER**

	Legislature (Chg. to Base)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$28,000	0.50	-\$28,000	-0.50	\$0	0.00

**Joint Finance/Legislature:** Provide \$12,000 in 1999-00 and \$16,000 in 2000-01 and 0.5 position beginning in 1999-00 at UW-Stevens Point for educational and informational activities at the Mead Wildlife Area Public Interpretive Center. The Center would be authorized under the bill, which would provide \$112,000 in general obligation bonding for the construction of the Center.

**Veto by Governor [B-58]:** Delete provision.

[Act 9 Vetoes Section: 172 (as it relates to 20.285(1)(a))]

**37. BECOMING AN OUTDOORS-WOMAN COORDINATOR**

	Funding	Positions
PR	\$77,000	1.00

**Joint Finance/Legislature:** Provide \$33,000 in 1999-00 and \$44,000 in 2000-01 and 1.0 position annually in a new, annual appropriation within the UW System for outdoors skills training. The funds would be derived from the fish and wildlife account of the conservation fund and would be used for a coordinator position for the Becoming an Outdoors Woman (BOW) program. Require the Board of Regents and the Department of Natural Resources to enter into an agreement with an established national organization that provides training to persons who are interested in learning about the outdoor skills needed by women to hunt, fish, camp, canoe and undertake other outdoor recreational activities in order to provide that type of training to interested persons. Specify that there would be a one-to-one matching requirement for the organization, which could provide monies or in-kind services.

[Act 9 Sections: 292m, 309e and 782m]

**38. UW-MADISON INTERCOLLEGIATE ATHLETICS**

PR	\$2,410,500
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**Governor/Legislature:** Provide \$794,000 in 1999-00 and \$1,616,500 in 2000-01 for UW-Madison intercollegiate athletics. Of these amounts, the Executive Budget Book indicates that \$327,400 in 1999-00 and \$664,700 in 2000-01 would be provided for classified and unclassified salaries and \$75,000 in 1999-00 and \$152,200 in 2000-01 for fringe benefits related to projected annual salary increases of 3%. In addition, a funding increase of \$391,600 in 1999-00 and \$799,600 in 2000-01 would be provided for supplies and services, which would represent a 2.5% annual increase. The PR funding for UW-Madison intercollegiate athletics is derived primarily from sports ticket sales, radio and television contracts, NCAA revenue sharing, marketing, concessions, parking fees, gifts and grants.

**39. REESTIMATE GIFT AND TRUST FUND APPROPRIATIONS**

PR	\$87,299,500
SEG	5,078,700
Total	\$92,378,200

**Governor/Legislature:** Reestimate expenditures from gifts, donations and other continuing PR appropriations as well as segregated trust funds by \$35,645,300 PR and \$1,647,800 SEG in 1999-00 and \$51,654,200 PR and \$3,430,900 SEG in 2000-01. These increases are due to adjustments to reflect current expenditure levels as well as anticipated growth in gifts and donations and trust fund income.

**40. AUXILIARY ENTERPRISES AND BUILDING PROJECTS**

PR	\$35,756,100
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**Governor/Legislature:** Reestimate the appropriation for auxiliary enterprises by \$11,777,400 in 1999-00 and \$23,978,700 in 2000-01 above the base level of \$346,654,800. This increase reflects projected growth and cost increases equal to 3.4% annually, for enterprises that are self-supporting through student segregated fees and the sale of goods and services. These enterprises include student housing, parking, bookstores, student health services and student unions.

In addition, delete the appropriation for auxiliary enterprises building projects and transfer the \$14,747,500 provided annually in this appropriation to the appropriation for auxiliary enterprises.

[Act 9 Sections: 290 and 291]

**41. REESTIMATE GENERAL OPERATING RECEIPTS**

PR	\$1,614,800
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**Governor/Legislature:** Reestimate general operating receipts by \$531,900 in 1999-00 and \$1,082,900 in 2000-01 above the base level of \$24,750,200. The reestimate reflects adjustments for estimated growth and cost increases for operations that are self-supporting through the sale of goods and services. These include activities such as



conferences, camps, workshops, clinics and outreach programs in business, education and engineering and sales of products or services resulting from instructional endeavors.

**42. STRAY VOLTAGE RESEARCH**

PR	\$350,000
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**Senate:** Provide \$200,000 PR annually in a new, biennial appropriation within the UW System for research relating to stray voltage. Require the Board of Regents to establish a stray voltage research program to: (a) conduct research recommended in the Minnesota Science Advisors Report to the Minnesota Public Utilities Commission; (b) analyze field and economic performance of electrical mitigation devices and systems; and (c) study electrical conditions on farms with potentially unique stray voltage concerns and the nature of animal responses to stray voltage. Funding for the research would be generated by assessing electric utilities regulated by the Public Service Commission.

**Conference Committee/Legislature:** Modify Senate provisions as follows. Provide \$200,000 PR annually in a new annual appropriation under the Public Service Commission (PSC) for stray voltage research. Provide that the appropriation would be funded with moneys received through assessments on public utilities totaling \$182,000 annually and electric cooperatives totaling \$18,000 annually.

Require the PSC to transfer from the stray voltage appropriation \$175,000 PR annually to UW System for stray voltage research. Require the UW Board of Regents to establish a stray voltage research program to conduct research on all of the following items in the following priority order: (a) stray voltage problems on farms with the on-site research conducted by the College of Agricultural and Life Sciences of the University of Wisconsin-Madison; (b) the nature of animal responses to stray voltage; (c) farms with potentially unique stray voltage problems; (d) field and economic performance analysis of electrical mitigation devices and systems; and (e) research recommended in the Minnesota Science Advisors' Report to the Minnesota Public Utilities Commission.

**Veto by Governor [A-30]:** Delete the specific list of items to be researched under this program.

[Act 9 Sections: 222m, 294mm and 891k]

[Act 9 Vetoed Section: 891k]

**43. GINSENG RESEARCH**

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

**Joint Finance/Legislature:** Provide \$125,000 annually in a new, biennial appropriation for UW-Madison for grants to research the properties of Wisconsin ginseng. Specify that the funds, which would be derived from the agricultural management fund within the Department of Agriculture, Trade and Consumer Protection, would be provided on a one-time basis in the 1999-01 biennium only. In addition, specify that the funds would be placed in unallotted reserve to be released by DOA upon receipt by the UW System of a 20% match from the Ginseng Board of Wisconsin.

**Veto by Governor [A-28]:** Delete provision.

[Act 9 Vetoed Sections: 172 (as it relates to s.20.285(1)(qd)), 295m and 9154(2t)]

**44. SOLID AND HAZARDOUS WASTE EDUCATION CENTER**

	Conf. Comm./Leg. (Chg. to Base)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$300,000	3.00	-\$300,000	-3.00	\$0	0.00

**Governor:** Modify the current requirement for a hazardous pollution program to require the UW Board of Regents to maintain in UW-Extension a solid and hazardous waste education center to promote pollution prevention. Require the center, in cooperation with DNR and Commerce, to conduct an education and technical assistance program to promote pollution prevention in the state. Define pollution prevention to mean an action that: (a) prevents waste from being created; (b) reduces the amount of waste created; or (c) changes the nature of waste created in a way that reduces the hazards to public health or the environment. Specify that pollution prevention does not include incineration, recycling or treatment of a waste, changes in the disposal of a waste or any practice that changes the characteristics or volume of a waste if the practice is not part of the process that produces a product or provides a service. Modify the current list of techniques for hazardous pollution prevention to refer more generally to pollution prevention and to require the Center to promote the following additional techniques for pollution prevention: (a) reducing energy use; and (b) training employees to minimize waste.

Under current law, the Board of Regents is required to establish in UW Extension a hazardous pollution prevention program to promote hazardous pollution prevention, which is done by the Solid and Hazardous Waste Education Center in the UW-Extension. The Center conducts an education and technical assistance program in cooperation with DNR and Commerce to promote hazardous pollution prevention in the state. Hazardous pollution prevention is defined as changes in the processes or raw materials that reduce or eliminate the use or production of hazardous substances, toxic pollutants and hazardous waste.

**Senate:** In addition to the Joint Finance provisions, provide an additional \$200,000 annually with 3.0 positions for the UW-Extension Solid and Hazardous Waste Education Center for educational and technical assistance related to recycling and recycling market development.

**Conference Committee/Legislature:** Modify the Senate provision by deleting \$100,000 in 1999-00. Under this provision \$100,000 in 1999-00 and \$200,000 in 2000-01 would be provided for the 3.0 new positions. (This would be in addition to retaining base funding of \$527,400 annually with 4.5 positions for the UW System and UW-Extension.)

**Veto by Governor [B-30]:** Delete \$100,000 in 1999-00 and \$200,000 in 2000-01 and the creation of 3.0 positions for the UW-Extension solid and hazardous waste education center. Retain the Governor and Joint Finance provisions.

[Act 9 Sections: 891 and 2670 thru 2680]

[Act 9 Vetoed Section: 172 (as it relates to s. 20.285(1)(tb))]

#### 45. UW FORESTRY COOPERATIVES

SEG	\$100,000
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**Assembly:** Provide \$50,000 annually from existing forestry account funding for general DNR Land Division operations to a program revenue biennial appropriation in the UW-Madison Center for Cooperatives to award grants to persons to form forestry cooperatives that consist primarily of private, nonindustrial forest owners. Require a grant recipient to provide matching funds equal to 50% of the grant, with the match in the form of non-state funding or in-kind support. Specify that the Center may not expend more than five percent of the funding in a fiscal year for administrative expenses.

**Senate:** Provide \$50,000 SEG in an annual appropriation to the UW-Madison Center for Cooperatives to award grants to persons to form forestry cooperatives that consist primarily of private, nonindustrial forest owners. Require a grant recipient to provide matching funds equal to 50% of the grant, with the match in the form of non-state funding or in-kind support. Specify that the Center may not expend more than five percent of the funding in a fiscal year for administrative expenses.

**Conference Committee/Legislature:** Include the Senate provision.

[Act 9 Sections: 296g, 702m, 887t, 895s and 1660m]

#### 46. UW AQUACULTURE DEMONSTRATION FACILITY [LFB Paper 172]

**Governor:** Require the Board of Regents to operate the aquaculture demonstration facility (Ashland) that would be authorized in the 1999-01 state building program under the bill, which would provide \$3,000,000 in program revenue supported borrowing. Create two new, annual PR appropriations under the UW System for: (a) the repayment of principal and interests costs incurred in financing the construction of the facility; and (b) the operational costs

of the facility. The PR funding for the UW appropriations would be derived from Tribal gaming revenues and would be transferred to the new UW appropriations from two appropriations created for this purpose under the Department of Administration.

**Joint Finance:** Modify the Governor's recommendation by requiring the Board of Regents to submit to the Joint Committee on Finance for its approval under s. 13.10 of the statutes, a plan for the construction and operation of the aquaculture demonstration facility including: (a) a description of the physical characteristics of the facility; (b) the functions of the proposed facility; (c) how and by whom those functions will be carried out; (d) the number of persons necessary to staff the facility; and (e) the facility's estimated annual operating cost. Specify that the program revenue bonding for construction of the facility could not be issued until the Committee has approved the University's plan.

**Assembly:** Delete \$3,000,000 in program revenue supported borrowing for the construction of an aquaculture demonstration facility. In addition, delete the provision which would require the Board of Regents to operate the facility as well as a related planning requirement.

**Senate:** Modify the Joint Finance requirement that the Board of Regents operate the proposed aquaculture demonstration facility to specify that the Board would operate the facility in consultation with representatives of the aquaculture industry. In addition, require the Board to ensure that the facility provide applied research and training to aquaculturists, including Native American aquaculturists and to personnel at state fish hatcheries. Provide that the research and training emphasize all of the following areas related to aquaculture: (a) environmental impact; (b) water quality; (c) appropriate water use; (d) fish health science; (e) innovative methods and practices; and (f) demonstration, education and outreach activities through UW-Extension.

**Conference Committee/Legislature:** Include the Senate provision.

**Veto by Governor [F-26]:** Delete the requirement for submission to and approval of a construction and operation plan by Joint Finance and eliminate the restriction that the bonding for this project could not be issued until Joint Finance approves the plan. Further, delete the requirement that the Board of Regents ensure that the facility provide applied research and training to aquaculturists at the facility as well as the requirement that the research and training emphasize the six areas (a) through (f) relating to aquaculture.

[Act 9 Sections: 293, 294, 549, 571, 628, 629e, 643, 887 and 9107(1)(i)]

[Act 9 Vetoed Sections: 887, 9107(7x) and 9154(3x)]

**47. CONSOLIDATE APPROPRIATIONS [LFB Paper 999]**

**Governor:** Eliminate three GPR appropriations and transfer the funding currently provided in these appropriations to the appropriation for general program operations, [20.285(1)(a)]. The three appropriations that would be eliminated are: (a) UW-Extension outreach [(1)(eo)]; (b) farm safety program grants [(1)(fs)]; and (c) alcohol and other drug abuse (AODA) prevention and intervention [(1)(fx)]. Total annual funding for these appropriations (\$368,900) would be transferred to the general program operations appropriation as would 1.0 position currently funded under the AODA appropriation. Base level funding in the University's general program operations appropriation is \$735.1 million.

**Joint Finance/Legislature:** Delete provision.

**48. TUITION AWARD PROGRAM**

**Governor/Legislature:** Extend the sunset date for the tuition award program (TAP) from the end of the 1998-99 academic year to the end of the 2000-01 academic year. Under this program, a limited number of nonresident students at UW-Parkside and UW-Superior may be exempted from nonresident tuition provided they are enrolled in programs identified as having excess capacity. In the fall semester of 1997-98, there were 169 students enrolled at Parkside and 95 students enrolled at Superior under the program.

[Act 9 Section: 893]

**49. PILOT MINORITY STUDENT TUITION AWARD PROGRAM**

**Governor/Legislature:** Delete the pilot minority student tuition award program and related appropriation. This program, which sunset on June 30, 1995, provided need-based grants for tuition and fees to new minority freshmen enrolled in the UW System who met certain academic criteria and who graduated from a limited number of high schools selected by the Board of Regents.

[Act 9 Sections: 298 and 895]

**50. ELIMINATION OF PUBLIC BROADCASTING DUTIES [LFB Paper 390]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	-\$50,000	\$50,000	\$0

**Governor:** Provide that if the Secretary of the Department of Administration (DOA) would determine that the Federal Communications Commission has approved the transfer of

all broadcasting licenses held by the Educational Communications Board (ECB) and the UW Board of Regents to the proposed nonstock Educational Broadcasting Corporation:

- a. The current law duties of the UW Board of Regents related to public broadcasting would not apply on and after the effective date of the last license transferred;
- b. All unencumbered balances appropriated to the UW Board of Regents for public broadcasting, as determined by the Secretary of DOA, would be transferred to the proposed Corporation; and
- c. The authorized full-time equivalent positions for the UW System would be decreased by the number determined in the operational plan for the Corporation.

Create a new, annual GPR appropriation under the UW System for contracting with the Corporation for educational programming. No funds would be provided in 1999-01. Delete \$25,000 annually from the UW System; according to the Executive Budget documents, this funding would be deleted from UW-Extension for the purpose of providing funding for the initial costs of the Corporation.

Under current law, the Board of Regents, as licensee, is required to manage, operate and maintain broadcasting stations WHA and WHA-TV and enter into an affiliation agreement with the ECB. The agreement is required to provide that the Board of Regents will grant the ECB the part-time use of equipment and space necessary for the operations of the state educational radio and television networks, except that the Board of Regents may rent space on the Madison public broadcast transmission tower to the ECB and to other public and commercial broadcasters. In addition, the Board of Regents is required to follow certain accounting and funding procedures related to public broadcasting.

**Joint Finance/Legislature:** Delete provision and restore \$25,000 annually. See "Educational Communications Board" for more information.

**51. UW-MADISON VEHICLE FLEET TRANSFER [LFB Paper 149]**

PR	- \$172,500
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**Governor:** Require that the Department of Administration (DOA) submit an implementation plan to the Joint Committee on Finance (JFC) at its third quarterly s. 13.10 meeting in 2000 for consolidating the vehicle fleet management functions of the UW-Madison with the corresponding functions of DOA. Provide that JFC could approve or modify and approve the plan and that DOA could implement the plan, if approved, on the date specified in the plan. DOA would be prohibited from implementing the plan if it is not approved by JFC.

Require the Board of Regents to reflect any savings from this consolidation in its 2001-03 biennial budget request. Require that the Board fully cooperate with DOA in implementing an approved consolidation plan.

Similar vehicle fleet transfer plans would apply to the Departments of Natural Resources and Transportation. The nonstatutory provisions that would govern the specific items to be covered in each plan for transfer to DOA are summarized under "Administration -- Agency Services."

**Joint Finance:** Delete the Governor's recommendation and instead, direct DOA to conduct a study of the possible consolidation of the UW-Madison, Department of Natural Resources and Department of Transportation vehicle fleets or other changes in fleet operations, including an estimate of the possible savings from such consolidation. Require DOA to submit the results of the study and suggested legislation to the Joint Committee on Finance upon completion of the study. In addition, require the Board of Regents to direct UW-Madison administrative staff to cooperate with DOA in conducting the study.

**Assembly/Legislature:** Delete the Joint Finance provisions and restore Governor's recommendation. In addition, reduce the UW System's base budget by \$90,800 in 1999-00 and \$81,700 in 2000-01, to reflect the estimated cost savings of purchasing only four-door subcompact passenger vehicles instead of four-door compact passenger vehicles.

Also, include a session law provision to require the Secretary of DOA to lapse to the general fund a total of \$230,000, no later than June 30, 2001, to reflect estimated saving generated from lower rates charged for lower cost vehicles purchased. The Secretary of DOA is directed to determine the savings from the fleet operations from DOA, DOT, DNR and UW-Madison and lapse the requisite amounts, equal to a total of \$230,000, from each of these agency's fleet operations appropriations.

**Veto by Governor [E-2]:** Delete the session law lapse requirements.

[Act 9 Section: 9158(1d)]

[Act 9 Vetoed Section: 9201(3m)]

## **52. STUDY OF PROGRAMS IN MARATHON COUNTY**

**Joint Finance/Legislature:** Require the Board of Regents to study the feasibility of expanding the offering of four-year and graduate degree programs in Marathon County when sufficient private funds or funds contributed by one or more municipalities have been raised to pay for the study. Require the Board to submit a copy of the study to the Governor and Legislature.

**Veto by Governor [A-29]:** Delete provision.

[Act 9 Vetoed Section: 887r]

### **53. BROWNFIELDS CASE STUDIES**

**Joint Finance/Legislature:** Request the Robert M. La Follette Institute of Public Affairs and the Department of Urban and Regional Planning at UW-Madison to conduct a study comparing the expected costs and returns of redeveloping a contaminated property with the expected costs and returns of developing an uncontaminated property.

**Veto by Governor [B-37]:** Delete provision.

[Act 9 Vetoed Section: 9154(2m)]

### **54. WATERSHED CENTER**

**Joint Finance/Legislature:** Require the Board of Regents to establish in the College of Natural Resources at UW-Stevens Point, a center to conduct studies and research relating to watershed management. The Department of Natural Resources would be required to provide an annual grant of \$150,000 from the conservation fund to the Board for the establishment and operation of the Center.

**Veto by Governor [B-49]:** Delete provision.

[Act 9 Vetoed Sections: 684g and 890m]

### **55. GAYLORD NELSON CHAIR IN INTEGRATED ENVIRONMENTAL STUDIES**

**Senate:** Provide \$500,000 GPR annually to establish the Gaylord Nelson chair of integrated environmental studies. Specify that state funding would have to be matched by at least \$1,000,000 over the 1999-01 biennium from private sources.

**Conference Committee/Legislature:** Modify the Senate provision to delete the GPR funding and to require the UW to establish the Gaylord Nelson chair of integrated environmental studies and to seek non-state funding for its support.

[Act 9 Section: 887s]

### **56. REPORT ON TRANSFER OF CREDITS BETWEEN UW SYSTEM AND TECHNICAL COLLEGE SYSTEM**

**Senate/Legislature:** Require the President of the UW System and the Director of the Wisconsin Technical College System (WTCS) to submit a report to the Legislature by July 1, 2000, on efforts made to coordinate the transfer of credits from WTCS to the UW System, including a plan to coordinate the transfer of credits for additional programs, and a timetable for implementation of the plan.

[Act 9 Section: 9154(4g)]



**57. REPORT ON HARASSMENT OR DISCRIMINATION CLAIMS**

**Assembly/Legislature:** Require the President of the UW System to submit to the Legislature, by September 1 of each even-numbered year, a report containing a description of each employment harassment or discrimination claim filed against the Board of Regents or an employe of the Board and resolved in favor of the claimant, the amount of any settlement paid to or judgment entered for the claimant and a description of any discipline of Board employes resulting from the resolution of the claim.

[Act 9 Section: 895n]

**58. SCHOOL DISCIPLINE AND SAFETY**

**Assembly/Legislature:** Require the Board of Regents to direct the schools of education and other appropriate research-oriented departments within the UW System, to work with the technical college system board (WTCS), school districts, private schools and the Department of Public Instruction (DPI) to present to school districts and private schools the results of research on models for and approaches to improving school safety and reducing discipline problems in schools and at school activities.

[Act 9 Section: 887d]

## VETERANS AFFAIRS

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$4,478,800	\$4,591,900	\$5,310,200	\$5,549,000	\$5,549,000	\$1,070,200	23.9%
FED	592,400	1,427,200	1,594,500	1,594,500	1,594,500	1,002,100	169.2
PR	75,114,200	73,201,300	74,845,700	75,856,300	75,826,300	712,100	0.9
SEG	<u>197,955,400</u>	<u>214,513,500</u>	<u>211,116,700</u>	<u>211,117,900</u>	<u>211,117,900</u>	<u>13,162,500</u>	6.6
<b>TOTAL</b>	<b>\$278,140,800</b>	<b>\$293,733,900</b>	<b>\$292,867,100</b>	<b>\$294,117,700</b>	<b>\$294,087,700</b>	<b>\$15,946,900</b>	<b>5.7%</b>

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change Over 1998-99 Base
FED	4.00	6.00	6.50	6.50	6.50	2.50
PR	694.24	701.24	706.74	723.74	723.74	29.50
SEG	<u>116.26</u>	<u>123.76</u>	<u>126.76</u>	<u>126.26</u>	<u>126.26</u>	<u>10.00</u>
<b>TOTAL</b>	<b>820.80</b>	<b>837.30</b>	<b>846.30</b>	<b>865.30</b>	<b>865.30</b>	<b>44.50</b>

### Budget Change Items

### General Agency Provisions

#### 1. STANDARD BUDGET ADJUSTMENTS [LFB Papers 1010 and 1011]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$15,000	0.00	\$0	0.00	\$15,000	0.00
FED	- 139,000	- 1.00	0	0.00	- 139,000	- 1.00
PR	- 2,319,200	- 4.50	879,800	0.00	- 1,439,400	- 4.50
SEG	<u>161,800</u>	<u>- 2.00</u>	<u>- 324,000</u>	<u>0.00</u>	<u>- 162,200</u>	<u>- 2.00</u>
<b>Total</b>	<b>-\$2,281,400</b>	<b>- 7.50</b>	<b>\$555,800</b>	<b>0.00</b>	<b>-\$1,725,600</b>	<b>- 7.50</b>

**Governor:** Provide adjustments totaling \$7,500 GPR, -\$67,500 FED, -\$1,159,600 PR, and \$80,900 SEG in 1999-00 and \$7,500 GPR, -\$71,500 FED, -\$1,159,600 PR, and \$80,900 SEG in 2000-01 and -7.5 positions (-1.0 FED, -4.5 PR, and -2.0 SEG) for: (a) turnover reductions (-\$406,500 PR and -\$75,200 SEG annually); (b) removal of non-continuing elements from the base (-\$3,500 GPR, -\$94,200 FED, -\$439,900 PR, and -\$95,600 SEG in 1999-00 and -\$3,500 GPR, -\$98,200 FED, -\$439,900 PR, and -\$95,600 SEG in 2000-01 and -2.0 FED, -4.5 PR and -2.0 SEG positions beginning in 1999-00); (c) full funding of salary and fringe benefit costs (\$10,900 GPR, \$26,700 FED, -\$1,294,200 PR, and \$223,800 SEG annually and 1.0 FED position); (d) full funding of financial services charges (\$100 GPR, \$8,900 PR, \$5,500 SEG annually); (e) overtime (\$523,100 PR and \$14,200 SEG annually); (f) night and weekend differential (\$445,400 PR annually); and fifth week of vacation as cash (\$3,600 PR and \$8,200 SEG annually).

**Joint Finance/Legislature:** Modify provision by making the following changes to the standard budget adjustments: (a) provide \$277,900 PR annually for salaries and fringe benefits for the Veterans Home institutional operations appropriation; (b) provide \$162,000 PR annually for supplies and services for the Veterans Home institutional operations appropriation; (c) decrease \$64,800 SEG annually the administration of loans and aids appropriation; and (d) decrease the home loan program general operations appropriation by \$97,200 SEG annually

**2. INFORMATION TECHNOLOGY INITIATIVES**

**Governor/Legislature:** Provide \$156,500 PR, and \$615,700 SEG in 1999-00 and \$187,500 PR, and \$282,000 SEG in 2000-01 and 6.0 positions (2.0 PR and 4.0 SEG) for the following IT initiatives:

	Funding Positions	
PR	\$344,000	2.00
SEG	897,700	4.00
Total	\$1,241,700	6.00

*IT migration plan.* A total of \$524,800 (\$76,900 PR and \$275,300 SEG in 1999-00 and \$100,900 PR and \$71,700 SEG in 2000-01) would be used to maintain and replace hardware and software and upgrade communications equipment at the central office and the Veterans Home at King. The funds would be used as follows: (a) \$275,300 SEG in 1999-00 and \$71,700 SEG in 2000-01 to replace central office personal computers, printers, and networking equipment; and (b) \$76,900 PR in 1999-00 and \$100,900 PR in 2000-01 to replace personal computers, printers, and networking equipment at the Veterans Home.

*IT support staff.* A total of \$519,900 (\$79,600 PR and \$168,400 SEG in 1999-00 and \$86,600 PR and \$185,300 SEG in 2000-01) to fund 6.0 IT support positions at the following facilities: (a) 2.0 PR positions to support the staff at the Veterans Home at King; (b) 2.0 SEG positions for support of DVA's central office staff; (c) 1.0 SEG position located at Southern Wisconsin Center to serve DVA staff at the Milwaukee claims office and Southern Wisconsin Cemetery and non-departmental staff employed at the VAP programs in Milwaukee and Southern Wisconsin Center; and (d) 1.0 SEG position to support non-departmental staff at county veteran service offices statewide and at the veteran service organizations claims offices in Milwaukee.

*Loan application automation.* A total of \$197,000 (\$172,000 SEG in 1999-00 and \$25,000 SEG in 2000-01) to continue a contract to automate the application process for DVA loan and grant programs. Applications for the personal loan program are currently submitted electronically and applications for the home improvement loan program will be automated in 1999. The funds would allow the application process for four additional loan and grant program application processes to be automated. The four programs are the primary mortgage loan program, the health care aid grant program, the retraining grant program, and the subsistence aid grant program.

**3. DEBT SERVICE REESTIMATE [LFB Paper 245]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
GPR	\$98,300	\$198,700	\$297,000
PR	- 132,900	0	- 132,900
SEG	<u>12,278,700</u>	<u>0</u>	<u>12,278,700</u>
Total	\$12,244,100	\$198,700	\$12,442,800

**Governor:** Adjust debt service funding by \$43,200 GPR, -\$94,800 PR and \$3,362,400 SEG in 1999-00 and \$55,100 GPR, -\$38,100 PR, and \$8,916,300 SEG in 2000-01 to reflect the estimated level of principal and interest payments that will be due on current general obligation bonds and notes for the Wisconsin Veterans Home and the primary mortgage loan program.

**Joint Finance/Legislature:** Provide increased funding of \$117,800 GPR in 1999-00 and \$80,900 GPR in 2000-01 to reflect a reestimate of debt service costs for the Wisconsin Veterans Home.

**4. SERVICES TO AMERICAN INDIAN VETERANS [LFB Paper 173]**

	<b>Governor (Chg. to Base)</b>		<b>Jt. Finance/Leg. (Chg. to Gov)</b>		<b>Veto (Chg. to Leg.)</b>		<b>Net Change</b>	
	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>
PR	\$134,900	1.00	\$30,000	0.00	-\$30,000	0.00	\$134,900	1.00

**Governor:** Provide one-time funding of \$66,900 in 1999-00 and \$68,000 in 2000-01 and 1.0 four-year project position to fund an American Indian services coordinator and provide grants to assist American Indians in obtaining federal and state veterans benefits. Also, create two new sum certain annual PR appropriations, one to fund the position and one to fund grants to American Indian tribes and bands. The two new DVA appropriations would be funded from tribal gaming revenues from new appropriations created for this purpose under the Division of Gaming in DOA.

The services coordinator would act as the DVA contact person for tribal governments and American Indian veterans and be involved in planning and coordinating DVA programs for

American Indians. Create a requirement for DVA to provide the grants to American Indian tribes and bands to develop a model program that would increase access by American Indian veterans to state and federal veteran programs. DVA anticipates that the grants may also be used to create a database to collect data to assist the Department in targeting services for American Indian veterans. Funding is provided for these two initiatives as follows: (a) \$51,900 in 1999-00 and \$58,000 in 2000-01 for the salary and fringe benefit costs of the four-year project position (position will expire July 1, 2003); and (b) grant funding of \$15,000 in 1999-00 and \$10,000 in 2000-01.

The Executive Budget Book indicates that the coordinator position is intended to be a four-year project position, that grant funding is expected to be provided for four years and that the Governor recommends that DVA monitor the implementation of this position and grant funding using a performance assessment methodology.

**Joint Finance/Legislature:** Modify the Governor's recommendation by providing the American Indian veterans services coordinator as a permanent position and providing an additional \$12,500 in 1999-00 and \$17,500 in 2000-01 for the grant program. Specify that DVA may make an annual grant of up to \$2,500 to any the tribal governing body which enters into an agreement with the Department regarding the creation, goals and objectives of a tribal veterans service officer similar to the county veterans service officers.

For more information on the use of tribal gaming revenues, see the discussion under "Administration -- Division of Gaming - Tribal Gaming Revenue Allocations."

**Veto by Governor [F-20]:** Reduce the level of grant funding to \$15,000 in 1999-00 and \$10,000 in 2000-01.

[Act 9 Sections: 500, 501, 572, 574 and 976]

[Act 9 Vetoed Section: 172 (as it relates to s. 20.485(2)(km))]

**5. TRANSFER OF VETERANS EDUCATION APPROVAL BOARD FUNCTIONS [LFB Paper 572]**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	\$447,800	3.00	\$80,200	0.50	\$528,000	3.50
PR	0	0.00	734,600	5.50	734,600	5.50
Total	\$447,800	3.00	\$814,800	6.00	\$1,262,600	9.00

**Governor:** Provide \$222,900 in 1999-00 and \$224,900 in 2000-01 and 3.0 positions to support the transfer of functions of the Educational Approval Board (EAB) related to the approval of educational and training programs for veterans to DVA. On the general effective date of the bill, the EAB, which is currently attached for administrative purposes to the Higher

Educational Aids Board (HEAB), would be eliminated and its functions would be transferred to DVA and HEAB. Under current law, the primary responsibilities of EAB are to approve educational and training programs for veterans and to regulate certain private, nonprofit and for-profit schools that offer programs to Wisconsin residents.

Transfer 3.0 FED positions from EAB to DVA and also transfer to DVA the incumbent employes holding those positions. Require DVA and HEAB to jointly determine the positions to be transferred to DVA and to develop and implement a plan for the orderly transfer of the employes. Specify that in the event of a disagreement between HEAB and DVA, the Secretary of DOA would decide the question. Provide that the employes transferred would retain all employment rights and status they held prior to the transfer and that no transferred employe who had attained permanent status in the classified service would be required to serve a new probationary period.

Transfer to DVA all assets, liabilities and tangible personal property, including records, that are primarily related to the approval of veterans education and training on the general effective date of the bill. Require DVA and HEAB to jointly determine the assets, liabilities and tangible personal property to be transferred to DVA and to jointly develop and implement a plan for their orderly transfer. Specify that in the event of a disagreement between the two agencies, the Secretary of DOA would decide the question. Transfer any matter pending with EAB that is primarily related to the approval of veterans education and training to DVA. Specify that all materials submitted to or actions taken by EAB with respect to a pending matter would be considered as having been submitted to or taken by DVA.

Provide that all contracts that are primarily related to the approval of veterans education and training and that are in effect on the on the effective date of the bill would remain in effect and would be transferred to DVA. DVA would be required to carry out the contracts until modified or rescinded to the extent allowed in the contract. Require DVA and HEAB to jointly identify the contracts to be transferred and develop and implement a plan for their orderly transfer. Specify that in the event of a disagreement between the two agencies, the Secretary of DOA would decide the question. Provide that all rules and orders promulgated or issued by EAB that are in effect on the effective date of the bill and that are primarily related to the approval of veterans education and training would remain in effect until their specified expiration date or until amended or repealed by DVA.

**Joint Finance/Legislature:** Modify the Governor's recommendation to delete those provisions that would repeal the Educational Approval Board (EAB) and transfer its functions related to the approval of veterans' educational and training programs to DVA. Instead, continue the Board but transfer its attachment from HEAB to DVA on the effective date of the bill. Retain statutory authorization for EAB to employ an Executive Secretary and provide \$40,100 PR and \$40,100 FED annually and 0.5 PR and 0.5 FED position beginning in 1999-00 to restore funding and position authority for the Executive Secretary. Transfer \$326,200 PR in 1999-00 and \$328,200 PR in 2000-01 and 4.0 PR positions and 1.0 PR project position beginning in 1999-00 from HEAB to DVA. Specify that the incumbent employes holding those positions

would also be transferred to DVA. Provide that the employees transferred would retain all employment rights and status they held prior to the transfer and that no transferred employee who had attained permanent status in the classified service would be required to serve a new probationary period.

Transfer the assets, liabilities and tangible personal property, including records, of HEAB that are primarily related to the functions of the EAB, as determined by the Secretary of DOA, to DVA on the effective date of the bill. Transfer all incumbent employees of HEAB performing duties primarily related to the functions of the EAB, as determined by the Secretary of DOA, to DVA on the effective date of the bill. Provide that the employees transferred would retain all employment rights and status they held prior to the transfer and that no transferred employee who had attained permanent status in the classified service would be required to serve a new probationary period.

Transfer all contracts entered into by HEAB that are primarily related to the functions of the EAB, to DVA on the effective date of the bill. Specify that these contracts would remain in effect and that DVA would be required to carry out the contracts until modified or rescinded to the extent allowed in the contract.

[Act 9 Sections: 40g, 52, 245m, 732, 921m, 923, 923m, 925m, 927, 928, 929m, 1686m, 2308d, 2923m, 3191, 3197 and 9158(2m)]

**6. ADDITIONAL CENTRAL OFFICE SPACE**

SEG	\$393,300
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**Governor/Legislature:** Provide \$285,900 in 1999-00 and \$107,400 in 2000-01 for the lease of 6,500 additional square feet of office space on the ninth floor of the building in which DVA is housed in Madison. Of the total amount provided in 1999-00, \$208,100 is one-time funding. DVA indicates it needs the additional space for the following purposes: (a) to relocate central office staff due to the reorganization and expansion of certain programs; (b) for additional storage and central files; (c) for a multi-purpose training room; (d) for a 16-20 person conference room; and (f) to upgrade two existing restrooms to be handicap accessible. Of the total segregated funding provided, \$157,300 would come from the veterans trust fund and \$236,000 would come from the primary mortgage loan repayment fund.

**7. RESIDENCY REQUIREMENTS FOR VETERANS**

**Governor/Legislature:** Modify the Wisconsin residency requirement for veterans to be eligible to receive benefits from most state veteran programs by redefining the residency requirement for persons who were not residents at the time of their enlistment or induction into military service. These veterans would be required to have been a resident for any consecutive five-year period after entry or reentry into the service and before application for a veteran benefit. Under current law, these veterans must have been a Wisconsin resident for a consecutive five-year period after completing active duty to be eligible for state veterans

benefits. This change would allow veterans who are stationed in Wisconsin while in the military service to count this time toward their consecutive five-year residency requirement.

The statutory language specifically amends the residency requirements in the following areas: (a) the tuition and fee reimbursement program; (b) the general statutory definition of a veteran for DVA purposes; (c) the definition of Veteran's Home membership for nonresidents; and (d) the eligibility for the home loan mortgage program. By changing these sections, all DVA programs that have a specific residency requirement will be modified.

[Act 9 Sections: 968, 975, 983, 984 and 990]

**8. TRANSFER OF STAFF BETWEEN PROGRAMS [LFB Paper 1012]**

**Governor:** Reallocate 5.0 SEG positions and associated funding within DVA programs. The position transfers and funding would be as follows: (a) add 5.0 positions and \$210,000 annually for the veterans assistance program; (b) reduce 3.0 positions and \$112,700 annually from the administration of loans and aids to veterans; and (c) reduce 2.0 positions and \$97,300 annually from the operation of the museum operations.

DOA staff have indicated that while the increase in staffing for the veterans assistance program and the decreased staffing for the administration of loans and aids to veterans is consistent with the Governor's intent, the museum operations staffing reduction was not. The latter reduction should have come from general program operations appropriation of the home mortgage loan program. A technical adjustment to the bill would be needed to accomplish the Governor's intent.

**Joint Finance/Legislature:** Provide \$97,300 SEG annually and 1.95 positions to the museum operations appropriation and decrease the general program operations of the home mortgage loan program by \$97,300 SEG annually and 1.95 positions to accomplish the Governor's intent.

**9. VETERANS MUSEUM -- INTEGRATE MUSEUM ACTIVITIES [LFB Paper 1013]**

	<b>Governor (Chg. to Base)</b>		<b>Jt. Finance (Chg. to Gov)</b>		<b>Legislature (Chg. to JFC)</b>		<b>Net Change</b>	
	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>
GPR	\$0	0.00	\$353,500	0.00	\$238,800	2.50	\$592,300	2.50
SEG	707,400	3.50	-468,600	-1.00	-161,800	-1.50	77,000	1.00
Total	\$707,400	3.50	-\$115,100	-1.00	\$77,000	1.00	\$669,300	3.50

**Governor:** Provide \$397,500 in 1999-00 and \$309,900 in 2000-01 and 3.5 positions to integrate the activities of the veterans museum in Madison with the Wisconsin National Guard (WNG) Museum at Volk Field. The Veterans Museum staff would become responsible for administering the museum and library now operated by WNG. The WNG Museum would



continue to be operated at Volk Field as a satellite Veterans Museum facility. DVA would become responsible for archival and manuscript responsibilities for the WNG collections, and would also establish a 32<sup>nd</sup> Division education center and library on the third floor of the DVA building in Madison. The WNG would continue to provide space for operating the museum at Volk Field. The requested funding would be used as follows: (a) \$175,000 to lease additional museum space in DVA's building in Madison for the 32<sup>nd</sup> Division education center (beginning January 1, 2000); (b) \$178,500 in one-time funding to renovate the new space; (c) \$253,900 for salaries, fringe, and supplies and services associated with the requested 3.5 new positions (2.5 curators and 1.0 archivist); and (d) \$100,000 in supplies and services to operate the WNG Museum at Volk Field.

**Joint Finance:** Modify the Governor's recommendation by doing the following: (a) delete \$29,000 SEG in 1999-00 and \$38,600 SEG in 2000-01 and 1.0 SEG curator position for the DVA museum in Madison; (b) delete \$28,700 SEG in 1999-00 and \$28,800 SEG in 2000-01 to reflect lower supplies and services funding for the museum at Volk Field and specify that the remaining funding is one-time funding; (c) provide \$5,000 SEG annually as permanent funding for utility costs at the Volk museum; (d) provide \$57,800 GPR in 1999-00 and \$117,200 GPR in 2000-01 and delete \$57,800 SEG in 1999-00 and \$117,200 SEG in 2000-01 for the increased cost of DVA museum space rental; and (e) provide one-time funding of \$178,500 GPR in 1999-00 and delete \$178,500 SEG in 1999-00 for the one-time space renovation costs associated with establishing the 32<sup>nd</sup> Division library.

**Senate/Legislature:** Modify the Joint Finance provision and add \$108,500 GPR in 1999-00 and \$130,300 GPR in 2000-01 and 2.5 GPR positions and delete \$108,500 SEG in 1999-00 and \$130,300 SEG in 2000-01 and 2.5 SEG positions to fund the integration of the Wisconsin Veterans Museum in Madison and the Wisconsin National Guard Museum at Volk Field entirely from GPR.

In addition, restore curator position deleted by Joint Finance and provide \$37,200 SEG in 1999-00 and \$39,800 SEG 2000-01 and 1.0 position for the purpose of managing the historical artifacts collections of the Wisconsin Veterans Museum. Funding for this position would come from the veterans trust fund.

#### 10. VETERANS MUSEUM -- STAFF INCREASES

	Funding	Positions
SEG	\$168,900	2.00

**Governor/Legislature:** Provide \$82,000 in 1999-00 and \$86,900 in 2000-01 and 2.0 positions related to Veterans Museum staffing. The increased funding and staffing would be provided for the following purposes:

*Museum curator.* Provide \$37,200 in 1999-00 and \$39,800 in 2000-01 and 1.0 position to fund salary, fringe benefits, and supplies and services costs for a second curator for the museum. The curators are responsible for the management and preservation of museum objects, design of exhibits, and producing public programs.

*Gift store manager.* Provide \$35,200 in 1999-00 and \$37,200 in 2000-01 and 1.0 position to fund salary, fringe benefits, and supplies and services costs for an assistant store manager position for the museum store. The museum store is open six days per week for one-half of the year and seven days per week the other half. There is currently one store manager.

*Museum LTE funding.* Provide \$9,600 in 1999-00 and \$9,900 in 2000-01 to fund additional LTE staff and provide hourly wage increases of existing LTEs.

**11. VETERANS MUSEUM -- OPERATING COST INCREASES [LFB Paper 1014]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$131,000	-\$37,000	\$94,000

**Governor:** Provide \$65,500 annually for the following Veterans Museum operating cost increases:

*Exhibit rotation.* Provide \$20,000 annually to support the changing of museum exhibits. This funding is expected to be matched dollar-for-dollar from private contributions and would be used to install approximately 10 changing exhibits during the next biennium.

*Advertising.* Provide \$23,500 annually to increase advertising and promotion efforts of the museum. The current advertising budget is \$5,000 per year. The increased spending authority would be used to develop and publish educational publications for various audiences interested in the museum.

*Sound and security system.* Provide \$7,000 annually to upgrade the electronic security and sound systems of the museum. The funding would be used as follows: (a) \$3,000 in 1999-00 to replace the security system; (b) \$3,000 in 2000-01 to replace the fire detection system; and (c) \$4,000 annually for the replacement and maintenance of the sound system.

*Museum store sales.* Provide \$15,000 annually to reflect a re-estimate of the anticipated sales in the museum store during the 1999-2001 biennium. Under the Governor's recommendation, estimated annual expenditures from the continuing appropriation would be \$154,200 annually. The expenditure authority would be used to purchase inventory for resale in the store.

**Joint Finance/Legislature:** Modify the Governor's recommendation to delete \$18,500 annually for advertising and promotional efforts.

**12. OPERATION OF NORTHERN WISCONSIN VETERANS CEMETERY**

	<b>Governor (Chg. to Base)</b>		<b>Jt. Finance/Leg. (Chg. to Gov)</b>		<b>Net Change</b>	
	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>
FED	\$18,200	0.00	\$0	0.00	\$18,200	0.00
PR	3,300	0.00	0	0.00	3,300	0.00
SEG	<u>643,300</u>	<u>0.00</u>	<u>0</u>	<u>4.00</u>	<u>643,300</u>	<u>4.00</u>
Total	\$664,800	0.00	\$0	4.00	\$664,800	4.00

**Governor:** Provide funding of \$389,800 SEG in 1999-00 and \$18,200 FED, \$3,300 PR, and \$253,500 SEG in 2000-01 to contract for the operation of the Northern Wisconsin Veterans Cemetery. The cemetery will be located in the Town of Beaver Brook in Washburn County. The estimated cost of cemetery construction (\$3 million) is to be funded with a grant from the USDVA and was authorized in the 1997-99 building program. The SEG funding is placed in unallotted reserve. The Executive Budget Book indicates that these funds could be released by the State Budget Office once DVA has received the federal funds for construction of the cemetery.

The funds would be used to: (a) develop the burial gardens, a carillon, an information kiosk, and purchase permanent property such as vehicles and office equipment (\$389,800 SEG in 1999-00); (b) pay contractor costs for the operation of the cemetery (\$243,500 SEG in 2000-01); (c) pay utility costs (\$10,000 SEG in 2000-01) (d) pay for burial costs (\$18,200 FED and \$3,300 PR in 2000-01). The Department anticipates the cemetery will open in November of 2000.

**Joint Finance/Legislature:** Modify the Governor's recommendation by providing 4.0 SEG positions to operate the cemetery instead of contracting for the service and transferring \$127,900 SEG from supplies and services in 2000-01 to salaries (\$89,900) and fringe benefits (\$38,100).

**13. OTHER VETERANS CEMETERY FUNDING ADJUSTMENTS**

**Governor/Legislature:** Provide adjustments of -\$100 GPR, -\$30,200 PR and \$10,800 SEG in 1999-00 and -\$100 GPR, -\$30,200 PR and \$10,700 SEG in 2000-01 and 1.0 PR position for three funding adjustments related to veterans cemeteries. The funding adjustments are for the following purposes: (a) -\$100 GPR annually for cemetery administration and maintenance costs; (b) -\$30,200 PR annually and -1.0 PR position for salary, fringe benefits and associated costs of a position that was transferred to federal funding during 1997-98; and (c) an increase of \$10,800 SEG in 1999-2000 and \$10,700 in 2000-01 SEG for the repayment of principal and interest incurred in financing the acquisition, construction, development, enlargement or improvement of state veterans cemeteries. Statutory language is also provided to repeal the GPR

	<b>Funding</b>	<b>Positions</b>
GPR	-\$200	0.00
PR	-60,400	-1.00
SEG	<u>21,500</u>	<u>0.00</u>
Total	-\$39,100	-1.00

appropriation for cemetery administration and maintenance which had the \$100 of residual appropriation authority removed above.

[Act 9 Sections: 503 and 504]

**14. HOME LOAN PROGRAM -- INCREASED BONDING AUTHORITY [LFB Paper 1015]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
BR	\$110,500,000	\$102,500,000	\$213,000,000

**Governor:** Increase bonding authority for the primary mortgage loan program by \$110,500,000. Under this proposed change, total bonding authority for the program would be \$1,918,000,000.

**Joint Finance/Legislature:** Provide an additional \$102,500,000 in bonding authority for self-amortizing loans to accommodate an estimated \$142.3 million per year in home loans and home improvement loans.

[Act 9 Section: 642]

**15. HOME IMPROVEMENT LOANS**

**Governor/Legislature:** Increase the maximum amount that may be loaned for veterans home improvement loans from \$15,000 to \$25,000. Under current law, as part of the primary mortgage loan program, DVA is authorized to offer loans to qualified veterans for home improvements up to a maximum of \$15,000 for a term of 15 years. The increased loan limit would first apply to applications received by county veterans service officers after the general effective date of the budget bill.

[Act 9 Sections: 993 and 9355(1)]

**16. WORLD WAR II VETERANS MEMORIAL**

GPR	\$166,100
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**Joint Finance/Legislature:** Include \$166,100 GPR and a new PR appropriation for contributions for the World War II memorial to be constructed in Washington D.C. in the budget bill's appropriations schedule. The budget incorporates these provisions from 1999 Wisconsin Act 2 because that Act has already become effective before the effective date of the budget but would be superseded by the budget. The budget bill will show an increase of \$166,100 GPR, but the net fiscal effect on the general fund will be zero because the Act 2 funding will not have to be added later to the biennial budget as a miscellaneous legislation cost.

## Veterans Home

**1. SOUTHERN WISCONSIN VETERANS RETIREMENT CENTER -- STAFF FOR CBRF AND PROJECT OVERSIGHT**

	Funding	Positions
SEG	\$163,000	1.00
PR	<u>1,010,600</u>	<u>17.00</u>
<b>Total</b>	<b>\$1,173,600</b>	<b>18.00</b>

**Assembly:** Provide \$88,500 SEG and \$11,000 PR in 1999-00 and \$74,500 SEG and \$999,600 PR in 2000-01 to fund 1.0 SEG project position and 17.0 PR positions, beginning in 1999-00, to: (a) staff a new community-based residential facility (CBRF) that would be built as part of the Southern Wisconsin Veterans Retirement Center (SWVRC); and (b) provide oversight and coordinate the renovation and construction of facilities at SWVRC. Specify that the 16.0 PR positions, which would staff the CBRF, would begin on March 1, 2000. The 1.0 SEG project position would provide the oversight function. Authorize DVA to operate a CBRF at SWVRC.

As recommended by the Building Commission, the budget bill includes \$23,100,300 of bonding authority to construct the SWVRC on the grounds of the Southern Wisconsin Center for the Developmentally Disabled in Union Grove (Racine County). Construction would include a 120-bed skilled nursing care facility, as well as a 48-bed CBRF and two 36-bed CBRFs from the renovation of Garner Hall and Beck Hall. The renovation costs for Garner Hall and Beck Hall are estimated to be \$2,440,000. DVA projects that the renovation of these two buildings will be completed in time to begin services at Garner Hall in August, 2000. DVA projects that there would be 16 residents at the Garner Hall CBRF by August, 2000, and 34 residents by November, 2000. The PR positions provided under this item would staff the Garner Hall CBRF.

**Senate:** Include Assembly provision, but in addition, specify that the 1.0 SEG project position would terminate on June 30, 2003.

**Conference Committee/Legislature:** Include Assembly provision.

[Act 9 Sections: 498t, 498v and 984m]

**2. ACTIVITIES STAFF**

	Funding	Positions
PR	\$105,200	2.00

**Governor/Legislature:** Provide \$45,400 in 1999-00 and \$59,800 in 2000-01 to support 2.0 therapy assistant positions, beginning in 1999-00. These positions would increase the number of activities available for members at the Home, especially those at lower functioning levels.

**3. RESPIRATORY SERVICES**

	Funding	Positions
PR	\$71,100	1.00

**Governor/Legislature:** Provide \$30,600 in 1999-00 and \$40,500 in 2000-01 to fund 1.0 respiratory therapist position, beginning in 1999-00, to meet increased demand for respiratory services. Currently, the Home employs 4.0 respiratory therapists.

**4. LTE FUNDING**

PR	\$62,600
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**Governor/Legislature:** Provide \$20,700 in 1999-00 and \$41,900 in 2000-01 to fully fund the costs of the current number of limited-term employe hours at the Home, based on projected increases in the pay levels provided under the state's pay plan for 1999-01.

**5. DIRECT CARE STAFF**

	Funding	Positions
PR	\$47,300	6.50

**Governor/Legislature:** Provide \$18,700 in 1999-00 and \$28,600 in 2000-01 and 6.50 positions, beginning in 1999-00, to meet new direct care staffing requirements for nursing homes enacted in 1997 Wisconsin Act 237. Of the 6.50 positions provided in the bill, 5.0 positions represent the conversion of limited-term employe positions that are currently providing direct care for residents at the Home.

Provisions in Act 237 require nursing homes to provide: (a) for each resident in need of intensive skilled nursing care, 3.25 hours per day of such care, of which at least .65 hours must be provided by a RN or LPN (b) for each resident in need of skilled nursing care, 2.5 hours per day, of which at least of 0.5 hours must be provided by a RN or LPN; and (c) for each resident in need of intermediate or limited nursing care, 2.0 hours per day, of which at least of 0.4 hours must be provided by a RN or LPN. Previously, there was no statutory definition of, or requirements for, intensive skilled nursing services and the minimum standards for skilled and limited nursing care were 2.25 hours per day and 1.25 hours per day, respectively. Act 237 also narrowed the types of positions that nursing homes may use to meet the minimum staffing requirements.

**6. SALE OF UTILITY SERVICES**

PR	-\$85,600
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**Governor/Legislature:** Delete \$42,800 annually and repeal the program revenue appropriation that DVA previously used to fund the costs of providing utility services to outside organizations. Prior to the 1996-97 fiscal year, the Home treated its own sewage and sewage from the Chain O' Lakes sanitary district. The district paid DVA for these services and this payment was credited to the appropriation to support the service. However,

because the City of Waupaca now treats the Home's sewage, as well as sewage from the Chain O' Lakes sanitary district, this appropriation is not needed by DVA.

[Act 9 Section: 499]

**7. ALIGN EXPENDITURE AUTHORITY TO PROJECTED REVENUES**

PR	- \$46,900
FED	- 5,000
Total	- \$51,900

**Governor/Legislature:** Reduce funding by \$29,400 PR and \$2,500 FED in 1999-00 and by \$17,500 PR and \$2,500 FED in 2000-01 to adjust expenditure authority to projected changes in revenues in the following areas: (a) declining sales at the Home Exchange, a store for residents of the Home (-\$33,900 PR in 1999-00 and -\$20,000 PR in 2000-01); (b) increased revenue received from the estates of decedents for burials at the Home's Cemetery (\$4,500 PR annually); and (c) reduced federal revenues for the support of the Home's museum (-\$2,500 FED annually).

**8. FUEL AND UTILITIES**

PR	- \$36,300
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**Governor/Legislature:** Reduce funding by \$33,900 in 1999-00 and \$2,400 in 2000-01 to reflect reestimates of the costs of fuel and utilities at the Home in the 1999-01 biennium.

**9. EXEMPT NEW VETERANS HOME FROM STATEWIDE BED LIMIT AND CAPITAL COST REVIEW**

**Joint Finance/Legislature:** Exempt the proposed veterans nursing home in southeastern Wisconsin from Chapter 150 requirements, which include: (a) a statewide limit on the total number of licensed nursing home beds; and (b) required DHFS review of proposed capital costs for the construction of new nursing homes. The facility is expected to have a licensed capacity of 120 beds.

[Act 9 Section: 2278r]

## Trust Fund Programs

### 1. VETERANS ASSISTANCE PROGRAM [LFB Paper 1025]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$512,800	\$87,100	\$599,900
SEG	<u>1,104,300</u>	<u>- 252,500</u>	<u>851,800</u>
Total	\$1,617,100	- \$165,400	\$1,451,700

**Governor:** Provide \$217,800 FED and \$634,100 SEG in 1999-00 and \$295,000 FED and \$470,200 SEG in 2000-01 to expand the veterans assistance program and move existing facilities. The veterans assistance program (VAP) provides temporary housing, counseling, access to medical services and training to homeless veterans to assist these veterans in becoming self-supporting. Current veterans assistance centers (VACs) are located at Fort McCoy, the Veterans Home at King, Southern Wisconsin Center, Milwaukee and Tomah.

The funding provided would be used to pay for general increased contract costs for operating the five VACs. All VACs are operated through contracts with non-profit organizations. In addition to increased contract costs, part of the 1999-00 funding will allow DVA to complete the transfer of a portion of the Fort McCoy VAC to the VA Hospital grounds in Tomah (this move began in 1998-99 and will be completed in 1999-00). DVA plans to retain 14 beds at McCoy and have 60 beds in Tomah. One-time funding of \$165,400 is also provided in 1999-00 to purchase computer hardware and software.

Of the funding provided, \$512,800 FED would be from federal per diems received from USDVA for resident veterans at VAC's at the Veterans Home at King and Southern Wisconsin Center. These funds are placed in unallotted reserve and the Executive Budget Book indicates that release of the funds by the State Budget Office would occur when DVA submits a report to DVA regarding the exact per diem amounts to be used at each VAC. In addition, \$80,000 SEG annually would be from fees charged for transitional housing and other services. The remaining \$944,300 provided would be funded out of the veterans trust fund.

**Joint Finance/Legislature:** Modify the Governor's recommendation by: (a) providing \$87,100 FED in 1999-00 and deleting \$87,100 SEG to reflect an additional federal per diems that will be available for expenditure in 1999-00; (b) change the federal per diem appropriation from a continuing appropriation to an annual appropriation; and (c) delete \$165,400 SEG in 1999-00 proposed for the purchase of computer equipment for each of the VAP site contractors.

[Act 9 Section: 502m]



2. SINGLE ROOM OCCUPANCY PROGRAM [LFB Paper 1026]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$108,000	-\$108,000	\$0

**Governor:** Provide funding of \$54,000 annually for a new grant program to provide grants to community-based organizations to sponsor single room occupancy (SRO) facilities for veterans. The program goal would be to have the community-based organizations receiving the grants use the funds to partially offset operating costs of SRO facilities to encourage those facilities to provide affordable housing and a supportive environment to assist veterans transitioning from homelessness. Of the funds provided, \$50,000 annually would fund grants and \$4,000 annually would be used to fund travel costs of DVA staff in the Bureau of Program Services to inspect the facilities. The funding would be provided in unallotted reserve and the Executive Budget Book indicates that release of the funds by the State Budget Office would be contingent upon DVA submission to DOA of a detailed plan of the contracts with community-based organizations. Funding for this program would derive from the veterans trust fund.

**Joint Finance/Legislature:** Delete provision.

3. TUITION AND FEE REIMBURSEMENT GRANT PROGRAM [LFB Paper 1027]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$0	-\$741,100	-\$741,100

**Governor:** Increase the maximum reimbursement rate under the program from the current 50% to 65% of eligible tuition and fee costs. The maximum reimbursement would be limited to 65% of the costs of undergraduate resident tuition and fees at UW-Madison. No increased funding for the program above the base adjusted level of \$1,885,000 SEG is included in the Governor's budget request as a part of this proposed change. In addition, make the following other program changes:

- Limit reimbursement under the program to full-time students, who would be defined as veterans enrolled for at least 12 credits for the semester for which reimbursement is sought;
- Expand the current universe of eligible schools which veterans are able to attend to include private institutions of higher learning and post-secondary vocational institutions in this state. Currently, the tuition and fee reimbursement grant program is only available for veterans attending UW system institutions or a state technical college; and
- Stipulate that the Department shall construe the statutory language for this program as liberally as possible in favor of applicants for the program.

**Joint Finance/Legislature:** Modify the Governor's recommendation by deleting \$407,500 in 1999-00 and \$333,600 in 2000-01 to reflect estimated actual expenditures for the program.

[Act 9 Sections: 967, 969 thru 972, 977 and 985]

**4. PART-TIME STUDY GRANT PROGRAM [LFB Paper 1027]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$0	-\$732,100	-\$732,100

**Governor:** Increase the reimbursement rate for the part-time study and correspondence grant program from 50% to 65% of the cost of tuition and fees. This program currently provides qualifying veterans a maximum reimbursement of up to 50% of the cost of UW-Madison resident undergraduate tuition and fees. Veterans classified by USDVA as 30% or greater disabled are eligible for 100% reimbursement. No increased funding for the program above the adjusted base level of \$771,800 SEG has been recommended by the Governor's budget request as a part of this proposed change.

Update the definition of institutions of higher education from which coursework under this program is eligible for reimbursement by referencing a section of the United States Code rather than outdated individual federal public laws. The institutions veterans may attend under this program would continue to be any UW institution, state technical college, accredited private college in Wisconsin or similar institution that has a tuition reciprocity agreement with Wisconsin. In addition, proprietary post-secondary vocational institutions are also eligible.

**Joint Finance/Legislature:** Modify the Governor's recommendation by deleting \$375,900 in 1999-00 and \$356,200 in 2000-01 to reflect estimated actual expenditures for the program.

[Act 9 Sections: 985 and 986]

**5. REESTIMATE OF DEBT SERVICE FOR PERSONAL LOAN PROGRAM [LFB Paper 1028]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$1,248,800	-\$333,500	-\$1,582,300

**Governor:** Provide a reduction of \$1,248,800 in 1999-00 to reflect a reestimate of scheduled principal and interest payments required in that year for repayment of funds which were expected to be borrowed from either the Investment Board or DVA's primary mortgage loan repayment fund to fund the personal loan program. A total of \$30.6 million SEG was

appropriated for the personal loan program in 1997-99. In addition, DVA was authorized to borrow funds from either the Investment Board or the primary mortgage loan repayment fund if demand for personal loans exceeded the available funds in the Veterans Trust Fund. However, no borrowing occurred, or is expected to occur, during the 1997-99 biennium. The funding adjustment reduces the base to lower scheduled principal and interest payments to reflect zero borrowing in the current biennium. The revised estimate assumes \$7.5 million annually will be borrowed from one of these sources in the 1999-01 biennium.

**Joint Finance/Legislature:** Modify the Governor's recommendation by deleting \$85,500 in 1999-00 and \$248,000 in 2000-01 to reflect the lower estimated borrowing costs of obtaining \$7.5 million annually from the veterans mortgage loan repayment fund.

## 6. BORROWING AUTHORITY TO FUND PERSONAL LOAN PROGRAM

**Governor/Legislature:** Modify current law which authorizes DVA to borrow from either the veterans mortgage loan repayment fund or the State Investment Board to provide additional revenues to the veterans trust fund for the issuance of loans to veterans under the personal loan program as follows:

- In the case of the veterans mortgage loan program, provide that DVA would no longer be required to pledge the personal loans issued under the program from the borrowing as collateral for the loan; and

- Under current law, DVA is authorized to enter into transactions with the Investment Board to obtain money from the Board to make loans under the program. The budget bill would modify current law to provide that such transactions may include the sale of personal loan portfolios to the Board.

[Act 9 Sections: 981 and 982]

## 7. HEALTH CARE AID GRANT PROGRAM [LFB Paper 1029]

SEG	\$568,600
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**Governor:** Provide \$284,300 annually to increase funding for the health care aid grant program. The health care aid grant program provides emergency assistance to financially needy veterans to help pay for medical treatments and hospitalization and also covers some dental care, hearing aid and eyeglasses costs. In addition, provide statutory language establishing a permanent cap of \$1,200,000 on the annual expenditure limit under the program. This limitation amount would be equal to the amount provided in the sum certain annual appropriation for the program for 1999-01 under the Governor's recommendation.

**Joint Finance/Legislature:** Modify the Governor's recommendation by deleting the establishment of a \$1.2 million statutory cap on the program. Also, require DVA to review the health care aid grant program and examine program modifications that could restrain the

expenditure growth of the program. The Department is directed to submit a report to the Joint Committee on Finance, no later than December 31, 1999, presenting the results of the review.

[Act 9 Section: 9155(2e)]

**8. EMPLOYMENT AND TRAINING PROGRAMS**

SEG	\$218,200
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**Governor/Legislature:** Provide \$158,200 in 1999-00 and \$60,000 in 2000-01 for the employment and training section of the Bureau of Veterans Services. This section was created in 1998 to administer programs that help veterans find employment. The requested funds would be used for work on Phase II of the academic credit for military experience (ACME) project. The funding for the ACME project would be used to: (a) hire an IT consultant to develop a database/model for the project (\$105,600); and (b) other costs associated with the project (\$112,600). The database/model that would be developed would translate military experience and training into academic credit equivalents that could be used in the pursuit of a degree at Wisconsin schools of higher education. The requested funding would come from the veterans trust fund.

**9. SUBSISTENCE AID GRANTS**

SEG	\$104,200
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**Governor/Legislature:** Provide \$39,800 in 1999-00 and \$64,400 in 2000-01 for increased subsistence aid grant expenditures. This program provides temporary emergency aid to low-income veterans in event of an illness, disability or death that causes a loss of income. The emergency grant is to help the veteran meet everyday living expenses such as rent, food and clothing costs. Adjusted base level funding for subsistence aid grants is \$236,200.

**10. RETRAINING GRANT PROGRAM [LFB Paper 1030]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$0	-\$424,000	-\$424,000

**Governor:** Provide that the total amount of grants made under this program may not exceed \$500,000 in any fiscal year. This is equal to the amounts appropriated for the program in each year of the fiscal 1999-01 biennium under the Governor's recommendations. This program provides grants up to \$3,000 a year, based on financial need, to qualifying veterans needing retraining. Currently, funding under this program is available for veterans who are enrolled in a training course in a state technical college or are engaged in a structured on-the-job training program which has been approved by DVA.

**Joint Finance/Legislature:** Modify the Governor's recommendation by deleting \$212,000 annually to reflect the recent four-year average level of grants and deleting the proposed \$500,000 statutory cap on expenditures each year.

[Act 9 Section: 989g]

**11. VETERANS TRUST FUND RESERVE**

SEG	\$300,000
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**Governor/Legislature:** Provide \$150,000 annually to increase the loan reserves in the Veterans Trust Fund (VTF). The loan reserve is used to pay for defaults in VTF loan programs. The increase in reserve spending authority is provided because the outstanding loan portfolio has increased. In December, 1997, an additional \$8.3 million in home improvement loans was transferred to the VTF from the primary mortgage loan program. Prior to the transfer, the loan reserve had spending authority of \$300,000 to cover defaults in a portfolio of \$28.5 million in outstanding loans. The additional \$150,000 annual spending authority would provide a total annual reserve of \$450,000 that would be available to cover any defaults.

**12. COUNTY VETERANS SERVICE OFFICER GRANTS** [LFB  
Paper 1031]

SEG	\$24,000
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**Joint Finance/Legislature:** Provide \$6,400 in 1999-00 and \$3,200 in 2000-01 from the veterans trust fund and \$9,600 in 1999-00 and \$4,800 in 2000-01 from the veterans mortgage loan repayment fund to provide funding for the increase of an additional full-time CVSO under the program, including funding for an additional grant due Iron County for CY 1998.

**13. STAFF RECLASSIFICATIONS**

**Assembly/Legislature:** Authorize the Department to request additional salary and fringe benefit funding from the Joint Committee on Finance under a 14-day passive review process following a classification survey by the Department of Employee Relations regarding the reclassification of 23 DVA central office staff who are involved in processing veteran loans and grants. Provide that if DVA requests supplemental funds, the supplementary request must include a plan for the expenditure of not to exceed more than \$159,600 SEG for fiscal year 1999-00 and not more than \$164,400 SEG in 2000-01.

**Veto by Governor [E-18]:** Delete provision.

[Act 9 Vetoed Section: 9155(3g)]

# WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

## Budget Change Item

### 1. BONDING AUTHORITY

**Joint Finance/Legislature:** Prohibit the Wisconsin Health and Educational Facilities Authority (WHEFA) from issuing bonds for the purpose of purchasing a health maintenance organization or an insurance company.

**Veto by Governor [A-21]:** Delete provision.

[Act 9 Vetoed Sections: 2367e, 2367m and 2367o]

# WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$0	\$1,000,000	\$0	\$0	\$0	\$0	0.0%
FED	<u>0</u>	<u>2,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0
<b>TOTAL</b>	<b>\$0</b>	<b>\$3,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>

<b>FTE Position Summary</b>
There are no authorized state positions for WHEDA.

## Budget Change Items

### 1. BIOTECHNOLOGY DEVELOPMENT FINANCE COMPANY [LFB Paper 1035]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,000,000	-\$1,000,000	\$0

**Governor:** Provide \$1,000,000 in 1999-2000 in a biennial appropriation for administrative expenses and start-up capital for a biotechnology development finance company. Authorize WHEDA to organize and maintain a nonprofit, nonstock biotechnology development finance company to invest in new or existing biotechnology (technology relating to life sciences) companies in the state. Prohibit the company from engaging in political activities. The finance company would be allowed to invest in eligible biotechnology companies by purchasing stock, convertible securities, evidences of indebtedness, warrants, subscriptions, partnership interests or membership interests. However, the finance company would be limited to a total investment in any one biotechnology company of \$200,000 or 49% ownership, whichever is less.

**Joint Finance:** Delete provision.

**Assembly:** Restore the Governor's recommendation to authorize WHEDA to utilize the funding for administrative expenses and start-up capital for a nonprofit, nonstock biotechnology development finance company to invest in new or existing biotechnology companies in Wisconsin. Further, require Commerce to provide \$1 million in 1999-00 from the Wisconsin Development Fund GPR appropriation to the Wisconsin Housing and Economic Development Authority (WHEDA).

**Conference Committee/Legislature:** In lieu of the Assembly provision, authorize Commerce to use up to \$1 million in 1999-00 from the Wisconsin Development Fund (WDF) for administrative expenses and start-up capital for a nonprofit, nonstock biotechnology development finance company to invest in new or existing biotechnology companies in Wisconsin.

**Veto by Governor [B-21]:** Delete provision.

[See "Commerce -- Departmentwide and Economic Development" for more information on the biotechnology development finance company.]

[Act 9 Vetoed Sections: 196 and 2983c]

## 2. WISCONSIN DEVELOPMENT RESERVE FUND [LFB Paper 1036]

**Governor:** Transfer at least \$5.1 million from the housing rehabilitation loan program administration fund to the Wisconsin development reserve fund (WDRF). The housing rehabilitation loan program provides below market rate loans to low-income households for home repair. The program is financed by the issuance of revenue bonds. The administration fund receives revenue from both a housing rehabilitation loan program loan-loss reserve fund and a housing rehabilitation loan program bond redemption fund after the obligations of those funds are met (namely the principal and interest repayment of bonds issued for the program). The housing rehabilitation loan program administration fund is used to pay most administrative costs of the loan program. Under current law, excess funds in the administration fund are transferred, upon request, to the state's general fund. This bill would transfer these excess funds, as certified by the chairperson of WHEDA, to the WDRF instead of the general fund. It would also require that unobligated funds from the housing rehabilitation loan program loan-loss reserve fund and the housing rehabilitation loan program bond redemption funding that are transferred to the administration fund be retained there or transferred to the WDRF rather than being deposited to the general fund. Finally the provision calls for a transfer of at least \$5.1 million in 1999-2000 from the housing rehabilitation loan program administration fund to the WDRF, regardless of whether the WHEDA chairperson certifies that the funds are no longer required for the housing rehabilitation loan program.

The WDRF is used to guarantee loans for various programs, including CROP, FARM, small businesses and a loan for the Taliesin Preservation Commission. A large portion of the Commission loan (\$6,494,700) defaulted in January, 1999. The WDRF, as guarantor, is



responsible for repayment of 90% of the defaulted amount, or \$5,845,215. The remaining \$1,088,900 in disbursements to the Commission has been restructured as a no-interest loan. The transfer from the housing rehabilitation loan program administration fund would partially offset the loss to the WDRF. By statute, the WDRF must have at least one dollar in reserve for every \$4.50 in available guarantee authority. As of May 1, 1999, WHEDA had maximum available guarantee authority of \$67.1 million (with approximately \$42 million in guarantees outstanding) with consolidated reserves of \$16.1 million.

**Joint Finance/Legislature:** Delete provision. Instead, transfer the lesser of \$5,845,215 or the amount needed to cover the guaranteed default amount of the loan to the Taliesin Preservation Commission from the housing rehabilitation loan program administration fund to the WDRF. Further, require WHEDA to annually transfer, beginning on or before October 1, 2000, all funds in the housing rehabilitation loan program administrative fund that are no longer required for the housing rehabilitation loan program to the general fund (rather than to the WDRF under the Governor's recommendation).

[Act 9 Sections: 2372c thru 2374, 2394, 9125(1) and 9425(3g)]

### 3. CULTURAL AND ARCHITECTURAL LANDMARKS [LFB Paper 1036]

**Governor/Legislature:** Limit WHEDA's authority to make a loan or to use funds from the Wisconsin development reserve fund (WDRF) to guarantee a loan to a nonprofit organization that owns or leases cultural and architectural landmark property and improvements to amounts already provided to the Taliesin Preservation Commission. WHEDA is currently authorized to make a loan of up to \$8 million and to guarantee up to 90% of a loan for cultural and architectural landmarks (\$7.2 million of the \$8 million in loans could be guaranteed). WHEDA has disbursed \$7,583,600 for a loan to the Taliesin Preservation Commission, and this loan would continue to be backed by the WDRF. However, authority to issue additional loans would be repealed. Also, the WDRF must continue to maintain at least one dollar in reserve for every \$4 in outstanding guarantees under the Taliesin loan (all other WHEDA programs require one dollar in reserve for \$4.50 in guarantee authority). Interest income received by individuals from the proceeds of any bonds that WHEDA issued to finance loans for the Taliesin Preservation Commission would still be exempt from state taxation. Further, real or personal property of the Commission would also continue to be exempted from general property taxation.

[Act 9 Sections: 1653, 1683 and 2396 thru 2398]

### 4. SMALL BUSINESS LOAN GUARANTEES IN GAMING COMMUNITIES [LFB Paper 174]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$2,500,000	-\$2,500,000	\$0

**Governor:** Provide a one-time transfer of \$2,500,000 from tribal gaming revenues to the Wisconsin development reserve fund (WDRF) for a loan guarantee program for small businesses located in a county or adjacent to a county with a casino. Allow WHEDA to provide interest subsidies by paying the lender an annual amount of up to 3.5% of the outstanding loan balance. Loans to eligible small businesses located near gaming communities could be guaranteed by the general fund in the WDRF, and interest subsidies to these same businesses could be paid by the general fund in the WDRF. However, no guarantee program except those eligible small businesses located near gaming communities could use the \$2.5 million appropriated in the bill to guarantee loans. The bill also increases the total outstanding guaranteed principal amount of all loans under the small business loan guarantee program (including gaming related loans) by \$11,250,000, from \$9,900,000 to \$21,150,000.

*Guarantee Amounts.* WHEDA would be allowed to guarantee repayment of the principal of any loan eligible for guarantee not to exceed 100% or \$200,000, whichever is less. WHEDA would be required to establish the amount of the principal of an eligible loan to be guaranteed in an agreement with the participating lender. The Authority would be allowed to establish a single guarantee rate for all guaranteed loans that do not exceed \$200,000 and a separate guarantee rate for loans that exceed \$200,000, or WHEDA could establish, on an individual basis, a different guarantee rate for eligible loans.

*Eligible Loans.* Loan eligibility under the small business loan guarantee for gaming communities would be determined by the same factors as in the existing small business development loan guarantee program. Namely, loans would be eligible for guarantees if all of the following apply:

- a. The loan proceeds are used for direct or related expenses associated with the expansion or acquisition of a business, including the purchase or improvement of land, buildings, machinery, equipment or inventory;
- b. Loan proceeds are not used for refinancing existing debt, entertainment expenses, expenses related to the production of an agricultural commodity or expenses related to a community based residential facility;
- c. The loan term may not extend beyond 15 years after the date on which the lender disburses the loan unless WHEDA agrees to an extension of the loan term;
- d. The total principal amount of guaranteed loans to any one borrower may not exceed \$750,000;
- e. The lender obtains a security interest in the physical plant, equipment, machinery or other assets;
- f. The lender believes it is reasonably likely that the borrower will be able to repay the loan in full with interest;

g. The lender agrees to the guarantee percentage established for the loan by WHEDA;  
and

h. WHEDA believes the loan will have a positive impact in terms of job creation or retention.

*Eligible Borrowers.* To be eligible for a loan guarantee under this program, the borrower must be a business owner: (a) who is unable to obtain adequate business financing on reasonable terms; (b) who is actively engaged in the business (primarily an in-state business or those committed to locating in the state); (c) who employs 50 or fewer employees; (d) whose name does not appear on a statewide list of delinquent child support payers or if it does appear, the owner of the business has provided a payment agreement approved by the county child support agency; and (e) who is located in a Wisconsin county or in an adjacent Wisconsin county to where a federally recognized American Indian tribe or band operates a casino. Of Wisconsin's 72 counties, 52 either have casinos or are adjacent to counties that do.

*Interest Subsidies.* In addition, the bill would allow WHEDA to pay lenders under the small business loan guarantee for gaming communities program an annual interest subsidy of up to 3.5% on the outstanding balance of the loan. These interest subsidies would be paid either under the separate account created for guaranteeing loans to businesses in gaming communities or under the general WDRF.

[See "Administration -- Division of Gaming" for additional information on program revenue from tribal gaming.]

**Joint Finance/Legislature:** Delete provision.

##### 5. BROWNFIELDS LOAN GUARANTEE AUTHORITY [LFB Paper 1036]

**Governor:** Require WHEDA to transfer \$2,000,000 from the Wisconsin development reserve fund (WDRF) to the environmental fund on the effective date of the bill. In the 1997-99 budget, \$4 million was transferred from the recycling fund to the WDRF to guarantee up to \$22,500,000 in loans for brownfields remediation. Further, reduce the maximum outstanding principal amount of brownfields loans that may be guaranteed to \$11,250,000. As of June 1, 1999, no brownfields loan guarantees have been made.

**Joint Finance/Legislature:** Eliminate the brownfields loan guarantee program and direct WHEDA to transfer the remaining \$2,000,000 (\$4 million total) for the program from the WDRF to the environmental fund on the effective date of the bill.

[Act 9 Sections: 505c, 708, 2370m, 2388b, 2394r, 2570, 3027r and 9225(1)]

**6. CREDIT RELIEF OUTREACH PROGRAM (CROP) [LFB Paper 1036]**

**Governor/Legislature:** Increase the total outstanding principal amount of CROP loans a borrower may have at any one time from \$20,000 to \$30,000. Under current law, eligible farmers receive guarantees on one-year agricultural production loans. WHEDA guarantees 90% of each qualifying agricultural production loan made by a participating lender with monies in the Wisconsin development reserve fund.

[Act 9 Section: 2389]

**7. FARM ASSET REINVESTMENT LOAN GUARANTEE PROGRAM [LFB Paper 1036]**

**Governor:** Increase the maximum total outstanding principal amount of all FARM loans made to a borrower that are guaranteed from \$100,000 to \$200,000, and from \$50,000 to \$100,000 if any of the FARM loans were affected by any other state or federal credit assistance program. Under current law, eligible farmers receive guarantees (from monies in the Wisconsin development reserve fund) of the lesser of up to 25% of the original loan amount or an amount equal to the potential borrower's net worth to fund various capital improvements.

**Joint Finance/Legislature:** Require that WHEDA guarantee the lesser of 25% of the outstanding principal amount (rather than the original loan amount) of any eligible FARM loan or an amount equal to the potential borrower's net worth on loans that are guaranteed after the effective date of the bill.

**Veto by Governor [B-88]:** Delete Joint Finance provision.

[Act 9 Section: 2393]

[Act 9 Vetoed Sections: 2393c and 9325(1g)]

## WISCONSIN TECHNICAL COLLEGE SYSTEM

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$262,456,200	\$263,224,700	\$266,024,700	\$278,874,700	\$278,963,900	\$16,507,700	6.3%
FED	58,494,400	59,653,000	59,653,000	59,653,000	59,653,000	1,158,600	2.0
PR	11,771,000	11,721,800	11,721,800	11,721,800	11,721,800	- 49,200	- 0.4
SEG	<u>0</u>	<u>0</u>	<u>0</u>	<u>89,200</u>	<u>0</u>	<u>0</u>	0.0
<b>TOTAL</b>	<b>\$332,721,600</b>	<b>\$334,599,500</b>	<b>\$337,399,500</b>	<b>\$350,338,700</b>	<b>\$350,338,700</b>	<b>\$17,617,100</b>	<b>5.3%</b>

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	38.65	38.65	38.65	38.65	39.40	0.75
FED	30.65	29.65	29.65	29.65	29.65	- 1.00
PR	13.00	12.00	12.00	12.00	12.00	- 1.00
SEG	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.75</u>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL</b>	<b>82.30</b>	<b>80.30</b>	<b>80.30</b>	<b>81.05</b>	<b>81.05</b>	<b>- 1.25</b>

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS

**Governor/Legislature:** Adjust the base budget for: (a) removal of noncontinuing items (-\$53,200 FED and -1.0 FED position annually); (b) full funding of salaries and fringe benefits (\$109,600 GPR, \$84,900 FED and \$11,900 PR annually); (c) full funding of financial services charges (\$1,300 GPR and \$4,300 FED annually); (d) fifth week of vacation as cash (\$20,600 GPR, \$9,900 FED and \$2,500 PR in 1999-00 and \$20,700 GPR, \$11,300 FED and \$2,500 PR in 2000-01); and (e) full funding of lease costs (\$2,700 GPR and \$2,700 FED annually).

<b>Funding Positions</b>		
GPR	\$268,500	0.00
FED	98,600	- 1.00
PR	<u>28,800</u>	<u>0.00</u>
<b>Total</b>	<b>\$395,900</b>	<b>- 1.00</b>

2. GENERAL AIDS FOR TECHNICAL COLLEGE DISTRICTS [LFB Paper 1045]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR	\$3,300,000	\$4,000,000	\$7,300,000

**Joint Finance:** Provide \$1,100,000 in 1999-00 and \$2,200,000 in 2000-01 to increase state general aids for technical college districts. Total funding would increase from \$113,530,000 in 1998-99 to \$114,630,000 in 1999-00 and \$115,730,000 in 2000-01, representing annual increases of 0.97% in 1999-00 and 0.96% in 2000-01.

**Senate:** Provide \$500,000 in 2000-01 to increase state general aids for technical college districts. Including the amounts provided in Joint Finance, total funding would increase from \$113,530,000 in 1998-99 to \$114,630,000 in 1999-00 and \$116,230,000 in 2000-01, representing annual increases of 0.97% in 1999-00 and 1.40% in 2000-01.

**Conference Committee/Legislature:** Provide \$1,315,000 in 1999-00 and \$2,685,000 in 2000-01 as a change to Joint Finance to increase state general aids for technical college districts. Including the amounts provided in Joint Finance, total funding would increase from \$113,530,000 in 1998-99 to \$115,945,000 in 1999-00 and \$118,415,000 in 2000-01, representing annual increases of 2.13%.

3. GRANT PROGRAM FOR RECENT HIGH SCHOOL GRADUATES

GPR	\$6,600,000
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**Conference Committee/Legislature:** Provide \$6,600,000 in 2000-01 in a new, annual appropriation for a new grant program for certain WTCS students. Require the WTCS Board to award a grant of \$500 to each first-year student who satisfies all of the following criteria: (a) the student is enrolled in a district college within three years of graduating from a high school in this state; (b) the student is enrolled full time, as determined by the WTCS Board, in an associate degree program or a vocational diploma program; and (c) the student maintains a grade point average of at least 2.0. Provide that a student who received such a grant would be eligible for an equivalent grant in the following school year if he or she satisfies the criteria under (b) and (c). Require the WTCS Board to promulgate rules to implement and administer this grant program, including rules on refunding a grant if a student becomes ineligible for the grant.

[Act 9 Sections: 301g, 898 and 901g]

4. GRANTS TO EXPAND HIGH DEMAND PROGRAMS

**Conference Committee/Legislature:** Provide \$5,000,000 in 2000-01 in a new, annual appropriation under the Department of Administration (DOA) for grants to WTCS districts to develop or expand programs in occupational areas in which there is a high demand for

workers, and to make capital expenditures necessary for such development or expansion, as determined by the Secretary of DOA. Require DOA to establish criteria by which applications from WTCS districts would be judged by rule. The fiscal effect of this provision is shown under "Administration."

**Veto by Governor [A-33]:** Delete the requirement that DOA promulgate rules to establish criteria by which applications will be judged.

[Act 9 Sections: 40t, 531p and 898]

[Act 9 Vetoed Section: 40t]

**5. GRANTS FOR ADDITIONAL COURSE SECTIONS**

GPR	\$2,200,000
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**Conference Committee/Legislature:** Provide \$2,200,000 in 2000-01 in a new annual appropriation under WTCS for grants to WTCS districts. Require the WTCS Board to award grants to district boards for the purpose of adding sections in courses in which student demand exceeds capacity. Require the WTCS Board to promulgate rules establishing criteria for judging grant applications.

**Veto by Governor [A-33]:** Delete the requirement that the WTCS Board promulgate rules to establish criteria for judging grant applications.

[Act 9 Sections: 301r, 898 and 901r]

[Act 9 Vetoed Section: 901r]

**6. WAUKESHA COUNTY TECHNICAL COLLEGE PRINTING PROGRAM GRANT [LFB Paper 1046]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$500,000	-\$500,000	\$0

**Governor:** Provide \$250,000 in each year of the 1999-01 biennium in a new, annual appropriation for a grant to the Waukesha County Technical College District Board to increase funding for its printing program. No funding could be encumbered from this appropriation after the 2000-01 fiscal year.

**Joint Finance/Legislature:** Delete provision.

**7. REESTIMATE FEDERAL REVENUES**

FED	\$1,000,000
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**Governor/Legislature:** Reestimate expenditures of federal revenues by \$500,000 annually to reflect an increase in funding provided under the federal Adult Education Act.

**8. AGRICULTURAL EDUCATION CONSULTANT**

	Legislature (Chg. to Base)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$0	0.00	\$89,200	0.75	\$89,200	0.75
SEG	<u>89,200</u>	<u>0.75</u>	<u>-89,200</u>	<u>-0.75</u>	<u>0</u>	<u>0.00</u>
Total	\$89,200	0.75	\$0	0.00	\$89,200	0.75

**Assembly/Legislature:** Provide \$41,600 SEG in 1999-00 and \$47,600 SEG in 2000-01 in a new, annual appropriation from the agricultural chemical cleanup fund for 0.75 SEG agricultural education consultant position.

**Veto by Governor [A-32]:** Delete all references to SEG funding from the agricultural chemical cleanup fund for this purpose, but maintain the funding in the appropriation. Therefore, this position will be funded at the same level with GPR rather than SEG funding.

[Act 9 Sections: 302p and 9147(3w)]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.292(1)(q)), 302p and 9147(3w)]

**9. DELETE PROGRAM ASSISTANT POSITION**

	Funding	Positions
PR	-\$78,000	- 1.00

**Governor/Legislature:** Delete \$39,000 and 1.0 program assistant position annually. Funding for this position, which was provided under the federal Job Training Partnership Act (JTPA) through the Department of Workforce Development, is no longer available.

**10. REESTIMATE FEDERAL INDIRECT COST PAYMENTS**

FED	\$60,000
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**Governor/Legislature:** Reestimate expenditures from federal indirect cost reimbursements by \$30,000 annually. Indirect cost reimbursements are federal funds received as reimbursement for indirect costs of administration of a federal grant or contract.



**11. GRANT TO MILWAUKEE ENTERPRISE CENTER**

GPR

\$50,000

**Senate/Legislature:** Provide \$25,000 in each year of the 1999-01 biennium in a new, annual appropriation within WTCS for a grant to the Milwaukee Enterprise Center. Require the Board to award the amount appropriated in each year for renovation of the Center's training center and conference rooms. Specify that funding for the grant would sunset on June 30, 2001.

[Act 9 Sections: 300m and 9147(2ct)]

**12. STATEWIDE GUIDE TO THE TECHNICAL COLLEGE SYSTEM**

**Governor/Legislature:** Require the State WTCS Board to annually produce and distribute to students, parents, high school personnel and others, a guide containing information on all of the technical colleges and their programs. Permit the Board to expend up to \$125,000 annually from the appropriation for state general aid for technical colleges for the production and distribution of the guide. Require the Board to reduce each district's general aid payment by the district's share of the amount necessary to produce and distribute the guide, as determined by the Board. Provide that the modifications to the use and distribution of general aid would first apply to aid paid in the 1999-00 fiscal year.

[Act 9 Sections: 300, 896, 899 and 9347(1)]

**13. YOUTH APPRENTICESHIP CURRICULUM DEVELOPMENT [LFB Paper 1058]**

**Governor:** Require the State WTCS Board to expend up to \$125,000 annually from the Board's appropriation for federal aid for state operations to develop curricula for youth apprenticeship programs for occupations that have been approved by the Governor's Work-Based Learning Board, which would be created in the bill. Require the WTCS Board to consult with the Work-Based Learning Board in developing the curricula. According to Executive Budget documents, the WTCS Board would use funds provided under the federal Carl D. Perkins Vocational and Applied Technology Act for the development of the curricula. Under current law, the Department of Workforce Development is responsible for development of youth apprenticeship curricula using GPR funds.

**Joint Finance/Legislature:** Delete provision. The Governor's Work-Based Learning Board would be responsible for the development of youth apprenticeship curricula using funds provided in the Work-Based Learning Board's general program operations appropriation.

[Act 9 Section: 2019d]

#### **14. TELECOMMUNICATIONS RETRAINING PROGRAM**

**Governor/Legislature:** Extend the sunset date for the telecommunications retraining program from June 30, 1999 to June 30, 2000. Under this program, which was established in 1993 Act 496, grants of up to \$2,500 are provided to telecommunications industry employees who have been laid off, terminated or declared surplus under a company downsizing or because of leaving a company under an early retirement or incentive separation plan. A consortium of telecommunications companies was required to contribute, over a three-year period beginning on July 20, 1994, at least \$3,000,000 and up to \$4,000,000 to a telecommunications retraining fund to pay for the grants.

Provide that if the Telecommunications Retraining Board determines that additional contributions from telecommunications companies are necessary to fund the telecommunications retraining grants in the 1999-00 fiscal year, the consortium would be required to contribute additional amounts determined by the Board.

[Act 9 Sections: 302 and 902 thru 904]

#### **15. PRORATION OF STATE GENERAL AID FOR TECHNICAL COLLEGE DISTRICTS**

**Governor/Legislature:** Delete current law language that provides for the proration of state general aid to technical college districts. Prior to 1983-84, state general aid to WTCS districts was statutorily targeted to provide 35% of a district's aidable cost. The statutes specified that if, in any year, the appropriation for general aid was insufficient to fund the full amount under the formula, aid would be prorated among the districts. The 35% target was repealed in the 1983-85 state budget. Under current law, the formula used to distribute state general aid to the districts is structured to distribute the entire amount appropriated and the proration language no longer applies.

[Act 9 Section: 900]

#### **16. STATE AID FOR TECHNICAL PREPARATION PROGRAMS**

**Governor/Legislature:** Delete the appropriation and current law relating to state aid to WTCS districts for the development and implementation of technical preparation programs in each high school. Funding for the programs was provided in 1993 Act 16 for the 1993-95 biennium. No funding has been appropriated for state aid payments under this program since 1994-95.

[Act 9 Sections: 299, 898 and 901]

**17. LA CROSSE HEALTH SCIENCE CENTER [LFB Paper 1047]**

**Joint Finance:** Provide \$196,900 GPR in 1999-00 and \$393,700 GPR in 2000-01 in a new, annual appropriation to support Western Wisconsin Technical College's (WWTC) share of the operating and maintenance costs of the La Crosse Health Science Center. Specify that no monies could be encumbered from the appropriation after June 30, 2001. The Center will be operated by the La Crosse Medical Health Science Consortium and will house several of WWTC's health-related academic programs. In addition, delete \$196,900 GPR in 1999-00 and \$393,700 GPR in 2000-01 from the Board's appropriation for the incentive grants program. Specify that, for purposes of the 2001-03 biennial budget request, base level funding for the incentive grants program would be considered to be the amount appropriated in 1998-99, or \$7,888,100 GPR.

**Assembly/Legislature:** Delete provision.

**18. FINANCING OF CAPITAL EXPENDITURES FOR APPLIED TECHNOLOGY CENTERS**

**Joint Finance:** Permit each WTCS district board to expend up to \$5,000,000 prior to January 1, 2002, for the purchase or construction of a facility to be used as an applied technology center provided that the district board has adopted a resolution stating its intent to make such an expenditure and the State WTCS Board has approved the purchase or construction of the center. Require the WTCS Board, in consultation with representatives of business and labor, to develop a separate approval process for district board proposals to purchase or construct facilities to be used as applied technology centers. Prohibit the Board from approving such a proposal unless the Board determines that all of the following apply: (a) the applied technology center is likely to maintain or increase the number of jobs in the region served by the center that require a high level of skill and provide high salaries; (b) the productivity of employees who would be served by the center is likely to increase; and (c) one or more businesses in the region served by the center will pay for all of the direct costs of operating the center and at least 20% of the indirect costs of operating the center and will fund, either in cash or in kind, at least 30% of the capital costs of the center. Require the district board to submit a report to the WTCS Board by December 1 of the year in which the applied technology center began operating and annually thereafter by December 1 on the change, since the center began operating, in the wages, productivity and level of skill of the employees who have been directly served by the center.

Specify that the current law provision that requires a WTCS district to hold a referendum for expenditures for capital projects in excess of \$500,000 would not apply to expenditures for this purpose. In addition, specify that the current law provision that requires a public hearing and referendum if a WTCS district proposes to issue bonds or a promissory note in excess of \$500,000 for building remodeling or improvement projects would not apply to the purchase or construction of a facility to be used as an applied technology center.

**Assembly:** Modify the Joint Finance provision to specify that the State WTCS Board could not approve a district's proposal for such a center unless the Board determines that the district board consulted with representatives of business and labor on the development of the center.

In addition, modify the private funding matching requirements in Joint Finance to refer to the direct and indirect operating costs of services provided at the center, pursuant to current law governing contracts for services, rather than the direct and indirect costs of operating the center.

**Senate:** Delete the Joint Finance provision.

**Conference Committee/Legislature:** Include Assembly provision.

[Act 9 Sections: 895t, 897e, 897em, 897m, 1648g, 1648m and 1649m]

## **19. REPORT ON TRANSFER OF CREDITS BETWEEN UW SYSTEM AND TECHNICAL COLLEGE SYSTEM**

**Senate/Legislature:** Require the President of the UW System and the Director of the WTCS to submit a report to the Legislature by July 1, 2000, on efforts made to coordinate the transfer of credits from WTCS to the UW System, including a plan to coordinate the transfer of credits for additional programs, and a timetable for implementation of the plan.

[Act 9 Section: 9154(4g)]

## **20. SCHOOL DISCIPLINE AND SAFETY**

**Assembly/Legislature:** Require the WTCS Board to work with schools of education and other departments of the University of Wisconsin System, school districts, private schools and the Department of Public Instruction to present to school districts and private schools the results of research on models for and approaches to improving school safety and reducing discipline problems in schools and at school activities.

[Act 9 Section: 896m]

## WORKFORCE DEVELOPMENT

<b>Budget Summary</b>							
Fund	1998-99 Base Year Doubled	1999-01 Governor	1999-01 Jt. Finance	1999-01 Legislature	1999-01 Act 9	Act 9 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$476,877,600	\$439,570,600	\$498,814,400	\$493,583,200	\$493,583,200	\$16,705,600	3.5%
FED	1,486,360,200	1,532,540,400	1,282,060,800	1,490,889,600	1,490,889,600	4,529,400	0.3
PR	250,089,200	279,742,600	303,899,200	305,274,400	305,274,400	55,185,200	22.1
SEG	<u>14,450,400</u>	<u>15,774,100</u>	<u>16,365,000</u>	<u>16,365,000</u>	<u>16,365,000</u>	<u>1,914,600</u>	13.2
<b>TOTAL</b>	<b>\$2,227,777,400</b>	<b>\$2,267,627,700</b>	<b>\$2,101,139,400</b>	<b>\$2,306,112,200</b>	<b>\$2,306,112,200</b>	<b>\$78,334,800</b>	<b>3.5%</b>

<b>FTE Position Summary</b>						
Fund	1998-99 Base	2000-01 Governor	2000-01 Jt. Finance	2000-01 Legislature	2000-01 Act 9	Act 9 Change
						Over 1998-99 Base
GPR	293.78	305.55	299.13	299.13	299.13	5.35
FED	1,466.18	1,454.53	1,441.95	1,438.75	1,438.75	- 27.43
PR	668.74	673.37	670.12	671.32	671.32	2.58
SEG	<u>7.50</u>	<u>7.50</u>	<u>7.50</u>	<u>7.50</u>	<u>7.50</u>	<u>0.00</u>
<b>TOTAL</b>	<b>2,436.20</b>	<b>2,440.95</b>	<b>2,418.70</b>	<b>2,416.70</b>	<b>2,416.70</b>	<b>- 19.50</b>

### Budget Change Items

### Departmentwide

#### 1. STANDARD BUDGET ADJUSTMENTS

**Governor/Legislature:** Provide adjustments of -\$298,400 GPR, -\$2,849,600 FED, -\$3,398,100 PR, -\$3,800 SEG and -3.80 GPR, -37.76 FED and -65.57 PR positions in 1999-00 and -\$379,500 GPR, -\$3,069,900 FED, -\$3,561,700 PR, -\$3,800 SEG and -5.84 GPR, -42.22 FED and -65.57 PR positions in 2000-01. Adjustments are for: (a) turnover reduction (-\$340,400 GPR, -\$1,490,100 FED and -\$724,000 PR

Funding Positions		
GPR	-\$677,900	- 5.84
FED	- 5,919,500	- 42.22
PR	- 6,959,800	- 65.57
SEG	<u>- 7,600</u>	<u>0.00</u>
<b>Total</b>	<b>-\$13,564,800</b>	<b>- 113.63</b>

annually); (b) removal of noncontinuing items (-\$2,900 GPR, -0.10 GPR position, -\$45,700 FED, -2.0 FED positions, -\$1,851,100 PR, -8.0 PR positions in 1999-00 and -\$84,000 GPR, -2.14 GPR positions, -\$266,000 FED, -6.46 FED positions, -\$2,014,700 PR, -8.0 PR positions in 2000-01); (c) full funding of salaries and fringe benefits (\$98,200 GPR, -3.7 GPR positions, -\$1,387,100 FED, -35.76 FED positions, -\$1,172,600 PR, -57.57 PR positions and -\$3,800 SEG annually); (d) financial services chargebacks (-\$78,300 GPR annually); (e) overtime (\$215,400 PR annually); (f) night and weekend differential (\$91,600 PR annually); (g) fifth week vacation as cash (\$23,700 GPR, \$73,300 FED and \$42,400 PR annually); (h) full funding of lease costs and directed moves (\$1,300 GPR and \$200 PR annually); and (i) minor transfers within the same appropriation. In total, changes due to standard budget adjustments would decrease funding by \$6,549,900 in 1999-00 and \$7,014,900 in 2000-01. Total position authority would be reduced by 107.13 in 1999-00 and 113.63 in 2000-01.

**2. FUNDING MODIFICATION OF 100 POSITION REDUCTION**

**Governor/Legislature:** Provide 14.02 GPR, 25.98 FED and 60.0 PR positions annually to modify the reduction of 100 positions required under the provisions of 1997 Wisconsin Act 27. Under Act 27, the Department was required to delete 100 FTE positions on June 30, 1999.

	Positions
GPR	14.02
FED	25.98
PR	<u>60.00</u>
Total	100.00

The positions were identified in Act 27, but the Department was given permission to alter the positions that would actually be deleted. As result of a change in the source of contracted positions under W-2 and reorganization of the Department's Economic Support and Vocational Rehabilitation divisions, the Department has identified different positions to be deleted. This provision restores positions deleted under the Act 27 provision. The required position reduction is included in the full funding of salaries and fringe benefits standard budget adjustment. The funding adjustment to reflect the restored positions is also included under that standard budget adjustment.

**3. BASE LEVEL FUNDING REDUCTION**

**Governor/Legislature:** Delete \$765,300 and 1.60 position annually in base level funding to implement a lapse required in the 1997-99 biennial budget (1997 Wisconsin Act 27) as a permanent reduction.

	Funding	Positions
GPR	-\$1,530,600	- 1.60

**4. FEDERAL REVENUE REESTIMATES**

**Governor/Legislature:** Decrease funding by \$42,557,200 in 1999-00 and \$52,539,800 in 2000-01 to reflect reestimates of the federal revenue that will be available for programs administered by the Department. The following table summarizes the components of the reestimate.

FED	-\$95,097,000
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Federal Revenue	Reestimate	
	1999-00	2000-01
1. Funds for county administration of child support enforcement.	-\$14,888,800	-\$14,888,800
2. Job Training and Partnership Act (JTPA) funding for payments for individual incentives, training related expenses and other support costs.	- 12,795,800	- 13,410,600
3. Food stamp employment and training program.	- 9,925,400	-9,925,400
4. Federal funding for administrative costs related to unemployment insurance, employment services, labor market information, disabled veterans outreach, local veterans employment representatives and other programs.	- 3,711,200	- 9,711,200
5. Funds received through federal contracts supporting activity in the Divisions of Connecting Education and Work, Equal Rights, Unemployment Insurance, Workforce Excellence and Worker's Compensation. Includes funding for school-to-work transition initiatives and curriculum changes for secondary school pupils, sharing wage and benefit information research and veterans apprenticeships.	- 5,520,300	- 6,020,700
6. Federal funding for Head Start coordination and administrative costs of the food stamp nutrition education projects.	4,890,000	4,916,900
7. Funding for federal programs administered by local units of government.	2,795,400	0
8. JTPA funding for program administration.	- 1,372,100	- 1,372,100
9. JTPA funding for local employment and training programs.	- 1,313,100	- 1,350,300
10. Federal funding for refugee assistance programs.	- 1,000,000	- 1,000,000
11. Federal funding for food stamp nutrition education grants.	269,000	269,000
12. Food stamp employment and training administration.	39,500	39,500
13. Federal unemployment insurance funds for related Labor and Industry Review Commission (LIRC) activities.	- 35,600	- 115,900
14. Federal funds for specific limited-term projects expended as aids to individuals or organizations for vocational rehabilitation services.	14,400	39,400
15. Other federal funds for LIRC functions.	<u>- 3,200</u>	<u>- 9,600</u>
TOTAL	-\$42,557,200	-\$52,539,800

**5. PROGRAM REVENUE REESTIMATES**

PR	\$20,852,400
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**Governor/Legislature:** Provide \$11,043,100 in 1999-00 and \$9,809,300 in 2000-01 to reflect reestimates of the program revenue that will be available for programs administered by the Department. The following table summarizes the components of the reestimate.

Source and Use of Program Revenue	Reestimate	
	1999-00	2000-01
1. Revenue received from medical support liability collections.	\$16,889,400	\$16,889,400
2. Funds from contracts or financial agreements with other state agencies or between DWD divisions for administrative services.	- 5,429,300	- 5,429,300
3. Funds received through contracts to provide services negotiated by the Division of Workforce Excellence at the local level. Contracts are with local governments and organizations.	- 1,387,300	- 1,622,600
4. Administrative fee on employers used to fund development and design of unemployment insurance information technology.	1,000,000	0
5. Revenue received from other state agencies or from Department programs for vocational rehabilitation aids to individuals and organizations.	667,100	767,100
6. Revenue received from municipal agencies and nongovernmental organizations. Funds used for aids related to vocational rehabilitation services.	- 500,000	- 500,000
7. Funds received in connection with the Department's contract with the Wisconsin Compensation Ratings Bureau (WCBR). The Department provides WCBR with information technology services.	289,000	289,000
8. Fees for services. Usually conferences, training and sales of publications.	- 243,100	- 243,500
9. Revenue from unemployment interest and penalty appropriation funds. Used for special purpose functions such as employment services to unemployment insurance recipients, building improvements and a reserve for audit exceptions.	- 84,500	- 138,800
10. Revenue received from other state agencies or from Department programs for administration of vocational rehabilitation programs and projects.	125,300	127,700



Source and Use of Program Revenue	Reestimate	
	1999-00	2000-01
11. Revenue received under agreements with DOA (Bureau of Energy) and other agencies to fund Wisconsin Conservation Corps (WCC) enrollee compensation.	- \$118,000	- \$118,000
12. Revenue transferred from DHFS community aids. Funds are used for providing child care services and training.	- 75,000	- 75,000
13. Assessment on worker's compensation insurers. Used for workers compensation activities of the Labor and Industry Review Commission.	- \$14,200	- \$45,300
14. Revenue from charges on net proceeds from the sale of products and services through the supervised business enterprise program and used to administer the program.	- 38,100	- 38,100
15. Revenues from charges on the net proceeds from the operation of vending machines leased to non-blind operators. Funds are transferred to DHFS for rehabilitation teaching aids.	- 22,700	- 22,700
16. Revenue from the unemployment interest and penalty appropriations. Funds are used for research activities related to the condition of the Unemployment Reserve Fund.	- 6,800	- 19,000
17. Funds from WTCS for consolidated school-to-work program development.	17,200	16,900
18. Funds received from state operations of welfare fraud and error reduction state operations.	- 15,700	- 15,700
19. Funds received under agreements with local units of government and nonprofit organizations and used for WCC enrollee compensation.	- 10,000	- 10,000
20. Revenue received from nongovernmental agencies and used to provide vocational rehabilitation services under contract.	- 4,500	-4,500
21. Revenue received under agreements with state agencies to fund WCC administrative staff compensation.	<u>4,300</u>	<u>1,700</u>
TOTAL	\$11,043,100	\$9,809,300

**6. ADMINISTRATIVE SERVICES ADDITIONAL EXPENDITURE AUTHORITY**

PR	\$26,060,200
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**Governor/Legislature:** Provide \$13,030,100 annually in PR-S expenditure authority in the administrative services appropriation to establish funding for the increased costs of information technology services provided by the Administrative Services Division to DWD programs. The additional expenditure authority would primarily be used to cover the costs of network support services, programmer and analyst time, and applications and database servers. The source of program revenue for the increased expenditure authority would be information technology service fees charged to Department programs for services provided.

**7. ALLOCATING PAY PLAN COSTS**

FED	\$1,573,800
PR	<u>185,200</u>
Total	\$1,759,000

**Governor/Legislature:** Provide \$524,700 FED and \$61,800 PR in 1999-00 and \$1,049,100 FED and \$123,400 PR in 2000-01 in various appropriations to reflect the cost of pay plan increases that are included in the PR-S fees charged by the Administrative Services Division. The fees are charged to the Department's programs for services provided by the Division.

**8. FINAL MERGER CLEAN-UP**

	Funding	Positions
GPR	\$0	- 0.23
FED	- 37,400	- 1.19
PR	<u>177,400</u>	<u>1.50</u>
Total	\$140,000	0.08

**Governor/Legislature:** Provide \$88,700 PR and 1.50 PR positions and delete \$18,700 FED and 1.19 FED and 0.23 GPR positions annually to reallocate funding and positions to reflect administrative and job responsibilities and activities resulting from the merger of the Divisions of Economic Support (DES) and Vocational Rehabilitation (DVR) with DWD. The adjustments would include reallocating positions from various programs to Administrative Services, authorizing the Unemployment Insurance (UI) Division to directly charge DES for child support intercept services and providing resources to the UI Division to administer the new hires program. These changes are based on a final review of the new responsibilities of the Department which resulted from the merger with DES and DVR.

**9. INFORMATION TECHNOLOGY CAREER DEVELOPMENT PROGRAM**

PR	\$783,100
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**Governor/Legislature:** Provide \$337,000 in 1999-00 and \$446,100 in 2000-01 to establish a career development program in the Administrative Services Division for information technology (IT) staff. The program would be designed to provide staff with training as mainframe programmers. The source of program revenue for the increased expenditure authority would be IT services fees charged to Department programs for services provided.

**10. INFORMATION TECHNOLOGY SUPPORT TO CONTRACTOR**

PR	\$486,000
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**Governor/Legislature:** Provide \$243,000 annually to cover the cost of providing information technology services to the contractor that provides applications development services for the CARES computer system, which is used in administering public assistance programs. The Department would provide network support services, including electronic mail software support and connectivity support to the contractor. Increased expenditure authority would be provided in the auxiliary services appropriation in an amount equal to the projected revenue from the services provided.

**Employment, Training and Vocational Rehabilitation Programs**

**1. GOVERNOR'S WORK-BASED LEARNING BOARD [LFB Papers 1055 thru 1063]**

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR-Lapse	\$0		\$240,300		\$0		\$240,300	
GPR	\$3,900,000	0.00	-\$3,300,000	0.00	\$4,000,000	0.00	\$4,600,000	0.00
PR	13,966,300	8.45	- 644,500	- 1.25	1,409,900	2.20	14,731,700	9.40
FED	0	-4.45	0	0.00	0	-2.20	0	-6.65
Total	\$17,866,300	4.00	-\$3,944,500	- 1.25	\$5,409,900	0.00	\$19,331,700	2.75

**Governor:** Eliminate the Division of Connecting Education and Work and transfer responsibility for administering the school-to-work, youth apprenticeship training grants and career counseling center programs to the newly-created Governor's Work-Based Learning Board (Board) that would be attached to DWD for administrative purposes. The current positions, funding and appropriations would be transferred to the Board. The Board would also receive additional positions and funding to administer a local youth apprenticeship program, a self-paced youth apprenticeship training program, a southeast youth employment program, the technical preparation program, a grant program for technical college students and the school-to-work program for at-risk children. The sources of additional funding would be GPR, federal Carl Perkins Act funds received through the Wisconsin Technical College System (WTCS) Board and federal Temporary Assistance to Needy Families (TANF) funds received through DWD's Division of Economic Support. In total, including transferred base level funding and positions, the Board would be provided \$3,238,400 GPR and \$5,575,300 PR in 1999-00, \$4,388,400 GPR and \$8,678,000 PR in 2000-01, and 6.7 GPR and 10.1 PR positions in each year.

The assets and liabilities, tangible personal property, including records, pending matters, including actions taken and materials submitted, contracts, administrative rules and orders that

were primarily related to the Division of Connecting Education and Work, as determined by the Secretary of Administration, would be transferred to the Governor's Work-Based Learning Board on the general effective date of the bill. The Board would carry out any obligation under contract unless the Board modified or rescinded the obligation to the extent allowed under the contract. All rules and orders would remain in effect until their specified expiration date or until modified or rescinded by the Board. All positions and the incumbent employees in DWD that were primarily related to the Division of Connecting Education and Work, as determined by the Secretary of Administration, would be transferred to the Board. All employees that were transferred would have the same employment status and rights as they enjoyed immediately before the transfer. No transferred employee who has attained permanent status in class would be required to serve a probationary period.

The specific components of the creation of, and transfer of functions to, the Governor's Work-Based Learning Board are described in the following sections.

*Governor's Work-Based Learning Board.* A Governor's Work-Based Learning Board would be created and attached to DWD for administrative purposes. The Board would consist of nine members including: (a) the Governor; (b) the State Superintendent of Public Instruction; (c) the President of the WTCS Board; (d) the Director of the WTCS Board; (e); the Secretary of Workforce Development; (f) the administrator of the Division of Workforce Excellence in DWD; (g) a representative of organized labor; (h) a representative of business and industry; and (i) a member who is not a public officer or a representative of business or labor. The Governor would serve as chairperson of the Board and would appoint the representatives of business and labor and the other member who is not specifically designated. The Board would have an unclassified executive director position who would be responsible for the Board's administrative functions. The executive director would be paid at the level of executive salary group 3 and would be appointed by and serve at the pleasure of the Governor.

The Board would have responsibilities and authority similar to the Division of Connecting Education and Work in DWD. Consequently, it would be required to plan, coordinate, administer and implement youth apprenticeship, school-to-work, technical college study grants and work-based learning programs and other employment and education programs the Governor may assign to the Board by executive order. The Board would be authorized to issue a general or special order waiving limitations placed on the use of state employment and education funds if it found that the waiver would promote coordination of employment and education services. The Board would also be required to promulgate administrative rules to administer the programs under it.

*Governor's Council on Workforce Excellence Responsibilities.* Current responsibilities of the Governor's Council on Workforce Excellence (Council) related to school-to-work, youth apprenticeship and related programs would be eliminated to reflect creation of the Governor's Work-Based Learning Board to assume similar duties. The Council would no longer be required to oversee the planning, coordination, administration and implementation of employment and training programs provided under the federal School-to-Work Opportunities Act (STWOA) and

the youth apprenticeship or other apprenticeship programs for which DWD provides financial assistance. The Council would also no longer be required to recommend occupations for the youth apprenticeship program, statewide skill standards for programs under STWOA and a statewide school-to-work program for children at-risk. The Council, along with the Technical College System Board and DPI, would assist the Board in providing Board programs.

*Transfer Division of Connecting Education and Work Function.* The Division of Connecting Education and Work, including statutory authority for the Division, would be eliminated. The current GPR appropriations for the Division's general program operations and youth apprenticeship training grants and the program revenue appropriation for funds transferred from the WTCS Board for school-to-work programs would be transferred to the Board. An interagency and intra-agency program revenue appropriation would be created under the Board for all moneys received from other state agencies and other divisions within DWD for administration of Board programs. Separate provisions would reduce the number of authorized division administrator positions in DWD from 8 to 7 and specifically authorize a Division of Workforce Excellence.

Funding of \$688,400 GPR and 6.70 GPR positions would be transferred from the Division to the Board and funded through the general program operations appropriation to administer the Board's programs. Funding of \$143,500 PR and 1.65 PR positions would annually be transferred with the technical college school-to-work funding transfer appropriation. The unencumbered balance in the current appropriation account immediately before the appropriation is transferred to the Board would be transferred to the Board's appropriation on the effective date of the bill. In addition, 4.45 FED positions that are currently funded by a federal STWOA grant, which ends after 1998-99, would be transferred and funded with federal TANF funds. The moneys would be transferred from the Division of Economic Support (DES) and placed in a newly created program revenue appropriation for the transfer of public assistance funds. Moneys in the public assistance funds appropriation would be from the DES federal block grant appropriation and be used for work-based learning programs for youths that are eligible to receive TANF. A total of \$231,000 PR in 1999-00 and \$307,900 PR in 2000-01 and 4.45 PR positions each year would be provided.

*Youth Apprenticeship Training Grants.* The current youth apprenticeship training grant program, funding and appropriation would be transferred to the Board. The Board would be authorized to administer the program and would be responsible for approving occupations and approving curricula for the occupations. The WTCS Board would be required to develop the curricula expending not more than \$125,000 FED annually in Carl Perkins Vocational and Applied Technology Education Act moneys. The WTCS Board would be required to consult with the Work-Based Learning Board in developing the curricula.

Although the current youth apprenticeship program would be transferred to the Board, total base level funding of \$1,150,000 GPR in each year would be transferred to a new local youth apprenticeship program and placed in a new GPR appropriation created for the program. Under the local youth apprenticeship program, the Board would be required to award grants to

applying local partnerships for the implementation and coordination of local youth apprenticeship programs. A local partnership would be one or more school districts, or any combination of one or more school districts, other public agencies, nonprofit organizations, individuals or other persons who agreed to be responsible for implementing and coordinating a local youth apprenticeship program. A local partnership would be required to include in its grant application the identity of each public agency, nonprofit organization, individual and other person who was a participant in the local partnership, a plan to accomplish the implementation and coordination activities that would be funded, and the identity of a fiscal agent who would be responsible for receiving, managing and accounting for the grant moneys.

A local partnership could use grant moneys for any of the following implementation and coordination activities:

- a. Recruiting employers to provide on-the-job training and supervision for youth apprentices and providing technical assistance to those employers.
- b. Recruiting students to participate in the local youth apprenticeship program and monitoring the progress of youth apprentices participating in the program.
- c. Coordinating youth apprenticeship training activities within participating school districts and among participating school districts, postsecondary institutions and employers.
- d. Coordinating academic, vocational and occupational learning, school-based and work-based learning and secondary and postsecondary education for participants in the local youth apprenticeship program.
- e. Assisting employers in identifying and training workplace mentors and matching youth apprentices and mentors.
- f. Any other implementation or coordination activity that the Board may direct or permit.

The appropriation for the local youth apprenticeship grant program would be increased in 1999-00 by an amount equal to the amount which lapses to the general fund from the current youth apprenticeship appropriation at the end of fiscal year 1998-99. It is estimated that between \$400,000 and \$700,000 would be lapsed.

*Technical College Study Grants.* A new program, which would provide study grants to eligible technical college students, would be created. Under the program, the Board would be authorized to award study grants to high school graduates who met or exceeded a grade point average determined by the Board and who enrolled full-time in a technical college district school within one year after graduating from high school. The Board would be required to establish requirements, including a minimum grade point average, that the student must meet to be eligible to receive a study grant. The requirements would not have to be promulgated as

rules. Funding of \$1,100,000 GPR in 1999-00 and \$2,200,000 GPR in 2000-01 would be provided for grants. A separate, GPR appropriation would be created for grant funds.

*Federal Carl Perkins Act Funds.* Expenditure authority in the appropriation for funds transferred from the WTCS Board of \$2,150,000 PR and 3.0 PR positions would be provided each year for federal Carl Perkins Act monies. Of the total, \$144,900 PR annually would be provided for salaries, fringe benefits and related supplies and services funding for the 3.0 positions which would administer the funding. There are no statutory provisions that direct the Board to use the funds for a specific purpose. However, the federal Act provides assistance specifically for technical preparation (tech-prep) education programs. These programs are designed to increase high school students' awareness of alternatives to four-year degree programs, better prepare students for technical college and the workforce and improve curriculum and instruction for all students. Currently, DPI receives federal Carl Perkins monies for tech-prep from an appropriation under the WTCS Board. This funding for DPI would be reduced by \$1,990,000 annually to reflect the transfer of tech-prep program administration to the newly-created Board.

*Career Counseling Centers.* Administration of the career counseling center program would be transferred to the Board and the Board would be authorized to award grants under the program. A separate, program revenue appropriation would be created and annual expenditure authority of \$300,000 PR would be provided for career counseling center grants. The Secretary of Administration would be required to transfer \$300,000 in each year from the unemployment insurance interest and penalty payments appropriation to provide program revenue funding for the grant program.

*At-Risk Youth Program.* The current at-risk youth school-to-work program, including the GPR appropriation used to fund the program, would be transferred from DPI to the Board. Consequently, the Board would be authorized to approve and provide a grant to an innovative school-to-work program provided by a Milwaukee County nonprofit organization for children at-risk. The grant would have to be used to provide a program that assists at-risk youth in becoming more employable. At-risk would be defined using the definition from DPI's children-at-risk program. Base level funding for the program would be increased by \$50,000 GPR so that a total of \$300,000 GPR in each year would be provided for the program.

*Self-Paced Youth Apprenticeship Program.* Federal TANF funding of \$2,750,800 in 1999-00, \$5,453,300 in 2000-01, and 1.0 position in each year would be transferred to the Board and placed in the program revenue appropriation for public assistance moneys. Of the total, \$48,300 and 1.0 position would annually be provided for administration. No statutory provisions are included to specify the use of the funds. However, the administration indicates that the funds would be used for a self-paced youth apprenticeship program. The program would be operated by local private industry councils (PICs) or workforce development boards, and would allow eligible students to meet the first year requirements of a youth apprenticeship program while also working towards a high school diploma or its equivalent. Under the program, employers would hire youth apprentices for 10 to 20 hours per week and, through mentors, train students

in industry-established skills. Employers would pay students at least the minimum wage, provide workers compensation and evaluate the student's performance. Funding would include costs for program coordinators who would recruit students and employers, organize work sites, and identify and provide supportive services for students. Funding would also be provided for outreach, instruction, supportive services and other administrative costs.

*Southeast Youth Employment Program.* In 2000-01, the Board would receive additional TANF funding of \$323,300 which would be transferred to the program revenue, public assistance moneys appropriation. The bill would allocate \$48,300 for salaries, fringe benefits and supplies and services but no position would be authorized. Again, there are no statutory provisions that govern the use of the funds. The administration indicates that this funding would be used to create and administer the southeast youth employment program. Under this program, grants would be awarded to private industry councils in southeastern Wisconsin under a competitive process. The PICs would be allowed to subcontract with businesses and schools to develop one-year pilot programs for high school juniors and seniors that would provide career exploration, academic training and technical training along with paid work experience.

The following table shows the funding for the Governor's Work-Based Learning Board by source.

**Governor's Work-Based Learning Board  
Governor's Recommendation**

	<u>1999-00</u>	<u>2000-01</u>
<b>GPR</b>		
Transfer from Division of Connecting Education and Work	\$688,400	\$688,400
Transfer from Youth Apprenticeship Training Grants (in DWD)	\$1,150,000	\$1,150,000
Transfer from At-Risk Youth Program (from DPI)	300,000	300,000
Additional Funding	<u>1,100,000</u>	<u>2,200,000</u>
Subtotal	\$3,238,400	\$4,338,400
<b>PR</b>		
Current WTCS Funds	\$143,500	\$143,500
Transfer from UI Interest and Penalty Appropriation	300,000	300,000
Carl Perkins Funding Transferred from DPI and WTCS	2,150,000	2,150,000
TANF Funding Transferred from DES	<u>2,981,800</u>	<u>6,084,500</u>
Subtotal	\$5,575,300	\$8,678,000
<b>TOTAL</b>	<b>\$8,813,700</b>	<b>\$13,016,400</b>

[The administration has indicated that a number of additional provisions would be necessary to fully implement the proposed Board, including transferring two additional positions and associated funding, providing more funding to the at-risk youth program,



requiring the youth apprenticeship grants appropriation to lapse to the Board's appropriation for that purpose and correcting certain accounting modifications to appropriations.]

*Current Law.* The school-to-work transition initiative is characterized by programs and curricular changes which are intended to better prepare secondary school pupils to enter the workforce, whether immediately following high school graduation or after some type of postsecondary education. Generally, school-to-work programs are aimed at: encouraging students to plan for a career more thoroughly and at an earlier age; acquainting students with alternatives to a baccalaureate degree, such as associate degree programs and apprenticeships; and forging partnerships between K-12 schools and technical colleges, universities and businesses in order to provide distinct pathways from school to the workforce.

Wisconsin's school-to-work initiative is comprised of six major components: (1) local partnerships; (2) youth apprenticeships; (3) career counseling centers; (4) technical preparation; (5) youth options; and (6) at-risk youth programs. These programs are administered primarily by DPI, DWD and WTCS. Federal, state and local funds support the various components. DPI's programs focus on career exploration and planning as well as work- and school-based learning. DWD coordinates development of youth apprenticeship programs and career counseling centers. WTCS and DPI coordinate technical preparation programs.

The Governor's Council on Workforce Excellence was authorized in 1995 Act 27. The Council was directed to oversee the planning, coordination and administration of various employment and education programs including the federal School-To-Work Opportunities Act and the youth apprenticeship program. The Council has responsibilities under the federal Job Training Partnership Act and provides strategic direction and policy coordination for the state's workforce development activities including Job Centers, incumbent workforce training, school-to-work, labor market information, labor shortages and moving welfare recipients to work.

*Local Partnerships.* Federal grants are available for various types of local partnerships to develop and implement school-to-work programs at the local level. Local programs must meet federally established requirements and state standards established by DPI, DWD and the WTCS Board. Such programs must have components related to: (a) school-based learning; (b) work-based learning; and (c) activities that connect work-based and school-based components. Wisconsin has 31 local partnerships that provide local school-to-work programs.

Wisconsin was awarded a federal school-to-work opportunities grant of approximately \$27 million which has been allocated over the five-year period beginning with federal fiscal year 1995 and ending with federal fiscal year 1999. DWD is the fiscal agent for the grant. A total of \$2.025 million in federal STWOA grant monies will be allocated to local partnerships in federal fiscal year 1999. There will be no additional STWOA grant monies provided to local partnerships after federal fiscal year 1999.

*Youth Apprenticeship Program.* The youth apprenticeship program provides high school juniors and seniors with the option of enrolling in a two-year program combining academic

classroom coursework with on-the-job training in specific occupational areas. Occupational programs are based on industry skills standards. Pupils who complete the program receive an occupational proficiency or skills certificate in addition to their high school diploma.

Schools and WTCS districts provide the academic component of the program through a curriculum developed at the state level. Employers hire youth apprentices for the two school years, pay them at least minimum wage, provide on-the-job training in the occupational clusters set by the statewide curriculum and provide a skilled mentor for the youth apprentices.

DWD is authorized to award grants to employers for each youth that receives at least 180 hours of paid on-the-job training from the employer during the school year. The maximum training grant is \$500 per year and a grant cannot be awarded for a specific youth apprentice for more than two school years.

*Career Counseling Centers.* The career counseling center program was created to provide grants to nonprofit corporations and public agencies to develop career counseling centers. Career counseling centers are operated by teams that include groups such as private industry councils, WTCS districts, school districts, chambers of commerce, nonprofit organizations, business and labor.

DWD is authorized to award grants to nonprofit corporations or public agencies to operate career counseling centers. The grants may range from 25% to 75% of the total cost of operating the center, but after three years of receiving grant funds, the grant may not exceed 50% of the total cost of operating the center. Under the provisions of 1997 Act 27 (the 1997-99 biennial budget), DWD is authorized to allocate \$300,000 PR from the unemployment insurance interest and penalty appropriation for career counseling center grants in state fiscal year 1998-99.

*Technical Preparation (tech-prep).* These programs are designed to increase high school students' awareness of alternatives to four-year degree programs, better prepare students for technical college and the workforce and improve curriculum and instruction for all students. Tech-prep programs must consist of a sequence of courses designed to allow high school pupils to gain advanced standing in the WTCS district's associate degree program upon graduation from high school.

The programs are developed and implemented primarily at the local level by tech-prep consortia, which consist of a WTCS district and all K-12 districts within the WTCS district's boundaries. As a result, the degree of implementation varies across the state. However, in order to receive federal funds, each consortium's tech-prep program is required to include the following components: articulation agreement, curriculum, in-service teacher training, counselor training, preparatory services and equal access for special populations.

Through Title II (formerly III E) of the Carl Perkins Act, each of the 16 tech-prep consortia receives a flat grant (\$70,000 in 1998-99) and an additional amount based on the number of 10<sup>th</sup> grade students in the consortium. In addition, the state may retain a portion of the tech-prep

funds for staff and state level projects. Of the \$2,106,800 FED provided for Wisconsin tech-prep programs in 1998-99, \$1,599,600 was distributed directly to the consortia, \$401,900 was used for state projects (conducted by one or more state agencies or a consortia), and \$105,300 was used for administration. Federal tech-prep monies are administered jointly by the WTCS Board and DPI.

*At-Risk Youth Program.* The at-risk youth school-to-work program was created in 1997 to provide a grant to a nonprofit agency in Milwaukee County for an innovative school-to-work program for children-at-risk. The statutes provide that the State Superintendent of Public Instruction may approve an innovative school-to-work program provided by a Milwaukee County nonprofit organization for children-at-risk after reviewing the recommendations of the Governor's Council on Workforce Excellence. The grant must be used to provide a program that assists at-risk children in acquiring employability skills and occupational-specific competencies before leaving high school.

Under the provisions of 1997 Act 27, \$250,000 GPR annually was provided to DPI to fund this grant program. In 1997-98 and 1998-99, the full amount of funding was awarded to Milwaukee Public Schools for implementation of a program based on and affiliated with the national Jobs for America's Graduates program.

**Joint Finance:** Modify the components of the Governor's Work-Based Learning Board as follows:

*Governor's Work-Based Learning Board -- Transfer Division of Connecting Education and Work* [LFB Paper 1055]. Expand the membership of the Governor's Work-Based Learning Board to include two additional public members who were not public officers or representatives of business or labor but who have experience in secondary vocational education and work-based learning.

*Youth Apprenticeship Training Grants* [LFB Paper 1056 and 1058]. Reestimate the total lapse amount from the current youth apprenticeship appropriation to be \$940,300 and delete the provision that would require the appropriation for local youth apprenticeship training grants to be increased by the amount lapsed from the current appropriation in 1998-99. This would increase the estimated lapse by \$240,300 over the amount included in the bill and eliminate the requirement that the amount lapsed from the youth apprenticeship training grant appropriation be transferred to the Board for grants in 1999-00. Provide that the proposed Governor's Work-Based Learning Board (rather than WTCS) would be responsible for the development of youth apprenticeship curricula using funding provided in the Board's general program operations appropriation.

*Self-Paced Youth Apprenticeship Program* [LFB Paper 1057]. Delete \$12,100 PR in 1999-00 to provide nine months' funding for the administrative position recommended by the Governor. In addition, require that the Self-Paced Youth Apprenticeship program include a component

that ensures that participants could earn a youth apprenticeship skills certificate through the self-paced program if they meet youth apprenticeship certification requirements.

*Technical College Study Grants* [LFB Paper 1059]. Eliminate the proposed grant program, funding and appropriation.

*Career Counseling Centers* [LFB Paper 1060]. Delete the Governor's recommendation. Direct DWD to consolidate career counseling center functions in job centers.

*Federal Carl Perkins Act Funds* [LFB Paper 1062]. Reestimate funding to be provided to the Board by deleting \$16,200 PR annually and 1.25 PR positions. In addition, require the Governor's Work-Based Learning Board to distribute at least \$1,646,100 of federal Carl Perkins tech-prep program funding for the 1999-00 program year as follows: (a) \$70,000 to each of the 16 tech-prep consortia; and (b) a total of \$526,100 allocated among the consortia based on the number of 10th grade students in the consortium and the number of secondary schools within the Wisconsin technical college district. Direct the Board to review the local tech-prep programs and the organizational structure used to implement the tech-prep programs during the 1999-00 program year in order to determine whether the current local tech-prep programs and organizational structure should be continued beyond the 1999-00 program year, and to report to the Joint Committee on Finance (JFC) on their plan for these programs for approval under the 14-day passive review process. JFC could approve, modify or reject the Board's plan, and that the Board could only implement the plan approved by JFC.

*Southeast Youth Employment Program* [LFB Paper 1061]. Reallocate \$48,300 PR from salaries, fringe benefits and supplies and services funding to provide funding for program activities.

The following table shows funding that would be provided for the Governor's Work-Based Learning Board by source.

**Governor's Work-Based Learning Board  
Joint Finance Provisions**

	<u>1999-00</u>	<u>2000-01</u>
<b>GPR</b>		
Transfer from Division of Connecting Education and Work	\$688,400	\$688,400
Transfer from Youth Apprenticeship Training Grants (in DWD)	1,150,000	1,150,000
Transfer from At-Risk Youth Program (from DPI)	<u>300,000</u>	<u>300,000</u>
Subtotal	\$2,138,400	\$2,138,400
<b>PR</b>		
Current WTCS Funds	\$143,500	\$143,500
Carl Perkins Funding Transferred from DPI and WTCS	2,133,800	2,133,800
TANF Funding Transferred from DES	<u>2,969,700</u>	<u>6,084,500</u>
Subtotal	\$5,103,500	\$8,361,800
<b>TOTAL</b>	<b>\$7,241,900</b>	<b>\$10,500,200</b>

**Assembly:** Delete \$175,500 in 1999-00 and \$185,200 in 2000-01 from the Indian gaming economic development program administered by Commerce and provide \$700,000 annually from the Indian gaming program revenue account to the Governor's Work-Based Learning Board. The Board would be required to use the funding to make grants to a tribal college that is recognized as a land grant college to provide work-based learning programs for students of the college. A separate program revenue appropriation would be created under the Board for the Indian gaming funding. The amounts deleted from the Indian gaming economic development program would be necessary to have sufficient monies in the Indian gaming program revenue account to fund this provision.

**Senate:** Delete the Governor's Work-Based Learning Board, related funding and programs and maintain current law. Delete \$300,000 GPR annually in at-risk youth program funding, \$2,133,800 PR in Carl Perkins funding transferred from DPI and 1.75 PR positions annually, \$2,969,700 PR in 1999-00, \$6,084,500 PR in 2000-01 in federal TANF funding transferred from the Division of Economic Support in DWD for self-paced youth apprentice and southeast Wisconsin training programs and 1.0 PR position. TANF funding of \$231,000 in 1999-00 and \$307,900 in 2000-01 and 4.45 PR positions that replaced federal School-to-Work Opportunities Act funding for 4.45 FED positions would be deleted. In addition, the current Division of Connecting Education and Work (CEW) and related funding and staff, the youth apprenticeship training grant program and related funding and career counseling center program would be restored. However, because federal STWOA funding ends in 1998-99, the 4.45 FED positions that would be restored with CEW would be unfunded.

**Conference Committee/Legislature:** Include Assembly provisions with the following modifications:

a. Delete an additional \$75,200 PR annually (a total of \$250,700 in 1999-00 and \$260,400 in 2000-01) from the Indian gaming economic development program administered by Commerce and provide \$600,000 rather than \$700,000 annually from the Indian gaming program revenue account to the Governor's Work-Based Learning Board for grants to tribal colleges.

b. Increase the Governor's Work-Based Learning Board by six additional members, two each appointed by the Majority Leader of the Senate, Speaker of the Assembly and Governor. Each appointing authority would be required to appoint a representative of business and industry and a representative of organized labor.

c. Provide \$103,800 PR in 1999-00, \$106,100 PR in 2000-01 and 2.20 PR positions beginning in 1999-00 and delete 2.20 FED positions each year to transfer the positions from DWD's Division of Connecting Education and Work to the Governor's Work-Based Learning Board.

d. Provide an additional \$2,000,000 GPR annually to the appropriation for local youth apprenticeship grants to replace federal STWOA grant funds.

The following table shows funding that would be provided for the Governor's Work-Based Learning Board by source.

**Veto by Governor [F-25]:** Eliminate the requirement that the \$600,000 in annual Indian gaming revenues be used for grants to tribal colleges for work-based learning programs for their students. In his veto message, the Governor indicates that he vetoed this requirement to allow DWD to be less restricted in administering grants under the work-based learning program.

**Governor's Work-Based Learning Board  
Act 9**

	<u>1999-00</u>	<u>2000-01</u>
<b>GPR</b>		
Transfer from Division of Connecting Education and Work	\$688,400	\$688,400
Transfer from Youth Apprenticeship Training Grants (in DWD)	3,150,000	3,150,000
Transfer from At-Risk Youth Program (from DPI)	<u>300,000</u>	<u>300,000</u>
Subtotal	\$4,138,400	\$4,138,400
<b>PR</b>		
Current WTCS Funds	\$143,500	\$143,500
Transfer from Division of Connecting Education and Work	103,800	106,100
Carl Perkins Funding Transferred from DPI and WTCS	2,133,800	2,133,800
TANF Funding Transferred from DES	2,969,700	6,084,500
Grants to Tribal Colleges	<u>600,000</u>	<u>600,000</u>
Subtotal	\$5,950,800	\$9,067,900
<b>TOTAL</b>	\$10,089,200	\$13,206,300

[Act 9 Sections: 15, 35, 36, 37, 270, 458, 459, 461, 478, 586g, 646, 2012 thru 2016, 2017d, 2017g, 2018 thru 2022, 2024 thru 2027b, 2068, 2086t, 2361, 2365, 9157(2),(2tu)&(3x) and 9257(2)&(5f)]

[Act 9 Vetoed Sections: 172 (as it relates to s. 20.445(7)(kd)), 478, 2017j and 2023m]

**2. ADULT APPRENTICE COORDINATORS [LFB Paper 1064]**

Funding Positions		
FED	\$198,600	2.00

**Governor/Legislature:** Provide \$99,300 and 2.0 positions annually to expand the apprenticeship and training program into high demand occupations. The apprenticeship program involves employers, labor unions, employer associations, state government and technical colleges. The program provides individuals with a combination of on-the-job training supervised by skilled workers and related classroom instruction. The additional positions would perform promotional, developmental and coordinating activities to increase sponsors and apprentices in high skilled and demanded occupations.

**3. DIVISION OF WORKFORCE EXCELLENCE -- FATHERHOOD INITIATIVE [LFB Paper 1108]**

PR	\$150,000
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**Governor/Legislature:** Provide \$150,000 in 1999-00 to the Division of Workforce Excellence to implement the Fatherhood Initiative. The sources of funds would be federal Temporary Assistance to Needy Families (TANF) funds transferred from the Division of Economic Support and income augmentation funds transferred from DHFS, which would be placed into the appropriation for inter and intra-agency agreements for the Division of Workforce Excellence. The bill does not include statutory provisions related to the program. However, the administration indicates that the funds would be used for: (a) grants for community organizations such as schools, churches, police departments and family resource centers; (b) printing and distribution of educational materials related to parenting by fathers; and (c) grant administration.

**4. UNEMPLOYMENT INSURANCE DIVISION -- IMPLEMENTATION OF CONTRACTS FOR DATA SHARING**

Funding Positions		
FED	-\$257,800	- 1.25
PR	<u>257,800</u>	<u>1.25</u>
Total	\$0	0.00

**Governor/Legislature:** Provide \$128,900 PR and 1.25 PR positions and delete \$128,900 FED and 1.25 FED positions annually to reflect conversion of the funding sources for 1.50 positions in the Division of Unemployment Insurance. Specifically, the funding source for \$128,900 and 1.25 positions annually would be converted from the unemployment insurance (UI) administration appropriation for federal funds to the inter- and intra-agency program revenue appropriation. In addition, the funding source for \$19,900 FED

and .25 FED position would be converted from the UI administration appropriation to the federal funds appropriation. The UI Division shares UI information with DOR, DOT, DHFS and the federal Social Security Administration, Railroad Retirement Board and Internal Revenue Service. Commerce also has an agreement for administrative law judge services from the UI Division's Bureau of Legal Affairs. DWD bills the state and federal agencies for data and services provided. The funding conversion reflects this source of revenue.

**5. WORKERS COMPENSATION DIVISION -- CASE FILE CONVERSION**

	Funding	Positions
PR	\$278,400	4.00

**Governor/Legislature:** Provide \$119,600 in 1999-00, \$158,800 in 2000-01 and 4.0 positions in each year to convert Worker's Compensation litigated case files from paper into an electronic form for long-term storage.

**6. WORKER'S COMPENSATION DIVISION -- ADMINISTRATIVE LAW JUDGE LTE FUNDING**

PR	\$160,200
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**Governor/Legislature:** Provide \$80,100 annually in LTE funding to allow the Worker's Compensation Division to hire administrative law judges or private attorneys with worker's compensation experience. This would allow the Division to increase the number of worker's compensation claim dispute hearings that could be held.

**7. WORKER'S COMPENSATION DIVISION -- TURNOVER EXEMPTION**

PR	\$131,800
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**Governor/Legislature:** Provide \$65,900 annually to partially restore funding removed from the Worker's Compensation Division program revenue operations appropriation for classified position salaries as a part of standard budget adjustments.

**8. WORKER'S COMPENSATION DIVISION -- UNINSURED EMPLOYERS PROGRAM AUTOMATED LEVY SYSTEM**

PR	\$76,000
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**Governor/Legislature:** Provide \$69,200 in 1999-00 and \$6,800 in 2000-01 to develop and maintain an automated levy system for the Uninsured Employers Program (UEP). Funding of \$34,600 in 1999-00 and \$3,400 in 2000-01 would be provided in the administrative services appropriation to fund the costs associated with automating the levy process. An additional \$34,600 in 1999-00 and \$3,400 in 2000-01 would be provided from the uninsured employers program administrative appropriation to pay for the services purchased.



The UEP is funded through penalties assessed against employers for illegally operating a business without worker's compensation insurance. In addition, uninsured employers are required to reimburse the UEP for any worker's compensation benefits paid to an employee of the uninsured employer. A variety of legal actions are used to collect unpaid penalty amounts including the levy process to seize personal property and other assets.

**9. VOCATIONAL REHABILITATION -- FUNDING FOR SERVICES FOR NATIVE AMERICANS [LFB Paper 175]**

PR	\$700,000
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**Governor:** Provide \$350,000 annually to fund vocational rehabilitation services for Native American individuals and recognized American Indian tribes or bands. Funding would be provided from tribal gaming revenue provided to the state under the recently completed state-tribal gaming compact amendments. A separate program revenue appropriation under the Division of Vocational Rehabilitation would be created for the funds. [For more information on the proposed use of tribal gaming revenues, see the summary item relating to Tribal Gaming Revenue Allocations under "Administration-- Division of Gaming."]

Under current law, DVR is required to advise and assist any disabled individual who applies to DVR for vocational rehabilitation services. Rehabilitation services provided by Division staff include individual assessments and evaluations, developing individualized rehabilitation programs, obtaining physical and psychiatric treatment, and securing and supervising other services, such as vocational training, that are part of an individual's vocational rehabilitation program. The individual rehabilitation programs are designed to assist the person to become capable to compete in the labor market, practice a profession, be self-employed, raise a family and make a home, and participate in sheltered employment or other gainful work.

Under Title I-B of the federal Vocational Rehabilitation Act, state funding of 21.3% is required as a match to federal funding of 78.7% for vocational rehabilitation services which move a disabled person toward employment.

**Joint Finance:** Include provision. In addition, require the Division of Vocational Rehabilitation to complete a plan for reorganizing the Division that would include a reduction in supervisory staff, conversion of excess vacant supervisor positions into rehabilitation counselor or support positions, and additional support for counselors. The reorganization plan must be submitted to the Secretary of Workforce Development. Any plan approved by the Secretary would have to reclassify program assistant supervisors as program assistants to provide increased support to counselors and provide that, as program assistant supervisors positions become vacant because of the reorganization, they be converted into rehabilitation counselor positions in regions with high caseloads.

**Senate/Legislature:** Modify the nonstatutory provision in the Joint Finance version to require DWD to complete a plan for reorganizing the Division of Vocational Rehabilitation that

would include a reduction in program assistant supervisory staff and require the plan to be submitted to the Secretary of DWD. Require the plan to reduce the number of program assistant supervisors by reclassifying them as program assistants to provide increased support to counselors. As program assistant supervisor positions become vacant, DVR would be required to consider converting the positions into rehabilitation counselor positions or other direct service positions in areas with high caseloads. The decision to convert positions would be based on local management and labor input.

**Veto by Governor [C-57]:** Delete provisions that require DWD to complete a plan for reorganizing DVR for submittal to the Secretary.

[Act 9 Sections: 477 and 586]

[Act 9 Vetoed Section: 9157(2nx)]

**10. WISCONSIN CONSERVATION CORPS -- FUNDING FOR CREWS [LFB Paper 1065]**

SEG	\$750,500
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**Governor/Legislature:** Provide \$321,700 in 1999-00 and \$428,800 in 2000-01 from the forestry account of the conservation fund to continue funding 55 WCC field crews. The WCC is a state agency that administers conservation and community development activities through projects conducted by field crews. Field crews generally consist of four to six unemployed young adults under the direct supervision of a trained crew leader.

**11. WISCONSIN CONSERVATION CORPS -- ADMINISTRATIVE FUNDING**

GPR	\$2,400
SEG	4,700
Total	\$7,100

**Governor/Legislature:** Provide \$4,700 SEG in 2000-01 from the forestry account of the conservation fund to cover supplies, travel, training and related expenses of the WCC training officer. In addition, \$2,400 GPR would be provided in 2000-01 for a high capacity communications line to improve communication between WCC and the Department.

**12. WISCONSIN CONSERVATION CORPS -- EDUCATION VOUCHER [LFB Paper 1066]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Lapse	\$0	-\$20,400	-\$20,400

**Governor:** Increase the education voucher from \$2,600 to \$2,800. Under current law, corps enrollees who successfully complete six months to one year of service in the WCC are

eligible to receive a cash bonus of \$500 or an education voucher that is worth up to \$2,600. The education voucher may be used for the payment of tuition and required program activity fees at any institution of higher education, including vocational, technical or other training schools. No additional funding would be provided for the vouchers.

**Joint Finance/Legislature:** Include provision and permit corps enrollees who successfully complete six months of service to be eligible to receive an education voucher while they are still employed by the Wisconsin Conservation Corps. If an enrollee elected to receive a tuition voucher while still employed, the election would continue after the enrollee terminated employment. In addition, reestimate the 2000-01 lapse of base level funding to the general fund by -\$20,400.

[Act 9 Sections: 2029c thru 2029w]

### 13. POSITION REDUCTION

**Governor/Legislature:** Delete 2.10 FED positions annually from the Division of Unemployment Insurance and 8.0 PR positions annually from the Division of Workforce Excellence to offset position increases in the Division of Economic Support.

	Positions
FED	- 2.10
PR	- 8.00
Total	- 10.10

### 14. PREVAILING WAGE LAW -- CONTRACTOR RECORDS

**Joint Finance:** Require all contractors and subcontractors that work on a project subject to the provisions of the state prevailing wage laws to maintain payroll records of covered employees and to allow the public to inspect these records under the state public records law.

**Assembly:** Delete provision.

**Senate/Legislature:** Include Joint Finance provision.

**Veto by Governor [C-56]:** Delete provision.

[Act 9 Vetoed Sections: 1618m, 2005f and 2005g]

### 15. CONFORMING STATE LAW WITH FEDERAL WORKFORCE INVESTMENT ACT PROVISIONS

**Joint Finance/Legislature:** Conform state law with the provisions of the federal Workforce Investment Act. Eliminate the Governor's Council on Workforce Excellence and related statutory references and replace it with the Council on Workforce Investment. During the period between the effective date of this provision (the day after publication of the budget bill) and ending on June 30, 2000, all of the functions of the Council on Workforce Excellence

under the federal Job Training and Partnership Act would continue as functions of the Council of Workforce Investment and all members of the Governor's Council of Workforce Excellence serving on the day before the effective date would continue as members of the Council on Workforce Investment established under the federal Workforce Investment Act, unless the Governor appointed members to replace them.

During the period beginning on the day after publication and ending on June 30, 2000 all functions of a private industry council that is established under the federal Job Training and Partnership Act for a service delivery area designated under federal law would continue as the functions of the local workforce development board established under the federal Workforce Investment Act for the identical local area. All members, assets and liabilities, tangible personal property, pending matters and contracts of a private industry council that is established under the federal Job Training and Partnership Act for a service delivery area designated under federal law would be transferred to the local workforce development board that is established under the federal Workforce Investment Act for the identical local area.

Statutory references to private industry councils would be replaced with references to local workforce development boards and statutory references to the federal Job Training and Partnership Act would be replaced with references to the federal Workforce Investment Act. The requirement that DWD coordinate services authorized under the federal Job Training and Partnership Act and provided by the Department of Public Instruction and Wisconsin Technical College System would be eliminated.

Changes in statutory provisions related to adult programs would take effect on July 1, 2000, or the day after publication of the bill, whichever is later. Modifications relating to youth programs would take effect on April 1, 2000, or the day after publication, whichever is later.

**Veto by Governor [C-58]:** Delete a provision that specifies that the Governor appoints members to local workforce development boards. The veto clarifies that members to the local boards are appointed at the local level.

[Act 9 Sections: 36r, 37g, 1220m, 1630m, 1637t, 1707t, 1707v, 1741t, 1741v, 1754t, 1754v, 2005k thru 2005x, 2027d thru 2027x, 2029x, 2040d, 2996g, 2998p, 3191c, 9157(2xt) and 9457(6xt)&(6xu)]

[Act 9 Vetoed Section: 9157(2xt)(b)]

## **16. STATE WAGE PAYMENT AND COLLECTION LAW**

**Senate/Legislature:** Modify the state wage payment and collection law to delete the requirement that a lien on real property would take precedence over all other debts, judgements, decrees, liens and mortgages against the employer that originate after the lien takes effect. Instead, a wage claim lien would take precedence over all other debts, judgements, decrees, liens or mortgages against the employer, except for liens of certain financial institutions

and liens attached to recover certain environmental cleanup and construction costs. This provision would apply to liens that existed before the effective date of the bill.

[Act 9 Sections: 2030t and 9157(7mx)]

#### **17. WORKFORCE DEVELOPMENT -- CHILD LABOR AND STREET TRADE LABOR STANDARDS**

**Assembly:** Authorize minors who are at least 11 years old to sell or distribute newspapers or shoppers guides under the state child labor and street trade labor standards laws. The sale or distribution of shoppers guides would be included in the definitions of employe, employment, employer and street trades under the street trade law. Provisions related to the penalty for loitering on the premises of newspaper publishers and the exclusion from providing certain information on street trade permits would also apply to shoppers guides. "Newspaper" would mean a publication that is printed and distributed at daily, weekly or other short, periodic intervals for the dissemination of current news and information of a general character and of a general interest to the public. The definition of "shoppers guide" would be the same as that used under the state sales and use tax.

The Department of Workforce Development is required to establish hours of work, time of day and prohibited employment for minors in general and for minors engaging in street trades (delivery, distribution or selling items door-to-door) and to take enforcement actions. Under current law, minors must be at least 14 years old to be employed in most jobs. However, minors who are at least 12 years old can work jobs in agriculture, street trades, such as delivering newspapers, school lunch programs and as golf course caddies.

**Senate/Legislature:** Delete provision.

#### **18. PREVAILING WAGE RATE -- ANNUAL WAGE RATE SURVEY**

**Senate:** Allow the reporting of wages paid for public works projects on the annual wage rate survey used to determine prevailing wages when the wage rate paid on a public works project is more than the prevailing wage rate established for the project.

**Assembly/Legislature:** Delete provision.

## Economic Support and Child Care

### 1. W-2 RELATED EXPENDITURES AND REVENUES

**Governor:** Table 1 shows the W-2 related revenue estimates and expenditures recommended by the Governor. These items are addressed in detail in entries #2 through #84.

#### Revenues Available for W-2 Related Programs

As shown, the administration estimates total revenues for W-2 and related programs at \$683,724,000 in 1999-00 and \$619,691,700 in 2000-01. Compared to base year funding, these numbers represent an increase of \$24,722,800 in 1999-00 and a decrease of \$39,309,500 in 2000-01. In general, state funding available for W-2 and child care programs would decline, and overall federal funding is expected to increase, primarily due to an increase in the estimated carryover from the prior year of federal funding provided under the temporary assistance to needy families (TANF) program.

Existing state funding would include \$149,272,600 (\$147,991,300 GPR and \$1,281,300 PR) in 1999-00 and \$149,139,000 (\$147,857,700 GPR and \$1,281,300 PR) in 2000-01. These numbers represent a decrease to base year funding of \$24,204,200 (\$22,884,400 GPR and \$1,319,800 PR) in 1999-00 and \$24,337,800 (\$23,018,000 GPR and \$1,319,800 PR) in 2000-01. The \$1,281,300 PR includes job access loan repayments and collections from welfare fraud and error reduction activities. The administration indicates that the actual GPR and PR reduction for the Department for W-2 and child care programs would be \$18,988,000 annually, and the remaining funding decrease (\$5,216,200 in 1999-00 and \$5,349,800 in 2000-01) would represent a reallocation of state funds from the W-2 program to the food stamp and MA programs for administrative costs.

The \$18,988,000 annual GPR and PR reduction reflects decreases for the following: (a) \$11,104,900 GPR for the child care program; (b) \$5,846,500 GPR from the general appropriation for public assistance benefits and administration; (c) \$416,800 GPR and \$1,319,800 PR for job access loans; and (d) \$300,000 GPR for employment skills advancement grants.

Funding also includes \$28,226,800 PR annually from child support collections that are assigned to the state by public assistance recipients. This estimate represents a reduction of \$17,313,400 annually compared to base year levels.

Federal funding would include \$373,178,300 in 1999-00 and \$373,175,700 in 2000-01 which includes monies from the TANF block grant (\$317,505,200 annually), the child care development block grant (\$39,314,000 in 1999-00 and \$39,311,400 in 2000-01), the food stamp

employment and training (FSET) program (\$7,000,000 annually), and certain matching funds from the food stamp and medical assistance programs which may be provided to W-2 agencies (\$9,359,100 annually). These amounts represent a reduction in base funding of \$14,324,900 in 1999-00 and \$14,327,500 in 2000-01 which reflects the following: (a) an increase in the TANF block grant of \$541,300 annually due to a re-estimate of the amount of TANF funding that would be provided to tribal organizations operating separate programs; (b) a decrease of \$17,230,200 in 1999-00 and \$17,232,800 in 2000-01 in the child care block grant; and (c) an increase of \$2,364,000 annually from other federal revenues. In addition to these amounts, estimated available funding would include \$133,046,300 in 1999-00 from TANF block grant funds that would be carried forward from 1998-99.

### **Expenditures for W-2 Related Programs**

Under the Governor's recommendation, overall expenditures for W-2-related programs would be \$614,573,800 in 1999-00 and \$617,866,100 in 2000-01. These amounts include all funds, and represent a decrease in expenditures of \$37,375,600 in 1999-00 and \$34,083,300 in 2000-01. Expenditures include: W-2 agency contract allocations for cash benefits, office costs and ancillary services; contingency funding; child care; financial benefits for the kinship care program, the caretaker supplement, emergency assistance and other programs; child support payments; state administration and other ongoing expenditures; new programs within the Department; and expenditures for programs outside of DWD.

Federal law allows the state to carry forward unexpended TANF funding without fiscal year limitation. As shown in the table, under the Governor's proposal, \$1,825,600 in federal TANF funding would remain unallocated at the end of the 2000-01 fiscal year, and would be carried forward to the next biennium.

### **TANF-Eligible Families**

Under the Governor's recommendation, several new expenditures would provide funding for TANF-eligible families, as described under the following items. Federal law and proposed regulations describe who may be eligible for TANF-funded benefits and services, and under what conditions. In general, the administration indicates that it intends for TANF funds to be spent on families whose income is below 200% of the federal poverty level. This limit could be higher; however, the state must be able to justify that the income limit chosen is a low-income standard. In addition, TANF-eligible families generally must include a minor child or pregnant individual.

TABLE 1

W-2 Related Revenues and Expenditures  
Under the Governor's Budget Bill

	1999-00	2000-01	Change to Base	
			1999-00	2000-01
<b>REVENUES</b>				
Current GPR Appropriations	\$147,991,300	\$147,857,700	-\$22,884,400	-\$23,018,000
Current PR Appropriations	1,281,300	1,281,300	-1,319,800	-1,319,800
Federal TANF Block Grant	317,505,200	317,505,200	541,300	541,300
Federal Child Care Block Grant	39,314,000	39,311,400	-17,230,200	-17,232,800
Food Stamp Employment and Training	7,000,000	7,000,000	0	0
Other Federal Funds	9,359,100	9,359,100	2,364,000	2,364,000
Child Support Collections	28,226,800	28,226,800	-17,313,400	-17,313,400
Carryover from Previous SFY	133,046,300	69,150,200	80,565,300	16,669,200
Total Revenues	\$683,724,000	\$619,691,700	\$24,722,800	-\$39,309,500
<b>EXPENDITURES</b>				
<b>W-2 Agency Contract Allocations</b>				
Subsidized Employment Benefits	\$101,924,900	\$85,584,900	-\$56,753,100	-\$73,093,100
Administration/Ancillary Services	128,178,600	143,415,100	20,074,500	35,311,000
Long-Term and Refugee Supplement	3,983,800	0	-5,816,200	-9,800,000
Reserve for Benefits - Milwaukee	0	0	-18,300,000	-18,300,000
Start-Up Funding	7,184,400	0	7,184,400	0
State Share of Profit	-90,000,000	0	-90,000,000	0
Contingency Fund and Contract Reserve	90,000,000	0	90,000,000	0
Milwaukee Private Industry Council	1,500,000	1,000,000	-500,000	-1,000,000
Other Administrative Services, Milwaukee	3,257,400	0	-4,183,000	-7,440,400
<b>Child Care</b>				
Direct Child Care Services	\$154,550,900	\$161,325,000	-\$22,876,300	-\$16,102,200
Indirect Child Care Services	18,978,700	16,834,000	12,976,300	10,831,600
<b>Other Benefits</b>				
Kinship Care Assistance	\$26,322,200	\$26,618,500	\$2,306,400	\$2,602,700
Caretaker Supplement	9,173,200	11,066,900	-4,299,200	-2,405,500
Emergency Assistance	3,300,000	3,300,000	0	0
Job Access Loans	600,000	600,000	-1,736,600	-1,736,600
Food Stamps for Qualified Aliens	420,000	420,000	-4,180,000	-4,180,000
Employment Skills Advancement Grants	100,000	100,000	-900,000	-900,000
<b>Child Support Related to W-2</b>				
Child Support Payments	\$24,564,700	\$26,271,700	-\$10,504,100	-\$8,797,100
Children First	1,316,400	1,316,400	0	0
Hospital Based Paternity Incentives	91,900	91,900	-52,100	-52,100
<b>Other Ongoing Expenditures</b>				
Transfer to DHFS/Community Aids	\$31,800,000	\$18,092,300	\$0	-\$13,707,700
State Administration	27,500,000	27,500,000	-3,044,800	-3,044,800
Faithworks	25,000	0	25,000	0
Partnership for Full Employment	3,513,300	3,513,300	0	0
Burials	3,300,000	3,300,000	0	0
School-to-Work/Youth Programs	2,981,800	6,084,500	2,701,800	5,804,500



	1999-00	2000-01	Change to Base	
			1999-00	2000-01
<b>EXPENDITURES (continued)</b>				
Transportation	\$2,000,000	\$2,000,000	\$0	\$0
Transportation Recovery	-1,800,000	0	-1,800,000	0
Fraud and Front-End Verification	661,400	661,400	73,400	73,400
Passports for Youth	300,000	0	-200,000	-500,000
WI Economic Development Initiative	100,000	100,000	100,000	100,000
Milwaukee County Liaison	54,100	54,100	-54,000	-54,000
Learnfare Case Management	0	0	-2,619,100	-2,619,100
Credit Assistance	0	0	-3,000,000	-3,000,000
New Hope	0	0	-690,000	-690,000
<b>New Expenditures in Workforce Development</b>				
Workforce Attachment Fund	\$10,000,000	\$20,000,000	\$10,000,000	\$20,000,000
Early Childhood Excellence Initiative	10,000,000	10,000,000	10,000,000	10,000,000
Community Youth Grants	5,000,000	15,000,000	5,000,000	15,000,000
Income Maintenance for BadgerCare	4,500,000	4,500,000	4,500,000	4,500,000
Literacy Initiative -- DWD	2,100,000	2,100,000	2,100,000	2,100,000
AODA Initiative	1,000,000	1,000,000	1,000,000	1,000,000
Individual Development Accounts	650,000	650,000	650,000	650,000
Nutritional Services	500,000	500,000	500,000	500,000
Fatherhood Initiative	75,000	0	75,000	0
Workforce Mentors	55,000	55,000	55,000	55,000
<b>New Transfers of TANF to Other Agencies</b>				
Head Start	\$9,900,000	\$9,900,000	\$9,900,000	\$9,900,000
Aid to Milwaukee Public Schools	7,570,000	7,570,000	7,570,000	7,570,000
Brownfields	5,000,000	5,000,000	5,000,000	5,000,000
Adolescent Services/Pregnancy Prevention	1,806,400	1,806,400	1,806,400	1,806,400
Badger Challenge	332,700	332,700	332,700	332,700
Early Identification of Pregnancy	100,000	100,000	100,000	100,000
DER State Recruiter	52,000	52,000	52,000	52,000
Literacy Advocate and Grants -- Governor	50,000	50,000	50,000	50,000
Total Expenditures	\$614,573,800	\$617,866,100	-\$37,375,600	-\$34,083,300
Balance in Federal TANF Funds	\$69,150,200	\$1,825,600		

**Joint Finance:** Table 2 shows the W-2 related revenue estimates and expenditures adopted by the Joint Committee on Finance.

### Revenues Available for W-2 Related Programs

As shown, total revenues for W-2 and related programs are estimated at \$737,355,800 in 1999-00 and \$625,701,300 in 2000-01. Compared to the Governor's proposal, these numbers represent an increase of \$53,631,800 in 1999-00 and \$6,009,600 in 2000-01. In general, state funding available for W-2 and child care programs would be increased to ensure that the Department is able to meet the maintenance of effort requirement under the federal TANF program. Program revenue from child support collections is projected to increase by \$9,732,300 in 1999-00 and \$10,402,100 in 2000-01 compared to the Governor's estimates. Finally, overall federal funding is expected to decrease due to a reduction in the carryover of TANF funding from the prior year resulting from revised estimates.

## Expenditures for W-2 Related Programs

Overall expenditures for W-2-related programs would be \$690,731,400 in 1999-00 and \$624,992,800 in 2000-01. These amounts include all funds, and represent an increase in expenditures compared to the Governor's provisions of \$76,157,600 in 1999-00 and \$7,126,700 in 2000-01. The overall increase results from several modifications to the Governor's proposal which are described below in separate entries.

Federal law allows the state to carry forward unexpended TANF funding without fiscal year limitation. As shown in the table, \$708,500 in federal TANF funding would remain unallocated at the end of the 2000-01 fiscal year, and would be carried forward to the next biennium.

**TABLE 2**  
**W-2 Related Revenues and Expenditures**  
**Under Joint Finance**

	1999-00	2000-01	Change to Governor	
			1999-00	2000-01
<b>REVENUES</b>				
Current GPR Appropriations	\$194,091,300	\$166,057,700	\$46,100,000	\$18,200,000
Current PR Appropriations	1,214,600	1,214,600	-66,700	-66,700
Federal TANF Block Grant	317,505,200	317,505,200	0	0
Federal Child Care Block Grant	39,314,000	39,311,400	0	0
Food Stamp Employment and Training	7,000,000	7,000,000	0	0
Other Federal Funds	9,359,100	9,359,100	0	0
Child Support Collections	37,959,100	38,628,900	9,732,300	10,402,100
Carryover from Previous SFY	<u>130,912,500</u>	<u>46,624,400</u>	<u>-2,133,800</u>	<u>-22,525,800</u>
Total Revenues	\$737,355,800	\$625,701,300	\$53,631,800	\$6,009,600
<b>EXPENDITURES</b>				
<b>W-2 Agency Contract Allocations</b>				
Subsidized Employment Benefits	\$83,782,200	\$49,309,600	-\$18,142,700	-\$36,275,300
Administration/ Ancillary Services	120,687,900	128,433,800	0	0
Performance Bonus	2,779,800	5,559,800	-4,710,900	-9,421,500
County Community Reinvestment	3,706,300	7,413,100	3,706,300	7,413,100
Long-Term and Refugee Supplement	3,983,800	0	0	0
Start-Up Funding *	3,519,000	0	-3,665,400	0
State Share of Profit	-95,000,000	0	-5,000,000	0
Contingency Fund and Contract Reserve *	95,000,000	0	5,000,000	0
Milwaukee Private Industry Council	1,500,000	1,000,000	0	0
Other Administrative Services, Milwaukee	3,257,400	0	0	0
<b>Child Care</b>				
Direct Child Care	\$159,330,000	\$180,700,000	\$4,779,100	\$19,375,000
Indirect Child Care	11,812,300	11,367,600	-7,166,400	-5,466,400

	1999-00	2000-01	Change to Governor	
			1999-00	2000-01
<b>EXPENDITURES (continued)</b>				
<b>Other Benefits</b>				
Kinship Care	\$23,989,400	\$26,109,800	-\$2,332,800	-\$508,700
Kinship Care - Waiting Lists	500,000	0	500,000	0
Caretaker Supplement	13,745,200	17,930,000	4,572,000	6,863,100
Emergency Assistance	3,300,000	3,300,000	0	0
Job Access Loans	600,000	600,000	0	0
Food Stamps for Qualified Aliens	420,000	420,000	0	0
Employment Skills Advancement Grants	100,000	100,000	0	0
<b>Child Support</b>				
Child Support Payments	\$27,077,300	\$30,255,200	\$2,512,600	\$3,983,500
Children First	1,140,000	1,140,000	-176,400	-176,400
Hospital Based Paternity	91,900	91,900	0	0
<b>Other Ongoing Expenditures</b>				
Transfer to DHFS/Community Aids	\$31,800,000	\$18,086,200	\$0	-\$6,100
State Administration	27,477,200	27,454,400	-22,800	-45,600
Faithworks	25,000	0	0	0
Partnership for Full Employment	3,513,300	3,513,300	0	0
Burials	3,300,000	3,300,000	0	0
School-to-Work/Work-Based Learning Board	2,969,700	6,084,500	-12,100	0
Transportation	2,000,000	2,000,000	0	0
Transportation Recovery	-1,800,000	0	0	0
Fraud and Front-End Verification	661,400	661,400	0	0
Passports for Youth	300,000	0	0	0
WI Economic Development Initiative	100,000	100,000	0	0
Milwaukee County Liaison	54,100	54,100	0	0
<b>New Expenditures in Workforce Development</b>				
Workforce Attachment Fund *	\$9,700,000	\$10,000,000	-\$300,000	-\$10,000,000
Early Childhood Excellence Initiative	7,500,000	7,500,000	-2,500,000	-2,500,000
Community Youth Grants	7,500,000	7,500,000	2,500,000	-7,500,000
Income Maintenance for BadgerCare	0	0	-4,500,000	-4,500,000
Literacy Initiative -- DWD	1,404,100	1,404,100	-695,900	-695,900
AODA Initiative	1,000,000	1,000,000	0	0
Individual Development Accounts	650,000	650,000	0	0
Nutritional Services	1,000,000	1,000,000	500,000	500,000
Fatherhood Initiative	75,000	0	0	0
Workforce Mentors	0	0	-55,000	-55,000
Legal Services	100,000	100,000	100,000	100,000
Milwaukee Jobs Initiative	100,000	100,000	100,000	100,000
Campaign for a Sustainable Milwaukee	300,000	0	300,000	0
English for Southeast Asian Children	100,000	100,000	100,000	100,000
<b>New Transfers of TANF to Other Agencies</b>				
Earned Income Tax Credit, 1999-01	\$58,000,000	\$61,000,000	\$58,000,000	\$61,000,000
Earned Income Tax Credit, 1998-99	58,000,000	0	58,000,000	0
Head Start	3,712,500	3,712,500	-6,187,500	-6,187,500
Aid to Milwaukee Public Schools	1,410,000	1,410,000	-6,160,000	-6,160,000
Brownfields	0	0	-5,000,000	-5,000,000
Adolescent Services/Pregnancy Prevention	1,808,300	1,808,300	1,900	1,900
Badger Challenge	33,300	83,200	-299,400	-249,500
Early Identification of Pregnancy	100,000	100,000	0	0
DER Recruiter Position	0	0	-52,000	-52,000
Literacy -Governor	50,000	50,000	0	0

	1999-00	2000-01	Change to Governor	
			1999-00	2000-01
<b>EXPENDITURES (continued)</b>				
Immunization	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Domestic Violence Services	975,000	1,000,000	975,000	1,000,000
Runaway Services	150,000	150,000	150,000	150,000
Child Abuse and Neglect (CANP) Board	340,000	340,000	340,000	340,000
Total Expenditures	\$690,731,400	\$624,992,800	\$76,157,600	\$7,126,700
Balance in Federal TANF Funds	\$46,624,400	\$708,500		

\*Funding for these items is in the Finance Committee's program supplements appropriation.

**Assembly:** Under the Assembly provisions, total revenues for W-2 and related programs would be \$737,355,800 in 1999-00 and \$627,020,100 in 2000-01. Compared to the Joint Finance provisions, revenues are the same in 1999-00, but higher by \$1,318,800 in 2000-01, due to increased GPR funding provided for funerals and burials of public assistance recipients, and the elimination of funding for individual development accounts, which results in a higher carryover of TANF funding from the first year to the second year of the biennium.

Total expenditures under the Assembly provisions would be \$689,981,400 in 1999-00 and \$624,867,900 in 2000-01. These amounts are lower as compared to Joint Finance provisions by \$750,000 in 1999-00 and \$124,900 in 2000-01. Changes to expenditures under the Assembly provisions would include an increase in funding in 2000-01 for funerals and burials of public assistance recipients, the elimination of funding for individual development accounts and the elimination of funding for the Milwaukee Jobs Initiative, Inc. These items are described in more detail in separate items under this section.

**Senate:** Under the Senate provisions, total revenues for W-2 and related programs would be \$732,355,800 in 1999-00 and \$631,911,400 in 2000-01. Compared to the Joint Finance provisions, revenues would be lower by \$5,000,000 in 1999-00, and higher by \$6,210,100 in 2000-01, due to the transfer of GPR funding to DHFS for the provision of substance abuse grants, and due to decreased expenditures in 1999-00 which results in a higher carryover of TANF funding from the first year to the second year of the biennium.

Total expenditures under the Senate provisions would be \$674,521,300 in 1999-00 and \$630,702,900 in 2000-01. As compared to Joint Finance provisions, these amounts are lower by \$16,210,100 in 1999-00 and higher by \$5,710,100 in 2000-01. Changes to expenditures under the Senate provisions would include an increase in funding for direct child care, kinship care administration, credit assistance, the Milwaukee Jobs Initiative, Inc. and the prevention of child abuse and neglect services. In addition, the Senate provisions would reduce funding for performance bonuses under the W-2 agency contracts, the Work-Based Learning Board and the contingency fund. These items are described in more detail in separate items under this section.

**Conference Committee/Legislature:** Table 3 shows W-2 related revenue estimates and expenditures as approved by the Legislature. Items are described separately in the sections following the table according to the item number listed in the right-hand column of the table.

TABLE 3

**W-2 Related Revenues and Expenditures  
Legislature**

	1999-00	2000-01	Change to Joint Finance		Item #
			1999-00	2000-01	
<b>REVENUES</b>					
Current GPR Appropriations	\$189,091,300	\$161,626,500	-\$5,000,000	-\$4,431,200	2,3,59,67,84
Current PR Appropriations	1,214,600	1,214,600	0	0	24
Federal TANF Block Grant	317,505,200	317,505,200	0	0	
Federal Child Care Block Grant	39,314,000	39,311,400	0	0	2
Food Stamp Employment and Training	7,000,000	7,000,000	0	0	
Other Federal Funds	9,359,100	9,359,100	0	0	
Child Support Collections	37,959,100	38,628,900	0	0	4
Carryover from Previous SFY	348,239,600	48,958,700	217,327,100	2,334,300	83
Total Revenues	\$949,682,900	\$623,604,400	\$212,327,100	-\$2,096,900	
<b>EXPENDITURES</b>					
<b>W-2 Agency Contract Allocations</b>					
Subsidized Employment Benefits	\$83,782,200	\$49,309,600	\$ 0	\$0	5
Administration/Ancillary Benefits	120,687,900	128,433,800	0	0	5
Current Contracts - Carryover from Prior Year	217,327,100	0	217,327,100	0	83
Performance Bonus	3,706,300	7,413,100	926,500	1,853,300	5
County Community Reinvestment	2,779,800	5,559,800	-926,500	-1,853,300	5
Long-Term and Refugee Supplement	3,983,800	0	0	0	5
Start-Up Funding*	3,519,000	0	0	0	11
State Share of Profit	-95,000,000	0	0	0	12
Contingency Fund and Contract Reserve*	102,000,000	0	7,000,000	0	13
Milwaukee Private Industry Council	1,500,000	1,000,000	0	0	14
Other Administrative Services, Milwaukee	3,257,400	0	0	0	15
<b>Child Care</b>					
Direct Child Care	\$159,560,000	\$181,050,000	\$230,000	\$350,000	6,16,18
Indirect Child Care	11,812,300	11,367,600	0	0	17,21
<b>Other Benefits</b>					
Kinship Care	\$24,030,100	\$26,164,100	\$40,700	\$54,300	22
Kinship Care - Waiting Lists	500,000	0	0	0	22
Caretaker Supplement	13,745,200	17,930,000	0	0	23
Emergency Assistance	3,300,000	3,300,000	0	0	71
Job Access Loans	600,000	600,000	0	0	24
Food Stamps for Qualified Aliens	420,000	420,000	0	0	25
Employment Skills Advancement Grants	100,000	100,000	0	0	26
<b>Child Support</b>					
Child Support Payments	\$27,077,300	\$30,255,200	\$0	\$0	27
Children First	1,140,000	1,140,000	0	0	28
Hospital Based Paternity	91,900	91,900	0	0	29
<b>Other Ongoing Expenditures</b>					
Transfer to DHFS/Community Aids	\$31,800,000	\$18,086,200	\$0	\$0	30
State Administration	27,477,200	27,454,400	0	0	31
Faithworks	25,000	0	0	0	32
Partnership for Full Employment	3,513,300	3,513,300	0	0	

	1999-00	2000-01	Change to Joint Finance		Item #
			1999-00	2000-01	
<b>EXPENDITURES (continued)</b>					
Burials	\$3,300,000	\$3,925,100	\$0	\$625,100	59
School-to-Work/Work-Based Learning Board	2,969,700	6,084,500	0	0	33
Transportation	2,000,000	2,000,000	0	0	34
Transportation Recovery	-1,800,000	0	0	0	34
Fraud and Front End Verification	661,400	661,400	0	0	35
Passports for Youth	300,000	0	0	0	36,44
WI Economic Development Initiative	100,000	100,000	0	0	37
Milwaukee County Liaison	54,100	54,100	0	0	38
Credit Assistance	3,000,000	3,000,000	3,000,000	3,000,000	40
<b>New Expenditures in Workforce Development</b>					
Workforce Attachment Fund*	\$9,700,000	\$10,000,000	\$0	\$0	42
Early Childhood Excellence Initiative	7,500,000	7,500,000	0	0	43
Community Youth Grants	7,500,000	7,500,000	0	0	44
Income Maintenance for BadgerCare	0	0	0	0	45
Literacy Initiative -- DWD	1,404,100	1,404,100	0	0	46
AODA Initiative	1,000,000	1,000,000	0	0	47
Individual Development Accounts	0	0	-650,000	-650,000	48
Nutritional Services	1,000,000	1,000,000	0	0	49
Fatherhood Initiative	75,000	0	0	0	50
Workforce Mentors	0	0	0	0	51
Legal Services	100,000	100,000	0	0	75
Milwaukee Jobs Initiative	100,000	100,000	0	0	76
Campaign for a Sustainable Milwaukee	300,000	0	0	0	77
English for Southeast Asian Children	100,000	100,000	0	0	78
<b>New Transfers of TANF to Other Agencies</b>					
Earned Income Tax Credit, 1999-01	\$51,000,000	\$54,000,000	-\$7,000,000	-\$7,000,000	67
Earned Income Tax Credit, 1998-99	48,000,000	0	-10,000,000	0	67
Head Start	3,712,500	3,712,500	0	0	52
Aid to Milwaukee Public Schools	1,410,000	1,410,000	0	0	52
Brownfields	0	0	0	0	52
Adolescent Services/Pregnancy Prevention	1,808,300	1,808,300	0	0	52
Badger Challenge	33,300	83,200	0	0	52
Early Identification of Pregnancy	100,000	100,000	0	0	52
Literacy --Governor	50,000	50,000	0	0	52
DER Recruiter Position	0	0	0	0	52
Immunization	1,000,000	1,000,000	0	0	52
Domestic Violence Services	975,000	1,000,000	0	0	52
Runaway Services	150,000	150,000	0	0	52
Child Abuse and Neglect (CANP) Board	340,000	340,000	0	0	52
Community Marriage Coordinator	45,000	60,000	45,000	60,000	52
Total Expenditures	\$900,724,200	\$621,432,200	\$209,992,800	-\$3,560,600	
Balance in Federal TANF Funds	\$48,958,700	\$2,172,200			

\*Funding for these items is in the Finance Committee's program supplements appropriation.

As shown, total revenues under the provisions of the Legislature are estimated at \$949,682,900 in 1999-00 and \$623,604,400 in 2000-01. These amounts are higher compared to the Joint Finance provisions by \$212,327,100 in 1999-00 and lower by \$2,096,900 in 2000-01. The increase in 1999-00 is primarily due to an increase in expenditure authority related to the carryover of funding for W-2 agency contracts, which is partially offset by the transfer of GPR

funding from DWD to DHFS for substance abuse grants. The decrease in revenues in 2000-01 is due to the transfer of GPR funding from DWD to DHFS for substance abuse grants, which is partially offset by expenditure changes that result in a higher carryover of TANF funding from the first year to the second year of the biennium.

Total expenditures under the provisions approved by the Legislature are \$900,724,200 in 1999-00 and \$621,432,200 in 2000-01. Compared to the Joint Finance provisions, these amounts are higher by \$209,992,800 in 1999-00 and lower by \$3,560,600 in 2000-01. One reason for the significant increase in expenditures shown under the Legislature in 1999-00, is the inclusion of revenues that had been budgeted in the previous biennium (and shown under the revenue section under the carryover of TANF funds from the prior year) for the current W-2 agency contracts but had not been expended in that time. It is expected that these funds will be expended in 1999-00 under the contracts.

In addition, the Legislature would modify expenditures related to: the performance bonuses and county community reinvestment under the next W-2 agency contracts; the contingency fund; direct child care; kinship care administration; the use of TANF for the earned income tax credit; funerals and burials for public assistance recipients; credit assistance; individual development accounts; and a community marriage coordinator. These items are described in more detail in separate items under this section according to the item numbers listed in the table.

Under the provisions of the Legislature, \$2,172,200 in TANF funding would remain unallocated at the end of the 2000-01 fiscal year, and would be carried forward to the next biennium.

**Veto by Governor:** Table 4 shows W-2 related revenue estimates and expenditures after the Governor's partial vetoes. Items are described separately in the sections following the table according to the item number listed in the right-hand column of the table.

As shown, total revenues under 1999 Act 9 are estimated at \$949,682,900 in 1999-00 and \$627,554,400 in 2000-01. Total expenditures under Act 9 are \$896,774,200 in 1999-00 and \$618,182,200 in 2000-01. Changes under the Governor's partial vetoes as compared to the Legislature include eliminating the statutory allocations of funding for credit assistance, the Milwaukee Jobs Initiative, the campaign for a sustainable Milwaukee and runaway services. The Governor's veto message directs DOA to place funding for each of these into unallotted reserve. In addition, the Governor vetoed the PR funding in DHFS for kinship care waiting lists, but did not veto the statutory allocation or appropriation in DWD. The veto message directs DOA not to allot these funds and DWD not to transfer these funds to DHFS.

Under 1999 Act 9, the balance in federal TANF funds at the end of the biennium is \$9,372,200, which includes funding placed in unallotted reserve.

**TABLE 4**

**W-2 Related Revenues and Expenditures  
1999-01 Biennial Budget -- Act 9**

	1999-00	2000-01	Change to Legislature		Item #
			1999-00	2000-01	
<b>REVENUES</b>					
Current GPR Appropriations	\$189,091,300	\$161,626,500	\$0	\$0	2,3,59,67,84
Current PR Appropriations	1,214,600	1,214,600	0	0	24
Federal TANF Block Grant	317,505,200	317,505,200	0	0	
Federal Child Care Block Grant	39,314,000	39,311,400	0	0	2
Food Stamp Employment and Training	7,000,000	7,000,000	0	0	
Other Federal Funds	9,359,100	9,359,100	0	0	
Child Support Collections	37,959,100	38,628,900	0	0	4
Carryover from Previous SFY	<u>348,239,600</u>	<u>52,908,700</u>	<u>0</u>	<u>3,950,000</u>	83
Total Revenues	\$949,682,900	\$627,554,400	\$0	\$3,950,000	
<b>EXPENDITURES</b>					
<b>W-2 Agency Contract Allocations</b>					
Subsidized Employment Benefits	\$83,782,200	\$49,309,600	\$0	\$0	5
Administration/Ancillary Benefits	120,687,900	128,433,800	0	0	5
Current Contracts - Carryover from Prior Year	217,327,100	0	0	0	83
Performance Bonus	3,706,300	7,413,100	0	0	5
County Community Reinvestment	0	0	-2,779,800	-5,559,800	5
Community Reinvestment - W-2 agencies	2,779,800	5,559,800	2,779,800	5,559,800	5
Long-Term and Refugee Supplement	3,983,800	0	0	0	5
Start-Up Funding*	3,519,000	0	0	0	11
State Share of Profit	-95,000,000	0	0	0	12
Contingency Fund and Contract Reserve*	102,000,000	0	0	0	13
Milwaukee Private Industry Council	1,500,000	1,000,000	0	0	14
Other Administrative Services, Milwaukee	3,257,400	0	0	0	15
<b>Child Care</b>					
Direct Child Care	\$159,560,000	\$181,050,000	\$0	\$0	6,16,18
Indirect Child Care	11,812,300	11,367,600	0	0	17,21
<b>Other Benefits</b>					
Kinship Care	\$24,030,100	\$26,164,100	\$0	\$0	22
Kinship Care - Waiting Lists**	0	0	-500,000	0	22
Caretaker Supplement	13,745,200	17,930,000	0	0	23
Emergency Assistance	3,300,000	3,300,000	0	0	71
Job Access Loans	600,000	600,000	0	0	24
Food Stamps for Qualified Aliens	420,000	420,000	0	0	25
Employment Skills Advancement Grants	100,000	100,000	0	0	26
<b>Child Support</b>					
Child Support Payments	\$27,077,300	\$30,255,200	\$0	\$0	27
Children First	1,140,000	1,140,000	0	0	28
Hospital Based Paternity	91,900	91,900	0	0	29
<b>Other Ongoing Expenditures</b>					
Transfer to DHFS/ Community Aids	\$31,800,000	\$18,086,200	\$0	\$0	30
State Administration	27,454,400	27,454,400	0	0	31
Faithworks	25,000	0	0	0	32
Partnership for Full Employment	3,513,300	3,513,300	0	0	



	1999-00	2000-01	Change to Legislature		Item #
			1999-00	2000-01	
<b>EXPENDITURES (continued)</b>					
Burials	\$3,300,000	\$3,925,100	\$0	\$0	59
School-to-Work/Work-Based Learning Board	2,969,700	6,084,500	0	0	33
Transportation	2,000,000	2,000,000	0	0	34
Transportation Recovery	-1,800,000	0	0	0	34
Fraud and Front End Verification	661,400	661,400	0	0	35
Passports for Youth	300,000	0	0	0	36,44
WI Economic Development Initiative	100,000	100,000	0	0	37
Milwaukee County Liaison	54,100	54,100	0	0	38
Credit Assistance	0	0	-3,000,000	-3,000,000	40
<b>New Expenditures in Workforce Development</b>					
Workforce Attachment Fund*	\$9,700,000	\$10,000,000	\$0	\$0	42
Early Childhood Excellence Initiative	7,500,000	7,500,000	0	0	43
Community Youth Grants	7,500,000	7,500,000	0	0	44
Income Maintenance for BadgerCare	0	0	0	0	45
Literacy Initiative -- DWD	1,404,100	1,404,100	0	0	46
AODA Initiative	1,000,000	1,000,000	0	0	47
Individual Development Accounts	0	0	0	0	48
Nutritional Services	1,000,000	1,000,000	0	0	49
Fatherhood Initiative	75,000	0	0	0	50
Workforce Mentors	0	0	0	0	51
Legal Services	100,000	100,000	0	0	75
Milwaukee Jobs Initiative	100,000	0	0	-100,000	76
Campaign for a Sustainable Milwaukee	0	0	-300,000	0	77
English for Southeast Asian Children	100,000	100,000	0	0	78
<b>Expenditures in Other Programs</b>					
Earned Income Tax Credit (EITC), 1999-01	\$51,000,000	\$54,000,000	\$0	\$0	67
Earned Income Tax Credit, 1998-99	48,000,000	0	0	0	67
Head Start	3,712,500	3,712,500	0	0	52
Aid to Milwaukee Public Schools	1,410,000	1,410,000	0	0	52
Brownfields	0	0	0	0	52
Adolescent Services/Pregnancy Prevention	1,808,300	1,808,300	0	0	52
Badger Challenge	33,300	83,200	0	0	52
Early Identification of Pregnancy	100,000	100,000	0	0	52
Literacy - Governor	50,000	50,000	0	0	52
DER Recruiter Position	0	0	0	0	52
Immunization	1,000,000	1,000,000	0	0	52
Domestic Violence Services	975,000	1,000,000	0	0	52
Runaway Services	0	0	-150,000	-150,000	52
Child Abuse and Neglect (CANP) Board	340,000	340,000	0	0	52
Community Marriage Coordinator	45,000	60,000	0	0	52
Total Expenditures	\$896,774,200	\$618,182,200	-\$3,950,000	-\$3,250,000	
Balance in Federal TANF Funds	\$52,908,700	\$9,372,200			
Funding Placed in Unallotted Reserve***	\$3,450,000	\$3,250,000			

\* Funding placed in the Joint Committee on Finance's appropriation.

\*\* The Governor vetoed the PR funding in DHFS; however, he did not veto the statutory allocation nor the appropriation. The veto message directs DOA not to allot these funds and DWD not to transfer these funds to DHFS.

\*\*\* Funding for credit assistance, the campaign for a sustainable Milwaukee, runaway services, and the second year for the Milwaukee Jobs Initiative was placed in unallotted reserve under the Governor's partial veto.

2. STATE AND FEDERAL FUNDING FOR CHILD CARE [LFB  
Papers 1088 and 1089]

GPR	- \$22,209,800
FED	<u>22,209,800</u>
Total	\$0

**Governor:** Provide federal TANF funding of \$28,335,100 in 1999-00 and \$28,337,700 in 2000-01 to replace reduced revenues from the federal child care development block grant (CCDBG) of \$17,230,200 in 1999-00 and \$17,232,800 in 2000-01 and reduced GPR funding for W-2 child care of \$11,104,900 annually. Total child care funding from all sources would be \$183,429,600 (\$16,449,400 GPR, \$39,314,000 CCDBG and \$127,666,200 TANF) in 1999-00 and \$188,059,000 (\$16,449,400 GPR, \$39,311,400 CCDBG and \$132,298,200 TANF) in 2000-01. This reflects the Governor's proposal to not access the state's matching allocation component of the federal CCDBG, along with minor reestimates of base funding. These funds would be used for direct child care subsidies and indirect child care services provided by DWD and a transfer of \$9,900,000 annually to the Head Start program. Information on child care expenditures is provided in separate summaries.

States are required to meet maintenance-of-effort (MOE) and matching requirements for the CCDGB matching allocation, but there are no MOE or matching requirements for the other two components of CCDGB funding (the discretionary and mandatory allocations). If the state chose to access the federal matching funds in the 1999-01 biennium, an estimated \$20.2 million in 1999-00 and \$23.8 million in 2000-01 would be available. In addition, state GPR expenditures would have to be increased by \$14.2 million in 1999-00 and \$16.7 million in 2000-01 compared to the amounts in the bill.

**Joint Finance:** Based on the Committee's actions related to expenditures for direct and indirect child care and the Head Start program, total funding from all sources would be \$174,854,800 (\$16,449,400 GPR, \$39,314,000 CCDBG and \$119,091,400 TANF) in 1999-00 and \$195,780,100 (\$16,449,400 GPR, \$39,311,400 CCDBG and \$140,019,300 TANF) in 2000-01. This is a reduction of \$8,574,800 in 1999-00 and an increase of \$7,721,100 in 2000-01 from the Governor's recommendation. Information on these expenditures is provided in separate summary items.

**Assembly/Senate:** Direct DWD to identify, by September 1, 1999, sources of general fund expenditures that could be used to access the matching component of the federal CCDBG and to submit the information to the U.S. Department of Health and Human Services (DHHS) by October 1, 1999. Require DWD to submit a plan for expenditure of any additional federal dollars to the Joint Committee on Finance for approval no later than 60 days after receiving federal approval.

**Conference Committee/Legislature:** Include the Assembly/Senate provision with modifications to require DWD to: (a) identify the general fund revenue sources that may be used as matching funds by the first day of the first month beginning after publication of the bill (rather than by September 1, 1999); and (b) submit this information to DHHS by the first day of the second month beginning after publication (rather than by October 1, 1999). These modifications reflect delayed passage of the budget bill.

Funding for direct and indirect child care services and the Head Start program would total \$175,084,800 (\$16,449,400 GPR, \$39,314,000 CCDBG and \$119,321,400 TANF) in 1999-00 and \$196,130,100 (\$16,449,400 GPR, \$39,311,400 CCDBG and \$140,369,300 TANF) in 2000-01. This is a reduction of \$8,344,800 in 1999-00 and an increase of \$8,071,100 from the Governor's proposal. Compared to the Joint Finance provision, this reflects an increase of \$230,000 in 1999-00 and \$350,000 in 2000-01 due to a modification of the education activities allowed for child care subsidies and the exclusion of a child's earned income in calculating child care eligibility, which are described further in separate summary items.

**Veto by Governor [C-41]:** Delete the requirement that DWD identify GPR sources by the first day of the first month beginning after publication and the requirement that a plan be submitted to DHHS by the first day of the second month beginning after publication. In his veto message, the Governor directs DWD to create a plan by December 1, 1999, and to submit that plan to DHHS by January 1, 2000. Since the act was published on October 28, 1999, the submission dates would have been November 1, 1999, and December 1, 1999, under the enrolled bill, respectively. The Governor's partial veto and accompanying veto message delay the submission dates by one month.

[Act 9 Section: 9157(3mm)]

[Act 9 Vetoed Section: 9157(3mm)]

**3. OTHER MISCELLANEOUS GPR AND FEDERAL REVENUE CHANGES**

GPR	-\$11,693,000
FED	<u>22,259,000</u>
Total	\$10,566,000

**Governor/Legislature:** Decrease GPR funding for the W-2 program by \$5,846,500 in each year and provide additional TANF funding of \$11,062,700 in 1999-00 and \$11,196,300 in 2000-01. The GPR reduction amount reflects the administration's estimate of GPR funding in other agencies that may be used to meet the maintenance of effort requirement under the federal TANF program. As a result, GPR in DWD may be reduced. A portion of the increased federal revenues would be used to offset this GPR reduction.

In addition, the administration has estimated that \$5,216,200 in 1999-00 and \$5,349,800 in 2000-01 would be reallocated from the W-2 program to other public assistance programs administered by the Department such as food stamps, medical assistance and child support, based on a cost allocation formula required by the federal government. Although these amounts of general purpose revenue would not be eliminated from the Department's overall budget, additional federal revenue expenditure authority would be needed for the W-2 program to offset this reallocation.

**4. CHILD SUPPORT COLLECTIONS [LFB Paper 1081]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$34,626,800	-\$20,134,400	\$14,492,400
PR	<u>-34,626,800</u>	<u>20,134,400</u>	<u>-14,492,400</u>
Total	\$0	\$0	\$0

**Governor:** Provide federal TANF funding of \$17,313,400 annually to replace reduced collections of child support assigned to the state by public assistance recipients. The administration estimates that child support collections available for W-2 program expenditures will total \$28,226,800 in each year. The lower child support collections reflect the public assistance caseload reductions that have occurred in recent years.

**Joint Finance/Legislature:** Decrease federal TANF funding by \$9,732,300 in 1999-00 and \$10,402,100 in 2000-01 to reflect a higher estimate of child support collections. Total collections are estimated to be \$37,959,100 in 1999-00 and \$38,628,900 in 2000-01. The higher amounts are based on more recent actual collections data and a revised estimate of the federal hold harmless payment.

**5. W-2 AGENCY CONTRACT ALLOCATIONS [LFB Papers 1083 and 1086]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$126,676,900	-\$57,431,000	-\$184,107,900

**Governor:** Decrease funding by \$60,794,800 in 1999-00 and \$65,882,100 in 2000-01 for benefits, administration and ancillary services under the W-2 agency contract allocations. The current W-2 agency contracts expire on December 31, 1999. The next contracts will be provided for the period January 1, 2000, through December 31, 2001.

Funding for the W-2 agency contracts under the Governor's recommendation would include: (a) \$119,587,300 in 1999-00 for benefits (\$59,132,400), office costs (\$56,471,100) and the long-term and refugee supplement (\$3,983,800) under the current W-2 agency contracts through December 31, 1999; (b) \$42,792,500 in 1999-00 and \$85,584,900 in 2000-01 for benefits costs under the new W-2 agency contracts beginning January 1, 2000; and (c) \$71,707,500 in 1999-00 and \$143,415,100 in 2000-01 for office costs and ancillary services under the new agency contracts. Overall, funding for subsidized employment benefits, including the reserve for benefit payments for Milwaukee County, would decrease by \$75,053,100 in 1999-00 and \$91,393,100 in 2000-01. Funding for administration and ancillary services would increase by \$14,258,300 in 1999-00 and \$25,511,000 in 2000-01.

The Governor's recommendation regarding benefits under the new W-2 agency contracts reflects caseload declines that have occurred since the implementation of the program.

Administrative and ancillary services for the new contracts under the Governor's recommendation include estimated costs for the following: general overhead expenses; screening and treatment for alcohol and other drug abuse (AODA); services for participants in the food stamp employment and training program; post-employment and case management services for all W-2 cases; and an adjustment to provide a minimum amount of funding for smaller agencies.

Counties that have a large percentage of long-term and refugee cases would receive additional funding under the new contracts; however, the supplement for these cases would no longer be a separate budget item. In addition, the funding amounts reflect the elimination of the reserve for benefit payments for Milwaukee County. This funding had been provided for the W-2 agencies in Milwaukee County to offset the costs of an increase in benefit payments under 1997 Act 27. Under the new W-2 agency contracts, any dollars needed for benefit costs have been included in the administration's estimates.

The amounts for new agency contracts under the Governor's recommendation also include performance bonus payments. According to the administration, the maximum amount of profit that would be available for the next contracts would be 7% of the total budgeted amount (approximately \$24.0 million statewide over the next contract period). Bonus funding would not be provided to each agency in the contract, but would be made available to an agency if it met certain performance criteria. These criteria have not yet been finalized; nor are these provisions specified in the bill.

The current W-2 agency contract provides that any funding in excess of that used for benefits and other allowable expenses is to be distributed according to a formula developed by DWD. The formula establishes a two-tier distribution mechanism for excess agency funds. Under the first tier, the agency is allowed to retain an amount equal to 7% of the implementation contract amount as unrestricted profit. Under the second tier, any remaining surplus funds are divided between the agency and the state as follows: (a) 10% is retained by the agency for unrestricted use; (b) 45% is retained by the agency for reinvestment in the community; and (c) 45% is retained by the state. If unexpended funds are less than 7% of the contract amount, the entire surplus is retained by the agency and the second-tier calculation does not apply. The contract provides for a preliminary profit distribution based on expenditures through August 31, 1998. Agencies were allowed to obtain a portion of their profit in December, 1998. A final distribution of profit will be made after the contract expires on December 31, 1999. None of these provisions are specified in the statutes.

**Joint Finance:** Approve the following modifications with regard to the W-2 agency contracts:

*Contract Allocations:* Modify the contract allocations for next W-2 agency contracts for the period January 1, 2000, through December 31, 2001 as outlined below:

a. Reduce the amount identified for subsidized employment benefits by \$7,661,800 in 1999-00 and \$15,313,400 in 2000-01. In addition, reduce the amounts for performance bonuses by \$536,300 in 1999-00 and \$1,071,900 in 2000-01. This adjustment would make the benefit allocations in the bill consistent with the request for proposals (RFP) for the new contracts, but would not transfer the savings to the allocation for administration as recommended by the Governor.

b. Reduce the amount provided for benefit allocations related to funding for the next W-2 agency contracts to reflect both a minimum allocation for each agency of five cases per month and a projected 1.0% monthly decrease in the statewide caseload. Decrease funding by \$6,688,900 in 1999-00 and \$13,378,000 in 2000-01 for subsidized employment benefits and \$468,300 in 1999-00 and \$936,500 in 2000-01 for performance bonuses.

c. Reduce funding for W-2 contracts by \$3,792,000 in 1999-00 and \$7,583,900 in 2000-01 to account for sanctions imposed on W-2 recipients. Specify that sanctions would be recovered from the W-2 agency as they are imposed by the agency on participants.

d. Require the Department to promulgate administrative rules regarding the criteria for use of the community reinvestment funding (called the "restricted use performance bonus" under the RFP for the next W-2 agency contracts). Eliminate funding for the 4% performance bonus from the W-2 agency contract allocations. Instead, distribute this funding to counties, based on the final contract allocation, for community reinvestment in accordance with DWD's rules. Specify that the use of community reinvestment funds would have to be determined by the County Board. Require DWD to certify that such expenditures would comply with the federal restrictions regarding the use of TANF funding. Funding provided to counties under this provision is shown as "county community reinvestment" in Table 2.

Further, specify that any dollars withheld, reduced or recovered from a W-2 agency because the agency has failed to satisfactorily perform its responsibilities under the contract would be added to the unallocated balance of unexpended TANF revenues that would be carried forward to the next fiscal year.

Finally, the bill allocated funding on a fiscal year basis for the new W-2 agency contracts, but referenced these contracts as being "entered into after December 31, 1999." Because the new contracts would actually be signed prior to that date, the Committee approved a clarification that would refer to these contracts as "effective January 1, 2000, through December 31, 2001."

*Performance Measures Used for Profit:* Direct the Department to amend the request for proposals for administration of the W-2 program for the period January 1, 2000, through December 31, 2001 to: (a) define the term "entered employment transaction" under the job retention performance criterion; (b) define full and appropriate engagement for each individual who is required to participate in the food stamp employment and training (FSET) program as engagement in activities for a number of hours equal to the household's monthly food stamp benefit divided by the minimum wage; (c) eliminate the provision that would specify that full

and appropriate engagement for W-2 subsidized employment participants is engagement in appropriate activities for at least 30 hours per week; and (d) clarify that for two-parent families, engagement in work activities is defined as 55 hours per week for both parents if the family is receiving federally funded child care assistance and the second parent in the family is not disabled or caring for a severely disabled child.

Adopt statutory language to require DWD to base any profit calculation under the W-2 agency contracts on measures of agency performance including: (a) the placement of W-2 applicants and participants into unsubsidized jobs; (b) whether the jobs are full-time or part-time; (c) job retention by former applicants or participants; (d) wages and benefits earned by former applicants or participants; (e) appropriate implementation of all components of the program; and (f) customer satisfaction. In addition, specify that W-2 agency contracts may not permit agencies to receive profits based on caseload decreases or reduced agency spending that are not directly attributable to placement of W-2 participants in unsubsidized employment. Finally, require the Department to develop a system to track former applicants and participants to ensure that agency performance is reliably measured.

**Assembly:** Direct DWD to modify the request for proposals to administer the next W-2 agency contracts (January 1, 2000, through December 31, 2001) to specify that, of the total unrestricted performance bonus available to each W-2 agency, one-third would be distributed to the agency if the agency meets the second performance level as defined by the Department, and the remainder would be distributed to the agency if the agency meets the third performance level as defined by the Department. Under the request for proposals for the next W-2 agency contracts, performance standards are broken down into three levels as follows: (a) the base level, which the agency would have to meet as the right of first selection for the subsequent W-2 contract; (b) a second level which the agency would have to meet to obtain a portion of the bonus; and (c) a third level which the agency would have to meet in order to receive the remainder of the bonus.

**Senate:** Modify the Joint Finance provisions regarding W-2 agency contracts as follows:

a. Allow W-2 agencies that did not meet the right of first selection criteria for the next W-2 agency contracts (for the period January 1, 2000, through December 31, 2001), to continue to administer the W-2 program for a one-year period beginning January 1, 2000, if the agency submits a plan to DWD by August 17, 1999. Specify that these agencies would receive an allocation equal to the contract allocations approved under the Joint Finance provisions, adjusted for a 12-month period (half of the contract amount). Specify that these agencies would not receive performance bonuses during this 12-month period. Reduce funding under the contract allocations by \$209,700 in each year to account for this provision.

b. Specify that the third contract to administer the W-2 program in those regions that did not meet the right of first selection criteria would be for a period of one year beginning January 1, 2001. Provide that during this third contract, funding levels would be equal to the

contract allocations under the Joint Finance provisions, adjusted for a 12-month period (half of the contract amount).

c. Require DWD to consult with the appropriate Legislative standing committees and to consider the criteria specified under the Joint Finance provisions related to the performance bonus in developing standards to be used for determining the right of first selection for W-2 agency contracts. Require that these standards be promulgated as emergency rules within 30 days after the effective date of the bill and as permanent rules. Specify that these standards would apply to W-2 agency contracts, entered into or renewed on or after the effective date of the emergency rules. Specify that DWD may not enter into a contract with any entity to administer the W-2 program beginning with the effective date of the bill until emergency rules are promulgated. Finally, specify that the criteria used in calculating the performance bonus would first apply to contracts beginning January 1, 2000 (instead of January 1, 2002).

d. Specify that, in establishing performance criteria for W-2 agency contracts, the Department may not consider the degree to which any W-2 agency enters into a contract with faith-based providers. This provision would take effect on the bill's general effective date. Therefore, this provision would apply to the next W-2 agency contract (for the period January 1, 2000, through December 31, 2001) and to all subsequent contracts.

**Conference Committee/Legislature:** Distribute funding to counties for community reinvestment purposes of an amount equal to 3% of the contract amount provided to the W-2 agency (or agencies) in the county. Direct DWD to modify the request for proposals to administer the next W-2 agency contracts (January 1, 2000, through December 31, 2001) to specify that 4% of each W-2 agency's contract would be provided to the agency as a performance bonus. Of the total unrestricted performance bonus available to each W-2 agency, one-half would be distributed to the agency if the agency meets the second performance level as defined by the Department, and the remainder would be distributed to the agency if the agency meets the third performance level as defined by the Department. [Note: As drafted, the statutory provisions for county community reinvestment provisions would require that DWD provide 4% of the contract amount to the counties; however, the statutory allocations provide for 3% of the contract amount, which reflects the Legislature's intent.]

These provisions would modify the Joint Finance Committee provisions relating to community reinvestment and performance bonuses (item "d" under "Joint Finance"). The other provisions adopted by the Finance Committee would not be changed.

**Veto by Governor [C-33, C-34 and C-36].** *W-2 Contract Allocations.* Delete the provision of funding for community reinvestment to counties and the provision that would have authorized the county board of supervisors to determine the use of these funds. In addition, delete the requirement that the Department establish criteria for the use of these funds by rule. Instead, under the Governor's partial veto, funding for community reinvestment will be provided to W-2 agencies. The Department will have to develop criteria for the use of these funds, but will not



have to do so by rule. The provision that specifies that funds may not be expended unless the Department certifies that the expenditures are allowable under the TANF program is retained.

*Performance Measures Used for Profit.* Delete the requirement that the Department define full and appropriate engagement for FSET participants as engagement in activities for a number of hours equal to the household's monthly food stamp benefit divided by the minimum wage. In addition, delete the requirement that the Department eliminate the provision that would specify that full and appropriate engagement for W-2 subsidized employment participants as engagement in appropriate activities for at least 30 hours per week. The Governor's partial veto also deletes the provisions that would have required that measures of performance be based on activities of applicants or former applicants, and the provision that would have required DWD to develop a system to track former participants and applicants for W-2.

[Act 9 Sections: 466, 474, 475, 1221h, 1224c, 1224d, 1278g, 1330r, 9157(2c)&(4dx) and 9357(6d)&(8g)]

[Act 9 Vetoed Sections: 1224d, 1278g, 1330r and 9157(2c)(b)]

**6. FINANCIAL ELIGIBILITY REQUIREMENTS FOR W-2 EMPLOYMENT POSITIONS AND JOB ACCESS LOANS [LFB paper 1094]**

FED	\$300,000
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**Governor:** Eliminate the inclusion of child support payments received on behalf of children in the W-2 group that are distributed to the parent in the W-2 group as income for purposes of determining eligibility for W-2 employment positions and job access loans. This provision would first apply to the calculation of the income of a person who applies for the W-2 program on January 1, 2000. The administration indicates that the cost of this provision would be absorbed within the contract allocations; no separate fiscal estimate was prepared for this item.

In addition, specify that an individual remains eligible for the W-2 program until the W-2 group's assets are expected to exceed the asset limit for at least two consecutive months. Under the current statutes, an individual remains eligible for the W-2 program until the W-2 group's assets have exceeded the asset limit for at least two months. The asset limit is \$2,500, excluding the equity value of vehicles up to \$10,000 and the group's home. Under this modification, the treatment of assets would be consistent with current law regarding the treatment of income, and with the Department's current practice.

**Senate/Legislature:** Include the above provisions. In addition, exclude from the calculation of income for purposes of determining eligibility for a W-2 employment position and job access loan all earned income of a dependent child of an applicant. This provision would likely increase the number of persons that could receive a cash benefit under the W-2 program. However, the exact fiscal effect is unknown. Under this provision, the W-2 agencies would be expected to absorb any increase in benefit costs from their contract allocations.

In addition, because the same eligibility requirements are used for the child care program, this provision would increase child care funding by \$100,000 in 1999-00 and \$200,000 in 2000-01. The higher estimated cost reflects additional participation as more individuals would become eligible for subsidies because their income would be lower and, secondly, existing participants would have a reduced copay requirement due to lower income.

[Act 9 Sections: 1226v, 1227, 1228, 1278g, 9357(4) and 9457(3)]

#### **7. PARTIAL COMMUNITY SERVICE JOBS [LFB Paper 1092]**

**Governor:** Modify the calculation of the grant for participants who are required to work less than 30 hours per week in W-2 community service jobs (CSJs) because the participant has unsubsidized employment. Specify that the grant amount would be determined in accordance with a schedule developed by the Department by rule. Under current law in such cases, the grant amount may be reduced by a prorated amount equal to the product of \$5.15 and the difference between 30 and the number of hours the participant is required to work in the CSJ.

**Joint Finance/Legislature:** Delete provision. Instead, modify current law relating to partial CSJ placements by specifying that the monthly grant amount would be prorated as follows: (a) for an assignment of work activities up to 10 hours per week, the grant amount would be prorated by 1/3; (b) for an assignment of work activities of 10 to 15 hours per week, by 1/2; (c) for an assignment of work activities of 15 to 20 hours per week, by 2/3; and (d) for an assignment of work activities in excess of 20 hours per week, the grant amount would be \$673 (equal to the current CSJ grant amount). Specify that the grant amount would be based on the financial employment planner's determination of the appropriate number of hours for a participant at the time of the application process or regularly scheduled review.

Require DWD to implement the partial CSJ provisions within three months of the bill's general effective date.

[Act 9 Sections: 1236, 1236c and 9157(2m)]

#### **8. WAGE-PAYING COMMUNITY SERVICE JOBS [LFB Paper 1093]**

**Governor:** Expand the wage-paying community service job pilot program statewide beginning on January 1, 2001, and eliminate the statutory sunset date for the pilot program.

As under current law, a W-2 agency would be allowed to place W-2 participants into wage-paying community service jobs. The agency would be allowed to contract with a nonprofit, nonstock corporation to provide employment for a wage-paying CSJ participant. The W-2 agency would be required to reimburse the employer for the amounts paid by the employer for the wages and payroll taxes of the participant. In addition, the W-2 agency would

be required to provide the participant with worker's compensation coverage, unless the employer for whom the participant is performing work provides worker's compensation.

Also, as under current law, the participant would be allowed to participate in a particular CSJ placement for up to three months, with the opportunity for a one-month extension under circumstances approved by the Department. An individual could participate in more than one CSJ, but generally could not exceed a total of 24 months of participation in all CSJ placements, unless approved by the Department on a case-by-case basis.

The bill would make modifications to the wage-paying community service job provisions, as outlined in the following sections.

*Limited Participation.* Limit the number of participants in wage-paying CSJs at any given time to 2,500 statewide, allocated among the W-2 agencies based on a formula determined by the Department. In December, 1998, 5,509 individuals were participating in grant-paying CSJs statewide. Under current law, the Department may only implement the wage-paying community service job program in two W-2 agencies in Milwaukee County.

*Eligibility.* Specify that a W-2 agency may not place an individual into a wage-paying CSJ unless the agency determines that the individual is qualified for unsubsidized employment but has been unable to obtain full-time unsubsidized employment despite reasonable efforts on the part of the individual. Under current law, a W-2 agency may not place an individual into a wage-paying CSJ unless the individual is working 15 hours per week in an unsubsidized job. This provision would take effect on the bill's general effective date.

*Hours of Participation.* Specify that the W-2 agency could require a wage-paying CSJ participant to work in a community service job for a maximum of 30 hours per week and to participate in job search activities for a maximum of 10 hours per week. Under current law, a participant may be required to work either 15 hours per week, or the difference between 40 hours and the number of hours that the participant works in an unsubsidized job, whichever is less.

*Cash Benefit Amount.* Require that a participant in a wage-paying community service job receive the minimum wage for every hour actually worked in the community service job, not to exceed 30 hours per week, paid by the employer. Under current law, the cash benefit amount may not exceed the minimum wage multiplied by 15 hours per week.

*Sanctions.* Specify that, if the participant refuses three times to participate in job search activities, without good cause, the individual would become ineligible to participate in the wage-paying community service job component. This provision does not apply under current law.

*State Earned Income Tax Credit.* Specify that the income earned under a wage-paying community service job would be excluded from the calculation of the state earned income tax credit, and eliminate provisions relating to the transfer of funding for the credit from DWD to

the Department of Revenue. Under current law, a person in a wage-paying community service job would not be prohibited from receiving the state earned income tax credit, and funding for credits claimed by such individuals would be provided by DWD.

Except for the modification to the eligibility requirements, these provisions would take effect on January 1, 2001.

**Joint Finance/Legislature:** Delete provisions. Further, repeal current law provisions regarding the wage-paying community service job pilot program in Milwaukee County.

[Act 9 Sections: 611, 612, 1209q, 1229q, 1237b, 1237m, 1237n and 1249q]

## 9. JOB RETENTION SERVICES

**Governor/Legislature:** Allow W-2 agencies to provide case management services for individuals who progress from a W-2 employment position to unsubsidized employment to help the individual retain his or her unsubsidized job. Specify that case management services may include: employment skills training; English as a second language classes if the W-2 agency determines that the course will facilitate the individual's efforts to retain employment; a course of study meeting the standards for the granting of a declaration of equivalency of high school graduation; or other remedial education courses. Such services could be provided regardless of the individual's income and asset levels.

Under the current W-2 agency contract, the W-2 agency must provide case management services for 60 days to all participants who move into an unsubsidized job from a subsidized employment position. Under this provision, case management services could be provided after the follow-up period required in the contract. There would be no time limit on these services.

[Act 9 Section: 1235]

## 10. EDUCATIONAL NEEDS ASSESSMENT

**Governor/Legislature:** Require a W-2 agency to conduct an educational needs assessment for any individual for whom the agency determines that the appropriate placement is in unsubsidized employment or a trial job. Further, require the W-2 agency to include basic education in the individual's employability plan if the W-2 agency determines that the individual is in need of basic education, including a course of study meeting the standards established for the granting of a declaration of high school graduation, and the individual wishes to pursue basic education. Finally, require the W-2 agency to pay for the basic education services identified in the employability plan. These requirements would first apply to W-2 agency contracts entered into or renewed on the effective date of the bill.

[Act 9 Sections: 1229 and 9357(6)]

**11. START-UP FUNDING FOR NEW W-2 AGENCIES [LFB Paper 1084]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
FED	\$7,184,400	-\$7,184,400	\$0

**Governor:** Provide \$7,184,400 in 1999-00 for start-up funding for new W-2 agencies that would replace current W-2 agencies during the next contract period. At the beginning of the current contract period, start-up funding was provided for each W-2 agency for personnel, staff training, improvements in facilities, the development of office procedures and computer-related expenses. The Governor's recommendation represents 25% of the start-up funding that was provided under the current contracts based on the assumption that up to 25% of the current agencies may not renew their contracts.

**Joint Finance/Legislature:** Reduce funding by \$3,665,400 in 1999-00 for start-up activities for new W-2 agencies. In addition, place start-up funding in the Joint Committee on Finance's program supplements appropriation. These funds could be released under s. 13.10 upon approval by the Committee of a plan regarding the use of these funds submitted by the Department after more information is available regarding the number of new W-2 agencies for the next contract period. Under this provision, \$3,519,000 would be provided for start-up funds. This funding is shown under "Program Supplements."

[Act 9 Section: 1278g]

**12. W-2 PROFIT RETURN [LFB Paper 1081]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
FED	-\$90,000,000	-\$5,000,000	-\$95,000,000

**Governor:** Decrease funding by \$90,000,000 in 1999-00 to reflect the portion of unexpended funding from the current W-2 agency contracts that would be returned to the state. Under the current W-2 agency contracts, a surplus amount is calculated by subtracting all allowable agency expenses from the total dollar amount provided to the agency. The W-2 agency is authorized to retain a portion of this unexpended balance as profit and for reinvestment in its community. The remaining portion will be retained by the state. The Governor's recommendation reflects the estimated amount that would be retained by the state.

**Joint Finance/Legislature:** Decrease funding by an additional \$5,000,000 in 1999-00 to reflect a revised estimate of the portion of unexpended funding from the current W-2 agency contracts that would be returned to the state.

[Act 9 Section: 1278g]

**13. W-2 CONTINGENCY FUND AND CONTRACT RESERVE [LFB Paper 1087]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
FED	\$90,000,000	-\$90,000,000	\$0

**Governor:** Provide \$90,000,000 in 1999-00 for a contingency fund to be available throughout the biennium to assist W-2 agencies in meeting the need to provide benefits and services to participants in the event of an economic downturn. If needed, this funding would be distributed under criteria established by the Department. In addition, the administration indicates that DWD would be allowed to use these funds to adjust the estimated levels of the next W-2 agency contracts if there is an increase of more than 10% between the estimated caseload for an agency used for the request for proposals and the agency's actual caseload at the time of the contract signing.

**Joint Finance:** Increase funding by \$5,000,000 in 1999-00 (to \$95,000,000), and place contingency funds in the Joint Committee on Finance's program supplements appropriation for release under s. 13.10. The funding for this item appears under "Program Supplements."

**Senate:** Reduce funding in the Joint Committee on Finance's appropriation by \$18,001,400 related to the TANF contingency fund and provide these dollars to DWD to reflect funding modifications for substance abuse, W-2 agency contracts, direct child care, kinship care, the work-based learning board, credit assistance, the Milwaukee jobs initiative, and prevention of child abuse and neglect. Under this provision, \$76,998,600 would remain in the contingency fund.

**Conference Committee/Legislature:** Increase the contingency fund to \$102,000,000 to reflect final revenue and expenditure estimates for W-2 and related programs. As under the Joint Finance and Senate provisions, the contingency funds would be placed in the Joint Committee on Finance's appropriation.

[Act 9 Section: 1278g]

**14. MILWAUKEE PRIVATE INDUSTRY COUNCIL**

FED	-\$1,500,000
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**Governor/Legislature:** Reduce funding by \$500,000 in 1999-00 and \$1,000,000 in 2000-01 for services related to the W-2 program provided by the Milwaukee

private industry council (PIC). In 1998-99, the PIC received \$1,000,000 in funding for administrative oversight of the W-2 agencies in Milwaukee County, and an additional \$1,000,000 for coordination activities related to W-2, child welfare services and other supportive services. Funding for coordination activities was provided in a contract which is effective through December 31, 1999. Under the Governor's recommendation, \$500,000 would be provided for this contract from July 1, 1999, through December 31, 1999, and eliminated after that time. In addition, the PIC would continue to receive \$1,000,000 annually for administrative oversight of the W-2 agencies in Milwaukee County, and would be required to continue to provide coordination activities.

[Act 9 Section: 1278g]

**15. W-2 ADMINISTRATIVE SERVICES IN MILWAUKEE COUNTY**

FED	-\$11,623,400
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**Governor/Legislature:** Reduce funding by \$4,183,000 in 1999-00 and eliminate funding of \$7,440,400 in 2000-01 for the following administrative service costs for the W-2 program in Milwaukee County: (a) the Milwaukee Job Center Network (-\$2,000,000 in 1999-00 and -\$4,000,000 in 2000-01); (b) learning labs (-\$750,000 in 1999-00 and -\$1,500,000 in 2000-01); (c) facility related costs (-\$617,200 annually); (d) supplement for Milwaukee County for costs of county workers located in the W-2 agencies (-\$615,800 in 1999-00 and -\$1,123,200 in 2000-01); and (e) the Milwaukee Jobs Initiative (-\$200,000 annually). These funding amounts were provided for the above purposes for the initial W-2 contract period. The elimination of the funding reflects modifications for the new contracts that will begin January 1, 2000.

[Act 9 Section: 1278g]

**16. CHILD CARE SUBSIDIES [LFB Paper 1088]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
FED	-\$38,978,500	\$23,254,100	-\$15,724,400

**Governor:** Decrease funding for W-2 child care subsidies by \$22,876,300 in 1999-00 and \$16,102,200 in 2000-01. With this modification, funding of \$154,550,900 in 1999-00 and \$161,325,000 in 2000-01 would be allotted for direct child care.

These funding levels reflect estimated costs for the current child care program of \$136,500,000 in 1999-00 and \$143,325,000 in 2000-01. In addition, the bill would modify the W-2 child care eligibility requirements. Although not specified in the bill, the administration also indicates that the child care copayment schedule (which is established by DWD) would be modified. These changes, which are outlined below, are estimated to cost \$9,000,000 in the first

year and \$18,000,000 in the second year. The remaining funding of \$9,050,900 in 1999-00 would be set aside as a child care contingency fund. The bill would also transfer \$9,900,000 annually from DWD's child care allocation to the Head Start program (see "Public Instruction -- Categorical Aids").

The statutory changes regarding eligibility (items "a" through "e") would take effect on January 1, 2000, and the provisions that would modify the asset and income criteria (items "a" through "d") would first apply to the income calculation of a person who applies for benefits on that date. The administration indicates that modifications to the copayment schedule (items "f" through "h") would also take effect on January 1, 2000.

*a. Income Limit.* Increase the maximum gross income a family may have for initial eligibility from 165% of the federal poverty level to 185%. As provided under current law, once eligible, families would retain eligibility until income exceeds 200% of poverty, at which point the family is no longer eligible for child care subsidies. This change would cost an estimated \$1,000,000 in 1999-00 and \$2,000,000 in 2000-01.

*b. Income of Self-Employed Persons.* Specify that the income of farmers and self-employed persons would include net earnings reported to the Internal Revenue Service (IRS) plus depreciation expenses, personal business and entertainment expenses, personal transportation costs, purchases of capitol equipment and payments on the principal of loans. Eligibility for W-2 child care is currently based on gross income and does not allow for the subtraction of any business expenses. The net income definition proposed by the Governor was used under the former AFDC program. The expenses that could be deducted from gross income to arrive at net income include: advertising, bad debts from sales or services, business transportation expenses, commissions and fees, conservation expenses, depletion, employee benefit programs, insurance, interest, legal and professional services, office expenses, pension and profit-sharing, rent or leases, repairs and maintenance, storage and warehousing, supplies, taxes and licenses, utilities and wages. It is estimated that this modification would increase expenditures by \$500,000 in 1999-00 and \$1,000,000 in 2000-01.

*c. Asset Limitation.* Eliminate the provision that limits child care eligibility to families whose assets do not exceed \$2,500. The cost of this modification is estimated at \$500,000 in 1999-00 and \$1,000,000 in 2000-01.

*d. Child Support.* Remove child support from the definition of gross income for determining eligibility for child care subsidies. This modification is estimated to have a minimal fiscal impact.

*e. Disabled Children.* Allow parents to receive a child care subsidy for children over age 13 if the child is disabled and under the age of 19. Currently, state law only provides subsidies for children under the age of 13. Federal regulations allow, at the state's option, children over the age of 12 and under 19 to be eligible for child care assistance if the child is physically or



mentally incapable of caring for himself or herself. This provision is estimated to cost \$1,000,000 in 1999-00 and \$2,000,000 in 2000-01.

*f. Copayment Cap.* Modify the copayment schedule so that the required copayment will not exceed 12% of the family's gross income. Currently, the schedule is structured so that the required copayment will not exceed 16% of the family's gross income. The modification is estimated to increase child care expenditures by \$2,500,000 in 1999-00 and \$5,000,000 in 2000-01.

*g. Copayment for First Month of Unsubsidized Employment.* Assess the same copayment amount during the first month an individual holds an unsubsidized job as was paid while in a W-2 subsidized employment position. This change would cost an estimated \$250,000 in 1999-00 and \$500,000 in 2000-01.

*h. Copayment for Part-Time Child Care.* Assess a lower copayment for families that need child care for less than 20 hours per week. This provision is estimated to cost \$3,250,000 in 1999-00 and \$6,500,000 in 2000-01.

*i. Contingency Reserve.* Allocate \$9,050,900 in 1999-00 as a contingency reserve for child care expenditures. Any unused balance, which would be made up of TANF funds, would carry forward and be available for expenditure on any W-2 program in 2000-01 and thereafter.

**Joint Finance:** Include provisions related to expanding child care eligibility and making modifications to the copay schedule, except specify that these modifications would take effect on March 1, 2000, rather than January 1, 2000. Increase funding for child care subsidies by \$4,279,100 in 1999-00 and \$18,475,000 in 2000-01 to reflect the following: (a) reestimate the current law program (\$17,800,000 in 1999-00 and \$18,675,000 in 2000-01); (b) reestimate the Governor's recommended modifications (-\$4,470,000 in 1999-00 and -\$200,000 in 2000-01); and (c) eliminate the contingency reserve for direct child care (-\$9,050,900 in 1999-00).

Limit the copay requirement for 18- and 19-year-old parents who are attending high school or pursuing a GED to the minimum copayment amount for each type of child care and for the appropriate number of children in subsidized care, effective March 1, 2000. Increase funding by \$100,000 in 1999-00 and \$400,000 in 2000-01 for this provision.

**Senate:** Increase TANF funding for W-2 child care subsidies by \$1,600,000 in 1999-00 and \$6,400,000 in 2000-01 and specify that the modifications described below would take effect on March 1, 2000.

*Increase Income Limit.* Increase the maximum gross income a family may have before becoming ineligible for child care from 200% of the federal poverty level (FPL) to 225%. The bill, as recommended by the Governor and adopted by the Joint Committee on Finance, would increase the initial eligibility limit from 165% of the FPL to 185%. Under the Senate provision, families would initially become eligible for child care when income is at or below 185% of the FPL and would retain eligibility until income exceeds 225%.

*Reduce Copayment Cap.* Clarify that a person receiving a child care subsidy is liable for a percentage of the cost of child care received, payable in accordance with a sliding scale formula developed by DWD. In addition, specify that, in developing the sliding scale formula, the Department may not require any individual to pay more than 10% of the family's income for the cost of child care received. Retain a provision adopted by the Finance Committee that would limit the copay requirement for teen parents who are attending high school or pursuing a GED to the minimum copayment amount for each type of child care and for the appropriate number of children.

**Conference Committee/Legislature:** Include Joint Finance provision.

**Veto by Governor [C-42]:** Eliminate incorrect references to "January 1" under the effective date provision for the eligibility requirement modifications. In his veto message, the Governor directs DWD to make these changes by March 1, 2000, which reflects the intent of the Legislature.

[Act 9 Sections: 1227, 1241, 1248, 1249, 1253 thru 1258, 1270p, 1278g, 9357(4) and 9457(3)&(4)]

[Act 9 Vetoed Sections: 9457(3)&(4)]

**17. FUNDING FOR NON-DIRECT CHILD CARE SERVICES AND PROVIDING LOW-INTEREST START-UP AND EXPANSION LOANS [LFB Paper 1089]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
FED	\$23,807,900	-\$12,632,800	\$11,175,100

**Governor:** Increase funding for non-direct child care expenditures by \$12,976,300 in 1999-00 and \$10,831,600 in 2000-01. Total funding of \$18,978,700 in 1999-00 and \$16,834,000 in 2000-01 would be allocated under the bill for the non-direct child care programs. The first column in the following table represents base level funding for each program. The second and third columns show the total funding under the Governor's recommendation and the last two columns show the proposed change in funding.

	Base	Total		Change	
		1999-00	2000-01	1999-00	2000-01
Office of Child Care	\$350,700	\$794,600	\$794,600	\$443,900	\$443,900
DHFS Licensing Staff	1,687,400	3,596,900	3,745,200	1,909,500	2,057,800
Resource & Referral Agencies	1,360,000	2,000,000	2,000,000	640,000	640,000
Start-Up & Expansion	366,400	366,400	366,400	0	0
Quality Improvement Grants	1,707,900	1,707,900	1,707,900	0	0
Training & Technical Assistance	530,000	530,000	530,000	0	0
Safe Child Care	0	580,000	580,000	580,000	580,000
Local Resource & Referral Grants	0	3,400,000	3,400,000	3,400,000	3,400,000
Low-Income Subsidy	0	1,000,000	1,000,000	1,000,000	1,000,000
Revolving Loans	0	3,200,000	0	3,200,000	0
Child Care Careers Education	0	1,000,000	2,500,000	1,000,000	2,500,000
Milwaukee County Foster Parent Day Care Administration	0	182,200	182,200	182,200	182,200
Background Checks	0	20,700	27,700	20,700	27,700
Automated Provider File	0	600,000	0	600,000	0
<b>Total</b>	<b>\$6,002,400</b>	<b>\$18,978,700</b>	<b>\$16,834,000</b>	<b>\$12,976,300</b>	<b>\$10,831,600</b>

Of the six existing non-direct child care programs, three would receive increased funding under the bill (\$2,993,400 in 1999-00 and \$3,141,700 in 2000-01) and three would maintain the same level of funding. Eight new programs would be created at a cost of \$9,982,900 in 1999-00 and \$7,689,900 in 2000-01.

The bill would delete a current law provision that specifies that DWD may not use funds allocated for non-direct child care for any other program under W-2. Under the bill, funds allocated for non-direct child care would be covered under a general current law provision that allows DWD, with the approval of the Secretary of DOA, to reallocate up to 10% of a specific program's allocation to other programs under W-2. An allocation of more than 10% may be made if approved by the Secretary of DOA and by the Joint Committee on Finance through a 14-day passive review process.

The bill would also expand the current child care start-up and expansion grant program to allow for low-interest loans. DWD would be directed to establish guidelines for loan eligibility. In addition, the bill would direct DWD to attempt to award grants and loans to organizations that provide child care for sick children and child care providers that employ W-2 participants or former participants. These statutory goals would be in addition to the current law preferences for Head Start agencies, employer-provided care, family day care centers, group day care centers and day care programs for the children of student parents. According to the administration, DWD would contract with the Wisconsin Housing and Economic Development Authority to administer a revolving-loan program under this provision, which would be funded at \$3,200,000 in 1999-00.

**Joint Finance/Legislature:** Decrease funding for indirect child care by \$7,166,400 in 1999-00 and \$5,466,400 in 2000-01 to provide total funding of \$11,812,300 in 1999-00 and \$11,367,600 in 2000-01. The first two columns show the amount allocated based on the Legislature's action and the last two columns show the change to the Governor's recommendation.

	<u>Legislature</u>		<u>Change to Governor</u>	
	<u>1999-00</u>	<u>2000-01</u>	<u>1999-00</u>	<u>2000-01</u>
Office of Child Care	\$794,600	\$794,600	\$0	\$0
DHFS Licensing Staff	3,596,900	3,745,200	0	0
Resource & Referral Agencies	1,700,000	1,700,000	-300,000	-300,000
Start-Up & Expansion Grants	400,000	400,000	33,600	33,600
Quality Improvement Grants	1,407,900	1,407,900	-300,000	-300,000
Training & Technical Assistance	530,000	530,000	0	0
Safe Child Care	580,000	580,000	0	0
Local Resource & Referral Grants	0	0	-3,400,000	-3,400,000
Sick Child Care Grants	1,000,000	1,000,000	1,000,000	1,000,000
Low-Income Subsidy	1,000,000	1,000,000	0	0
Revolving Loans	0	0	-3,200,000	0
Child Care Careers Education	0	0	-1,000,000	-2,500,000
Milwaukee County Foster Parent				
Day Care Administration	182,200	182,200	0	0
Background Checks	20,700	27,700	0	0
Automated Provider File	600,000	0	0	0
<b>Total</b>	<b>\$11,812,300</b>	<b>\$11,367,600</b>	<b>-\$7,166,400</b>	<b>-\$5,466,400</b>

Funding for three existing non-direct programs (start-up and expansion grants, quality improvement grants and resource and referral agencies) would be modified by the Legislature. Of the new programs recommended by the Governor, the revolving loan program for start-up and expansion and the child care careers education program would be eliminated. The local resource and referral grant program would also be eliminated and, instead, \$1,000,000 would be provided annually for grants to address problems associated with child care for sick children.

[Act 9 Sections: 1211d, 1245d thru 1247 and 1278g]

**18. MODIFY ALLOWABLE EDUCATIONAL ACTIVITIES FOR CHILD CARE SUBSIDIES**  
[LFB Paper 1088]

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance (Chg. to Gov)</b>	<b>Legislature (Chg. to JFC)</b>	<b>Net Change</b>
FED	\$0	\$900,000	\$280,000	\$1,180,000

**Governor:** Modify the provisions related to the educational activities that are allowed for purposes of obtaining a child care subsidy by clarifying the educational activities allowed and

reducing or eliminating the length of time a person must have held an unsubsidized job in order for education to be allowed. An individual may receive a child care subsidy under current law if the care is needed for the individual to do certain activities specified in statute, including certain educational and training activities.

Under the bill, an individual would be eligible for child care if participating in basic education, including English as a second language, literacy tutoring or a course of study to obtain a GED, if the W-2 agency determines it would facilitate efforts to obtain or maintain employment. These activities would be allowed under the child care program for W-2 participants and individuals who are currently employed in unsubsidized employment (regardless of the duration of employment). Currently, an individual pursuing a GED who is not a W-2 participant must have been employed in unsubsidized employment for nine consecutive months and continue to be so employed in order to be eligible for child care benefits. In addition, literacy tutoring and basic education are not specified as allowable educational activities under current law.

Under the bill, an individual participating in a course of study at a technical college or in educational courses that provide an employment skill, as determined by DWD, would be eligible for a child care subsidy, if the W-2 agency determines it would facilitate efforts to obtain or maintain employment. These educational activities are allowed under current law. However, the bill would reduce the length of time the individual must have been employed in unsubsidized employment in order to be eligible for child care for these purposes from nine months to three months.

**Joint Finance:** Include provision and increase funding by \$400,000 in 1999-00 and \$500,000 in 2000-01 to reflect the estimated cost of this item.

**Senate/Legislature:** Eliminate the requirement that a person may only receive child care for participation in allowable educational activities if the individual has been employed in unsubsidized employment for three consecutive months and continues to be so employed (if participating in a course of study at a technical college or in educational courses that provide an employment skill) or if the individual is a participant in a W-2 employment position. Provide \$130,000 in 1999-00 and \$150,000 in 2000-01 to cover the cost of this provision.

**Veto by Governor [C-40]:** Specify that participation in educational activities is only allowed if the W-2 agency determines that it would facilitate the individual's efforts to maintain employment. Educational activities will not be allowed for efforts to obtain employment. In his veto message, the Governor indicates that, as a result of this partial veto, a child care subsidy for participation in educational activities will only be allowed if the individual is employed in an unsubsidized job or a subsidized W-2 employment position.

[Act 9 Sections: 1250b thru 1252]

[Act 9 Vetoed Sections: 1250b and 1252]

## 19. CHILD CARE ADMINISTRATION BY W-2 AGENCIES [LFB Paper 1090]

**Governor:** Allow DWD to require a W-2 agency, tribal governing body or county department of social or human services to administer the child care assistance program in that county, with the exception of counties with a population of 500,000 or more (Milwaukee County), in which case DWD would be directed to require the W-2 agency to administer the program. This provision would first apply to W-2 agencies that enter into or renew contracts on the effective date of the bill. The entity required by DWD to administer the child care program would be referred to as the "administering agency."

Under current law, the W-2 agency determines eligibility for child care assistance. Once an individual has been determined as eligible for a child care subsidy, the W-2 agency is required to refer the individual to a county department of social or human services. The county departments assist eligible individuals by: (a) determining an individual's copayment; (b) providing a voucher or otherwise reimbursing child care providers; and (c) assisting parents to identify and select appropriate child care. In addition, the county departments administer the child care assistance program by: (a) setting maximum reimbursement rates for providers; (b) certifying providers not licensed by the state and supplying information to such providers; and (c) refusing to pay providers who have been convicted of crimes that relate to the care of children. In addition, the county departments have certain responsibilities related to criminal history and child abuse record background checks of providers and their employes.

Under the bill, the administering agency would conduct the child care activities now done by the county departments, with one exception. The bill would allow DWD to select either the administering agency or local child care resource and referral (CCR) agency to set the maximum child care reimbursement rates for licensed providers. The rates for certified providers would be set by the administering agency under the bill. Finally, under current law, a person who has failed to demonstrate that they have been rehabilitated for purposes of obtaining a child care license or certification that was denied for committing certain serious crimes or child abuse may appeal the decision to the head of the agency that denied the license or certification (DHFS, DPI or a county department). The bill would extend this provision to allow such individuals to appeal a license or certification that was denied by a W-2 agency to the Secretary of DWD.

Currently, the county department and the W-2 agency are the same entity in 63 counties, which allows parents to work with only one agency to receive benefits. However, in the nine counties, including Milwaukee, where the county department and the W-2 agency are separate entities, parents are required to go to one agency for eligibility to be determined and then, if approved, to another for the copayment amount to be determined and for other child care assistance. Under the bill, parents in Milwaukee County would only have to work with a single agency for all child care services. DWD would be permitted, but not required, to appoint the W-2 agency as the administering agency for child care in the eight other counties.

**Joint Finance/Legislature:** Delete provision.

**20. CHILD CARE FUNDING: ADMINISTRATIVE COSTS**

**Governor/Legislature:** Specify that of the funding distributed for child care services, not more than the greatest of the following may be used for administration: (a) 5% of the funds distributed in the current year; (b) 5% of the funds distributed in the prior year; or (c) \$20,000. Current law specifies that not more than 5% of the funds distributed in the current year, or \$20,000, whichever is greater, may be used for child care administrative costs. The administration indicates that allowing administrative funding to be based on the prior year's distributions would simplify the county planning and budgeting process since basing the amount on the current year's distributions is difficult when the amount to be distributed in the current year is unknown.

[Act 9 Sections: 1265 thru 1268]

**21. EXTEND CHILD CARE CAREERS COORDINATOR [LFB Paper 1091]**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	\$0	0.00	-\$68,400	-1.00	-\$68,400	-1.00

**Governor:** Extend a child care careers coordinator project position for two years to support the increased number of parents requiring child care services. This position, which is scheduled to terminate on December 31, 1999, coordinates statewide efforts with W-2 agencies, job centers and child care agencies to recruit, train and retain additional child care providers. Funding for this position (\$22,800 in 1999-00 and \$45,600 in 2000-01) is reflected in full funding of continuing salaries and fringe benefits.

**Joint Finance/Legislature:** Delete the Governor's recommendation and allow the position to terminate on December 31, 1999. Reduce federal funding by \$22,800 in 1999-00 and \$45,600 in 2000-01 to reflect the elimination of the position. Authorize the Department to reallocate a vacant position in the Division of Economic Support for the child care careers coordinator.

**22. KINSHIP CARE PROGRAM [LFB Paper 1096]**

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
FED	\$4,909,100	-\$2,341,500	\$95,000	\$2,662,600

**Governor:** Increase TANF funding transferred to DHFS for the kinship care program by \$2,306,400 in 1999-00 and \$2,602,700 in 2000-01.

**Joint Finance:** Decrease TANF funding transferred to DHFS for the kinship care program by \$1,832,800 in 1999-00 and \$508,700 in 2000-01.

**Senate/Legislature:** Increase TANF funding transferred to DHFS for kinship care administration by \$40,700 in 1999-00 and \$54,300 in 2000-01.

**Veto by Governor [C-2]:** Delete \$500,000 PR in 1999-00 in DHFS that was provided to prevent waiting lists in the event that funding for the program was not sufficient to meet demand for these services. The Governor's partial veto does not modify the statutory allocation or the appropriation in DWD. In the veto message the Governor directs DOA not to allot these funds, and DWD not to transfer these funds to DHFS. The Governor's partial veto also modifies other provisions related to the kinship care program.

For detailed information regarding total funding and other modifications for the Kinship Care program, see "Health and Family Services -- Children and Family Services." [The fiscal effect of the Governor's veto is also shown in that section.]

[Act 9 Section: 1278g]

### 23. CARETAKER SUPPLEMENT [LFB Papers 1081 and 1098]

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
FED	-\$6,704,700	\$11,435,100	\$4,730,400

**Governor:** Decrease federal TANF funding by \$4,299,200 in 1999-00 and \$2,405,500 in 2000-01 for benefits and administrative costs of the caretaker supplement for children of recipients of supplemental security income (SSI). This reduction reflects the availability of additional GPR funds budgeted for the state SSI supplement in DHFS.

**Joint Finance:** Increase TANF funding transferred to DHFS for the caretaker supplement by \$4,572,000 in 1999-00 and \$6,863,100 in 2000-01. This modification provides funding to increase the monthly SSI caretaker supplement payment for the first child in the home from \$150 to \$250. In addition, a small increase in funding was provided to make the amount transferred from DWD to DHFS consistent with the DHFS appropriation that receives these funds.

**Senate:** Specify that GPR funds in the SSI benefits appropriation could not be used to fund the caretaker supplement. As a result, the benefit would be entirely funded with TANF dollars. In addition, modify eligibility and other provisions related to the SSI caretaker supplement.



**Conference Committee/Legislature:** Include the Joint Finance provisions regarding the use of TANF funds for the SSI caretaker supplement. Include Senate provisions regarding other modifications to the SSI caretaker supplement.

For detailed information regarding total funding and other modifications for the caretaker supplement, see "Health and Family Services--Supportive Living."

[Act 9 Section: 1278g]

**24. JOB ACCESS LOANS [LFB Paper 1081]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$833,600	\$0	- \$833,600
FED	0	133,400	133,400
PR	- 2,639,600	- 133,400	- 2,773,000
Total	- \$3,473,200	\$0	- \$3,473,200

**Governor:** Reduce funding by \$1,736,600 (\$416,800 GPR and \$1,319,800 PR) annually for job access loans. Under current law, W-2 agencies are allowed to provide these loans to W-2 participants for job-related expenses. This modification reflects a revised estimate of the costs of providing the loans based on actual usage during the first year of the W-2 program. The program revenue represents estimated cash repayments by recipients of job access loans. Under this provision, \$450,000 GPR, and \$150,000 PR from estimated cash repayments would be provided for job access loans annually.

**Joint Finance:** Reduce funding by an additional \$66,700 PR annually related to job access loan repayments and replace these funds with federal TANF revenues. Under the Governor's bill, the amount of program revenue available from job access loans was overstated.

**Senate/Legislature:** Include the Joint Finance provision and specify that job access loans may be used for the purchase of a vehicle that is needed to obtain or continue employment. Current law does not specify that the loans may be used to purchase vehicles.

[Act 9 Sections: 1234qc and 1278g]

**25. FOOD STAMPS FOR QUALIFIED ALIENS**

FED	- \$8,360,000
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**Governor/Legislature:** Reduce funding by \$4,180,000 annually for food stamps for qualified aliens. 1997 Wisconsin Act 286 created a state food stamp benefit program for qualified immigrants who had become ineligible for federal benefits under the 1996 federal welfare reform legislation (P.L. 104-193). After passage of Act 286, a new federal law was enacted which restored federal food stamp benefits to certain qualified aliens. The Governor's recommendation reflects the restoration of federal benefits to most qualified aliens

in Wisconsin. A small number of qualified aliens will continue to be ineligible for federal food stamp benefits and would continue to receive state benefits. Annual funding of \$420,000 would be provided for these benefits.

In addition, the bill would eliminate the provision that currently prohibits the Department from using funds allocated for these food stamp benefits for any other allocation shown in the table in Item #1.

[Act 9 Section: 1278g]

**26. EMPLOYMENT SKILLS ADVANCEMENT GRANTS**

GPR	- \$600,000
FED	- 1,200,000
Total	- \$1,800,000

**Governor/Legislature:** Reduce funding by \$900,000 annually (\$300,000 GPR and \$600,000 FED) for employment skills advancement grants. Modify two of the eligibility requirements for the employment skills advancement grant program. First, specify that in order to obtain an employment skills advancement grant, an individual must have been employed in an unsubsidized job for six, rather than nine, consecutive months before applying for a grant. Second, specify that an individual must contribute or obtain from other sources an amount at least equal to the amount of the grant. Under current law, the individual must contribute an amount at least equal to the amount of the grant *and* obtain funding from another source at least equal to the amount of the grant. Total funding for the program would be \$100,000 per year.

[Act 9 Sections: 1278g, 1331 and 1332]

**27. CHILD SUPPORT PAYMENTS [LFB Paper 1081]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$19,301,200	\$6,496,100	-\$12,805,100

**Governor:** Decrease funding by \$10,504,100 in 1999-00 and \$8,797,100 in 2000-01 for the cost of providing child support to W-2 participants and to pay the federal government its share of child support collections that are assigned to the state by participants in W-2 employment positions. Total funding for these payments would be \$24,564,700 in 1999-00 and \$26,271,700 in 2000-01 under the bill. The lower funding amounts reflect recent caseload reductions.

**Joint Finance/Legislature:** Increase funding for child support payments to W-2 participants and the federal government by \$2,512,600 in 1999-00 and \$3,983,500 in 2000-01 to reflect more recent data. Total funding would equal \$27,077,300 in 1999-00 and \$30,255,200 in 2000-01 based on the reestimate.

28. CHILDREN FIRST PROGRAM [LFB Paper 1100]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$0	-\$352,800	-\$352,800

**Governor:** Increase the amount of the reimbursement provided to agencies that administer the Children First program from \$200 per participant to \$400 per participant. In addition, clarify that the Department may contract with a W-2 agency to administer the program. As under current law, the county or W-2 agency administering the program would be required to pay any additional costs of the program. The administration estimates that the cost of this provision could be absorbed within the current funding level of \$1,316,400 per year. According to DWD, expenditures for the program were \$333,400 in 1997-98.

**Joint Finance/Legislature:** Include provision to increase the reimbursement to \$400 per participant. Decrease funding for the program by \$176,400 each year to reflect recent participation levels. Total funding of \$1,140,000 would be provided annually.

[Act 9 Sections: 1357 and 1359]

29. HOSPITAL-BASED PATERNITY INCENTIVES

FED	-\$104,200
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**Governor/Legislature:** Reduce funding by \$52,100 annually for payments to hospital administrators or attending physicians for correctly filing hospital-based acknowledgements of paternity within 60 days after a child's birth. This reduction reflects a revised estimate of funding based on projections of actual expenditures for 1998-99.

[Act 9 Section: 1278g]

30. FUNDING TRANSFER TO COMMUNITY AIDS [LFB Paper 1081]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$13,707,700	-\$6,100	-\$13,713,800

**Governor:** Reduce funding by \$13,707,700 in 2000-01 for transfer to DHFS for the social services block grant (SSBG). This modification reflects a change in federal law that reduces the amount of federal funding from the TANF program that may be transferred to the SSBG beginning October 1, 2000. Under prior federal law, the state was permitted to transfer up to 10% of the annual TANF block grant to the SSBG. Under the new law, the state may only transfer 4.25%. [It should be noted that there is a slight discrepancy between the amount that would be transferred from DWD and the amount shown in the PR-S appropriation in DHFS which receives these funds.]

**Joint Finance/Legislature:** Decrease TANF funding transferred to DHFS for the SSBG by \$6,100 in 2000-01. This modification would provide consistency between the amount transferred from DWD and the amount indicated in the DHFS appropriation that receives these funds.

[Act 9 Section: 1278g]

**31. STATE ADMINISTRATION**

FED	-\$6,089,600
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**Governor/Legislature:** Reduce funding by \$3,044,800 in each year to reflect a revised estimate of state administration costs for the W-2 program. The overall funding amount for state administration is based on a projection of actual expenditures for 1998-99 under the current formula which allocates costs among the various public assistance programs administered by the Department. Although not reflected in the budget, overall expenditures for state administration for public assistance programs in DWD would not decrease, with federal costs for other programs administered by the Department, such as food stamps and medical assistance, accounting for a larger portion of the overall state administrative expenditures.

[Act 9 Section: 1278g]

**32. FAITHWORKS [LFB Paper 1105]**

FED	\$25,000
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**Governor/Legislature:** Provide \$25,000 in 1999-00 for Faithworks, a faith-based demonstration project in Milwaukee that would provide drug rehabilitation, job training and private sector employment for low-income males who are non-custodial parents.

[Act 9 Section: 1278g]

**33. SCHOOL-TO-WORK AND OTHER YOUTH PROGRAMS [LFB Paper 1057]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$8,506,300	-\$12,100	\$8,494,200

**Governor:** Increase funding by \$2,701,800 in 1999-00 and \$5,804,500 in 2000-01 for various youth programs. These monies, along with base funding of \$280,000 annually, would be transferred to the Governor's Work-Based Learning Board within the Department of Workforce Development. The TANF funds would be used for school-to-work, self-paced youth apprenticeships and a youth employment program in southeastern Wisconsin.

**Joint Finance/Legislature:** Reduce funding by \$12,100 in 1999-00 to reflect a delayed starting date for one position related to the Governor's Work-Based Learning Board.

More details regarding the Work-Based Learning Board are provided under "Workforce Development -- Employment, Training, and Vocational Rehabilitation Programs."

[Act 9 Section: 1278g]

#### 34. TRANSPORTATION

FED	- \$1,800,000
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**Governor/Legislature** Decrease funding by \$1,800,000 in 1999-00 to reflect transportation funding provided to W-2 agencies that would be returned to the state. In addition to ancillary funding under the W-2 agency contracts, other funding for transportation services and infrastructure was allocated to W-2 agencies in the 1997-99 biennium. These funds were allocated based on need as demonstrated in a plan for the use of the funds that was approved by the Department. The Department indicated in its request for the funding, and the Joint Committee on Finance specified in its approval of the funding, that agencies that would likely have funding remaining at the end of the W-2 agency contract period as profit would not be eligible to receive additional transportation dollars. The Department developed a formula by which agencies would have to return a portion of any profit if the agency had received additional transportation dollars. The \$1,800,000 amount reflects the administration's estimate of the amount that would be returned to the state. In addition, \$2,000,000 annually would continue to be provided for transportation services.

[Act 9 Section: 1278g]

#### 35. COUNTY FRAUD AND FRONT-END-VERIFICATION

FED	\$146,800
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**Governor/Legislature:** Increase funding by \$73,400 annually for county administration of fraud and front-end-verification to reduce payment errors associated with the W-2 program. These amounts are based on projected actual expenditures for 1998-99.

[Act 9 Section: 1278g]

#### 36. PASSPORTS FOR YOUTH

FED	- \$700,000
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**Governor:** Reduce funding by \$200,000 in 1999-00 and \$500,000 in 2000-01 for the passports for youth program. Funding of \$500,000 annually was provided for the passports for youth program under 1997 Wisconsin Act 27. With this modification, \$300,000 that was carried forward from 1998-99 would be available in 1999-00, and all other funding would be eliminated. The administration has indicated that the passports for youth program could apply for funding under the proposed community youth grants program.

**Joint Finance/Legislature:** Provide \$150,000 annually for the passports for youth program from TANF funding provided under the community youth grants program. Specify that passports for youth would not have to participate in a competitive process to receive these funds. The fiscal effect of this provision is shown in Item #44.

[Act 9 Sections: 1278g and 9157(1)]

**37. WISCONSIN ECONOMIC DEVELOPMENT INITIATIVE**

FED	\$200,000
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**Governor/Legislature:** Provide \$100,000 annually in TANF funding for the Wisconsin Economic Development Initiative (WEDI) administered by the Department of Commerce. In 1998-99, the Joint Committee on Finance approved the use of TANF funding for 1.5 FTE project positions in Commerce for the WEDI program. These positions include 1.0 FTE community service specialist and a 0.5 FTE program assistant to assist businesses in hiring and retaining W-2 participants and other low-income workers. The positions were approved from January 1, 1999, through December 31, 1999, with a possible three-year extension. The funding amount under the Governor's recommendation reflects the annual cost of these positions.

[Act 9 Section: 1278g]

**38. MILWAUKEE COUNTY LIAISON**

FED	-\$108,000
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**Governor/Legislature:** Reduce funding by \$54,000 annually from federal TANF block grant funds for the liaison position in Milwaukee County, which is intended to provide coordination between the W-2 program and Milwaukee Child Welfare Services. The federal government has determined that the position could be funded only partially with TANF dollars. Therefore, funding for the position would be split evenly between DWD and DHFS.

[Act 9 Section: 1278g]

**39. LEARNFARE CASE MANAGEMENT SERVICES**

FED	-\$5,238,200
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**Governor/Legislature:** Eliminate funding of \$2,619,100 annually for Learnfare case management services. The administration indicates that W-2 agencies would be required to provide these services under their contracts for administering the W-2 program.

[Act 9 Section: 1278g]

**40. CREDIT ASSISTANCE**

	<b>Governor (Chg. to Base)</b>	<b>Legislature (Chg. to Gov)</b>	<b>Net Change</b>
FED	-\$6,000,000	\$6,000,000	\$0

**Governor:** Delete \$3,000,000 annually for payments to W-2 agencies in the City of Milwaukee for the provision of credit establishment and credit repair assistance to W-2 participants. Eliminate the requirement that W-2 agencies provide, or contract with another to provide, such assistance to participants. Instead, require that W-2 agencies provide or contract with another to provide budgeting and financial planning services, including credit establishment training to W-2 participants. Delete the requirement that prior to providing this assistance, the W-2 agency would have to submit a proposed plan to the Department for submittal to the Joint Committee on Finance, which would have 14 days to review the plan under the passive approval process. Further, eliminate the requirement that the Department submit to the Joint Finance Committee every January 31, a report that specifies the total amount expended in the previous year for credit establishment and credit repair assistance. Specify that the new provision would initially apply to contracts entered into or renewed on the effective date of the bill.

**Senate/Legislature:** Provide \$3,000,000 annually in TANF funding for payments to W-2 agencies in first class cities for the provision of credit establishment and credit repair assistance to W-2 participants. Specify that the funds for credit assistance could not be transferred to any of the other W-2 allocations.

Modify the provisions recommended by the Governor that would have required W-2 agencies to provide or contract with another to provide budgeting and financial planning services, including credit establishment training, to W-2 participants. Instead, specify that W-2 agencies would have to provide or contract with another to provide credit establishment and credit repair assistance to participants. Under this provision, W-2 agencies would not have to submit a proposed plan to the Department and the Department would not have to submit plans to the Joint Committee on Finance for approval prior to distributing funding for credit establishment and credit repair assistance.

**Veto by Governor [C-43].** Delete the statutory allocation of funding of \$3,000,000 in each year for credit assistance. In the veto message, the Governor directs DOA to place these funds in unallotted reserve. The Governor's partial veto retains the requirement that W-2 agencies provide, or contract with another to provide, credit establishment and credit repair assistance to participants. In addition, the partial veto reinstates a provision that requires W-2 agencies to submit a proposed plan for providing credit assistance to the Department prior to providing or contracting to provide such assistance.

[Act 9 Sections: 1221, 1278g and 9357(5)]

[Act 9 Vetoed Sections: 1221 and 1278g]

41. THE NEW HOPE PROJECT

FED	-\$1,380,000
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**Governor/Legislature:** Eliminate funding of \$690,000 annually for the new hope project to reflect the statutory sunset of the program on June 30, 1999. In addition, eliminate the statutory provisions relating to the project.

[Act 9 Sections: 1278g and 1360]

42. WORKFORCE ATTACHMENT FUND [LFB Paper 1102]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$30,000,000	-\$30,000,000	\$0

**Governor:** Provide \$10,000,000 in 1999-00 and \$20,000,000 in 2000-01 for a workforce attachment fund. Of these funding amounts, 50% would be provided to W-2 agencies, and the remaining 50% would be provided to private industry councils or workforce development boards. Funding would be used for post-employment services that promote job retention and advancement and improve the basic skills and literacy of former W-2 participants and other TANF-eligible families.

**Joint Finance:** Reduce funding by \$300,000 in 1999-00 and \$10,000,000 in 2000-01. Under this provision, \$9,700,000 in 1999-00 and \$10,000,000 in 2000-01 would be provided for the workforce attachment fund. Specify that funding would have to be used for job readiness and placement services to unemployed persons; basic skills development; post employment services to assist with job retention; incumbent worker training to promote job advancement and increased earnings; and services to employers to retain workers and provide career progression paths. In addition, require DWD to allocate an equal amount of funding to each W-2 agency, with additional funding provided based on the agency's case management, FSET, diversion, noncustodial parent, and child care cases; and to workforce development area boards based on a formula that considers the population under 200% of the federal poverty level in the area, labor force participation and local unemployment rates. Also, require DWD to include in all contracts for workforce attachment funds performance measures based on employment placement for unemployed persons, job retention, increased earnings and increased child support collections for noncustodial parents. Finally, place all funds for the workforce attachment program into the Committee's appropriation for release under s. 13.10 upon approval of specifics regarding the program's design and planned implementation. These funds are shown under "Program Supplements."

**Assembly:** Delete the \$300,000 in 1999-00 in TANF funding provided by Joint Finance for the Campaign for a Sustainable Milwaukee (see Item #77) and increase funding in the Joint Finance Committee's appropriation for the workforce attachment fund by \$300,000 in 1999-00.



Under this provision, total funding for the workforce attachment fund would be \$10,000,000 annually.

**Senate/Legislature:** Include the Joint Finance provision and specify that funding provided to both W-2 agencies and workforce development boards under the workforce attachment fund could be used to serve any person who is eligible for services under the federal TANF program.

[Act 9 Sections: 1277v and 1278g]

**43. EARLY CHILDHOOD EXCELLENCE INITIATIVE [LFB Paper 1101]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
FED	\$20,000,000	-\$5,000,000	\$15,000,000

**Governor:** Provide \$10,000,000 annually for an early childhood excellence initiative. Require the Department to establish a grant program to develop at least five early childhood centers for TANF-eligible children under age five. Require centers that are awarded a grant to provide outreach and training for parents of the children served by the center and training for child care providers. Further, require the Department to establish a grant program under which a child care provider that receives training at an early child center may apply for a grant to establish an early childhood program that serves TANF-eligible children under the age of five.

Specify that all grant recipients would have to emphasize stimulation of the child's language skills and senses of vision and touch. Require all grant recipients to contribute matching funds from local or private sources equal to 25% of the grant amount awarded.

**Joint Finance/Legislature:** Decrease funding by \$2,500,000 annually to provide \$7,500,000 each year for the early childhood excellence initiative.

[Act 9 Sections: 1213 and 1278g]

**44. COMMUNITY YOUTH GRANTS [LFB Paper 1103]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
FED	\$20,000,000	-\$5,000,000	\$15,000,000

**Governor:** Provide \$5,000,000 in 1999-00 and \$15,000,000 in 2000-01 for community youth grants, a competitive grant program administered by the Department for programs that improve social, academic and employment skills of youth from TANF-eligible families. Specify

that the Safe and Sound Initiative in the City of Milwaukee and the Wisconsin Good Samaritan Project would receive grant moneys without participating in a competitive process.

Although not specified in the statutes, the administration indicates that funding would be provided as a block grant to W-2 agencies to contract with local community agencies to provide services to youths age five to 18 from TANF-eligible families. Services would include parenting skills training, drug and pregnancy prevention, assessing and identifying learning disabilities, academic remediation and advancement, after-school care programs, cultural awareness programs, career counseling and life management skills training. All governmental, non-profit, community-based organizations, and for-profit agencies would be eligible to apply for funding from the W-2 agencies, and the Department would evaluate all proposals. Preference would be given to programs that would serve children in a neighborhood setting and that address educational and cultural needs of children.

**Joint Finance:** Provide \$7,500,000 in each year for the community youth grants program, an increase of \$2,500,000 in 1999-00 and a decrease of \$7,500,000 in 2000-01, compared to the Governor's recommendations. Of this funding, provide \$3,150,000 in 1999-00 and \$3,650,000 in 2000-01 to the following local organizations: (a) \$1,300,000 annually for Boys & Girls Clubs of America; (b) \$75,000 annually for Silver Spring Neighborhood Association; (c) \$1,000,000 in 1999-00 and \$1,500,000 in 2000-01 for the Safe and Sound Initiative; (d) \$125,000 annually for the Good Samaritan Project, Inc.; (e) \$500,000 annually for the Youth Leadership Academy, Inc. and United Community Center; and (f) \$150,000 annually for the Milwaukee Passports for Youth Program. Specify that these organizations would not have to participate in a competitive process in order to receive these funds.

**Senate/Legislature:** Include the Joint Finance provision. In addition, allocate \$250,000 annually in TANF funds budgeted for the Community Youth Grants to the New Concept Self Development Center. Require DWD to provide these funds to the center and specify that the center would not have to participate in a competitive process in order to receive the funding.

[Act 9 Sections: 1278g and 9157(1)]

**45. BADGERCARE INCOME MAINTENANCE [LFB Paper 1082]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	\$4,500,000	\$4,500,000
FED	<u>9,000,000</u>	<u>-4,500,000</u>	<u>4,500,000</u>
Total	\$9,000,000	\$0	\$9,000,000

**Governor:** Provide \$4,500,000 annually for increased funding to counties in the income maintenance contracts for providing services under the BadgerCare program. For information regarding the BadgerCare program, see "Health and Family Services -- Medical Assistance."

**Joint Finance/Legislature:** Delete \$2,250,000 FED annually and instead provide \$2,250,000 GPR annually for income maintenance contracts for services under the BadgerCare program. The Governor's recommendation assumed these contracts would be funded with state dollars that could be counted toward the maintenance of effort requirement under the TANF program, resulting in an increase in federal TANF expenditures. However, based on more recent information, funding used for these contracts cannot be counted toward the maintenance of effort requirement. Instead, these costs will be funded with medical assistance administration funds, which are eligible for a 50% federal match. The result of this modification is to increase GPR appropriations by \$2,250,000 in each year.

[Act 9 Section: 1278g]

**46. LITERACY INITIATIVE [LFB Paper 1104]**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	\$4,200,000	1.00	-\$1,391,800	-1.00	\$2,808,200	0.00

**Governor:** Provide \$2,100,000 and 1.0 position annually for a statewide literacy program to be coordinated by the literacy advocate in the Governor's Office. The Governor recommends adding 1.0 FTE program and planning analyst in DWD that would work with the literacy advocate in the Governor's Office to administer the program and provide coordination between job centers, private industry councils, libraries and the Department of Public Instruction. Under the Governor's recommendation, W-2 agencies would submit proposals which would be evaluated by DWD and the literacy advocate. Upon approval of the proposals, the agencies would be encouraged to subcontract with local literacy organizations. Families who are eligible for TANF funding would be referred by the W-2 agencies to literacy providers to receive services.

In addition, funding would be transferred to the Governor's office for an existing 0.3 literacy advocate position. Although not specified in the bill, the administration indicates that \$25,000 also would be transferred to the Governor's Office for grants to libraries. Libraries that receive grants would purchase books and other materials for use by child care providers. The amount to be transferred to the Governor's Office is shown in the table in Item #52.

**Joint Finance/Legislature:** Decrease funding for literacy grants by \$650,000 annually. In addition, delete \$45,900 annually and the position recommended by the Governor, and authorize DWD to reallocate a vacant position from within the Division of Economic Support to perform functions related to the literacy initiative. Under these provisions, \$1,404,100 annually would be provided for literacy grants. Specify that funding must be used for projects that focus on family literacy. Also specify that DWD along with staff from WTCS, DPI and the Governor's Office would be required to develop criteria to be used to evaluate proposals and allocate

funding for literacy grants. Require grants to be provided directly to existing literacy providers rather than to W-2 agencies; however, the literacy providers would be required to work with the local W-2 agency to ensure that services are provided to W-2 participants as needed.

**Veto by Governor [C-55].** Delete the provision that would have required that funding be used for family literacy projects. Under the veto, all literacy projects could be eligible for grant funds, including those that focus on adult-only literacy training.

[Act 9 Sections: 1277g and 1278g]

[Act 9 Vetoed Section: 1277g]

**47. AODA INITIATIVE [LFB Paper 1105]**

FED	\$2,000,000
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**Governor:** Provide \$1,000,000 annually for grants made to organizations that provide community-based alcohol and other drug abuse (AODA) treatment to TANF-eligible individuals. Require the Department to award grants to counties, tribal governing bodies and private entities to provide community-based AODA treatment programs that meet the special needs of low-income persons with problems resulting from alcohol or other drug abuse and that emphasize parent education, vocational and housing assistance, and coordination with other community programs and with treatment under intensive care. Specify that the Department would have to award the grants in accordance with its request-for-proposals procedures, ensure that the grants are distributed to both urban and rural communities, and evaluate the programs under the grants by use of client-outcome measures developed by the Department. Require the Department to coordinate this grant program with any similar grant program administered by DHFS.

**Joint Finance/Legislature:** Specify that substance abuse grant programs supported by TANF serve families with income at or below 200% of the federal poverty level.

[Act 9 Sections: 1277 and 1278g]

**48. INDIVIDUAL DEVELOPMENT ACCOUNTS [LFB Paper 1106]**

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
FED	\$1,300,000	-\$1,300,000	\$0

**Governor:** Provide \$650,000 annually for individual development accounts. Authorize the Department to implement a program to permit individuals to establish individual development accounts and to administer the program according to federal law P.L. 105-285. Authorize the Department to contract with community action agencies to administer the program.

Specify that an individual may be eligible to establish individual development accounts if he or she is at least 18 years old and a custodial parent of a minor child. In addition, specify that the individual must meet the eligibility requirements under P.L. 105-285. Under these requirements, the individual must be TANF-eligible or have adjusted gross income less than the earned income amounts that may be used to calculate the federal earned income tax credit. For calendar year 1998, these are estimated at \$26,473 if the individual has one child and \$30,095 if the individual has two or more children. These amounts are adjusted for inflation in each year. In addition, the value of the household's assets less any debt could not exceed \$10,000, excluding the household's residence and motor vehicles up to a total value of \$10,000.

Specify that only the earned income of the individual may be deposited into an individual development account. Earned income includes wages, salaries, or professional fees, and other amounts received as compensation for services. Require that the Department or the community action agency deposit at least 50 cents, but not more than \$4, into the account for every \$1 that the individual deposits into the account.

Specify that monies deposited in an individual development account could be withdrawn only for: (a) emergencies for medical care, payments necessary to prevent eviction or foreclosure on a mortgage, or necessary living expenses following the loss of employment; or (b) qualified expenses including post-secondary educational expenses, first-home purchase, business capitalization or transfers of the account to eligible family members. Exclude the value of an individual development account from being counted as an asset for purposes of determining eligibility for W-2 employment positions and job access loans. Require that the individual participate in financial planning and economic education programs offered by the Department or the community action agency.

Under P.L. 105-285, if the Department submits an acceptable plan for administering individual development accounts to the federal government, the state may receive additional funding of up to \$1,000,000. In addition, the state would have to obtain matching contributions from non-federal public or private sector sources. These funds have not been included in the administration's estimated revenues for W-2.

**Assembly/Legislature:** Delete provision.

**49. NUTRITIONAL SERVICES [LFB Paper 1107]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
FED	\$1,000,000	\$1,000,000	\$2,000,000

**Governor:** Provide \$500,000 annually to support the costs of nutrition education, outreach, training, staff certification and salaries for administrators, nutritionists and translators associated with providing nutritional services for women and infants. This funding would be

provided on a per capita basis to the same local agencies that administer the women, infants, and children (WIC) supplemental food program; however, funding would not be transferred to the WIC program.

**Joint Finance/Legislature:** Increase TANF funding by \$500,000 annually to support nutrition, education and outreach activities for women, infants and children. Direct DWD to transfer this funding and the funding provided under the bill to DHFS to be distributed to local WIC agencies under DHFS WIC contracts. In addition, reduce funding in DHFS for WIC by \$500,000 GPR annually. For more information regarding the WIC program, see "Health and Family Services -- Public Health."

[Act 9 Section: 1278g]

**50. FATHERHOOD INITIATIVE [LFB Paper 1108]**

FED	\$75,000
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**Governor/Legislature:** Provide \$75,000 in 1999-00 to create a local community-based grant program to promote the involvement of fathers in parenting. Although not specified in the bill, the administration indicates that these funds would be used for: grants for community organizations such as schools, churches, police departments and family resource centers; the printing and distribution of parenting educational materials for fathers; and grant administration. Total funding provided for this initiative would be \$150,000 in 1999-00, with \$75,000 provided from income augmentation funds from the Department of Health and Family Services (see "Health and Family Services -- Departmentwide and Management and Technology").

[Act 9 Section: 1278g]

**51. WORKFORCE MENTORS [LFB Paper 1109]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$110,000	-\$110,000	\$0

**Governor:** Provide \$55,000 annually for a program under which retirees would become mentors and share their work experiences with youth whose family income is under 200% of the federal poverty level. Although not specified in the bill, the administration indicates that the funding would be allocated as follows: (a) \$37,500 annually would be provided to the Wisconsin Technical College System for training sessions for mentors; (b) \$12,500 annually would be for stipends for mentors to cover travel and incidental costs; and (c) \$5,000 annually would be provided to the Department for administrative costs such as printing, supplies and postage.

**Joint Finance/Legislature:** Delete provision.

**52. NEW TRANSFERS OF TANF TO OTHER AGENCIES** [LFB Papers 1103, 1104, 1110, 1111, 1112, 1113 and 1114]

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance (Chg. to Gov)</b>	<b>Legislature (Chg. to JFC)</b>	<b>Net Change</b>
FED	\$49,622,200	-\$30,389,100	\$105,000	\$19,338,100

**Governor:** Provide \$24,811,100 annually for new expenditures of TANF funding for programs administered by other agencies. The following table summarizes these expenditures.

<u>Item</u>	<u>1999-00</u>	<u>2000-01</u>
Head Start Supplement	\$9,900,000	\$9,900,000
Aid to Milwaukee Public Schools	7,570,000	7,570,000
Brownfields	5,000,000	5,000,000
Adolescent Services and Pregnancy Prevention Services	1,806,400	1,806,400
The Badger Challenge Program	332,700	332,700
Early Identification of Pregnancy - Outreach and Case Management	100,000	100,000
State Recruiter Position	52,000	52,000
Literacy Advocate/Grants	50,000	50,000
<b>TOTAL</b>	<b>\$24,811,100</b>	<b>\$24,811,100</b>

**Joint Finance:** Reduce funding by \$15,232,000 in 1999-00 and \$15,157,100 in 2000-01 for new expenditures of TANF funding for programs administered by other agencies. The following table summarizes expenditures as approved by the Committee. For more detailed information regarding the changes made for each item, refer to the agency identified below.

<u>Item</u>	<u>1999-00</u>	<u>2000-01</u>
Head Start (see "Public Instruction -- Categorical Aids)	\$3,712,500	\$3,712,500
Aid to Milwaukee Public Schools (see "Public Instruction -- Categorical Aids")	1,410,000	1,410,000
Brownfields (see "Commerce -- Departmentwide and Economic Development")	-0-	-0-
Adolescent Services/Pregnancy Prevention (see "Health and Family Services -- Children and Family Services" and "Adolescent Pregnancy Prevention and Pregnancy Services Board")	1,808,300	1,808,300
The Badger Challenge Program (see "Military Affairs")	33,300	83,200
Early Identification of Pregnancy - Outreach and Case Management (in Health and Family Services)	100,000	100,000
State Recruiter Position (See "Employment Relations")	-0-	-0-
Literacy Advocate/Grants (see "Governor")	50,000	50,000
Immunization Education and Outreach (see "Health and Family Services -- Public Health")	1,000,000	1,000,000
Domestic Violence Services (see "Health and Family Services -- Children and Family Services")	975,000	1,000,000
Runaway Services (see "Health and Family Services -- Children and Family Services ")	150,000	150,000
Child Abuse and Neglect Prevention Board	<u>340,000</u>	<u>340,000</u>
<b>TOTAL</b>	<b>\$9,579,100</b>	<b>\$9,654,000</b>

In addition, provide \$116,000,000 in 1999-00 and \$61,000,000 in 2000-01 for the earned income tax credit. This provision is summarized under Item #67. Finally, increase funding for nutritional services by \$500,000 annually compared to the Governor's provision, and require DWD to transfer the funding to DHFS. Under this provision, which is shown in Item #49, \$1,000,000 annually in federal TANF funds would be transferred to DHFS for nutritional services.

**Assembly:** Increase TANF funding provided to DHFS by \$45,000 in 1999-00 and \$60,000 in 2000-01 to fund 1.0 project position to work as a community marriage policy coordinator. This position would work with local clergy to assist in the development of community-wide standards for marriages solemnized by members of the clergy in that community. For detailed information regarding this provision see "Health and Family Services -- Children and Family Services."

**Conference Committee/Legislature:** Include Assembly provision and reduce the amount provided for the earned income tax credit by \$17,000,000 in 1999-00 and \$7,000,000 in 2000-01, as described under Item #67.



**Veto by Governor [C-46].** Delete the statutory allocation of funding of \$150,000 annually for runaway services. In the veto message, the Governor directs DOA to place these funds in unallotted reserve.

[Act 9 Section: 1278g]

[Act 9 Vetoed Section: 1278g]

**53. UNALLOCATED AND UNAVAILABLE FEDERAL FUNDING [LFB Paper 1081]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$139,551,100	-\$139,551,100	\$0

**Governor:** DWD's appropriations for the federal TANF and child care block grants include excess funding of \$62,921,700 in 1999-00 and \$76,629,400 in 2000-01. When determining the appropriation amounts, the administration inadvertently double-counted certain federal funding that would be transferred from the TANF block grant to the child care block grant. In addition, certain standard budget adjustments and other expenditure items affecting those appropriations were double-counted. As a result, the amount of funding actually available for the W-2 and child care programs is overstated in the Department's appropriations for federal block grants. It should be noted that the revenues and expenditures shown in Item #1, and the ending TANF balance, are not affected by this technical oversight. However, the appropriation schedule should be adjusted to delete these amounts.

**Joint Finance/Legislature:** Reduce funding included in the federal TANF and child care block grant appropriations by \$62,921,700 in 1999-00 and \$76,629,400 in 2000-01.

**54. W-2 AGENCY CONTRACTING PROCESS [LFB Paper 1085]**

**Governor:** Modify statutory provisions regarding the W-2 agency contracting process to require the Department to contract with an existing W-2 agency to administer W-2 if that agency has met the performance standards established by the Department during the immediately preceding contract period, and allow a W-2 agency that has not met the performance standards established by the Department to apply for a contract under the competitive process. Although the Department was required to contract with counties or tribes that met the AFDC caseload performance standards established by the Department for the initial W-2 agency contracts, current law does not require the Department to renew a contract with a W-2 agency that has met performance standards. Rather, current law specifies that when the current contract expires, a county or tribal agency is allowed to apply for a new contract under a competitive process approved by the Secretary of Administration. Although current law does not specify the contract renewal process for non-county or non-tribal agencies, those

agencies would also be allowed to apply for a contract based on the competitive process approved by the Secretary of Administration.

The Governor's recommendation would specify that an existing W-2 agency could elect not to enter into a new contract, but would have to inform the Department by the date established by the Department that the agency would not enter into the contract, except counties and tribal agencies that choose not to compete for a subsequent contract would have to provide a notice to their employees at least six months prior to the expiration of the current contract. Further, the contract period would be for two years, as required under current law.

Finally, the bill would eliminate the requirement that the W-2 agency offer a subcontract to the agency that previously administered the job opportunities and basic skills program.

**Joint Finance/Legislature:** Require DWD to contract with an existing W-2 agency to administer the W-2 program if that agency has met the performance standards established by the Department with input from a statewide advisory group. Require the Department to establish a process for public input into the W-2 program, including the contract process, similar to the process established by DHFS with respect to the managed care program, including forming a statewide advisory group, regional forums and special workgroups to address issues of concern to interested parties. Direct the Department to allow all members of the public to participate in the workgroups. Specify that these provisions would first apply to the performance standards included in the third round of W-2 agency contracts.

**Veto by Governor [C-35].** Delete the provisions that would have required DWD to establish a formal process for public input into the W-2 program, including forming a statewide advisory group, regional forums and special workgroups to address issues of concern to interested parties. Under the Governor's partial veto, DWD will establish performance standards to be used to determine if a W-2 agency would receive a subsequent contract without having to enter a competitive process.

[Act 9 Sections: 1218 thru 1220 and 1224c]

[Act 9 Vetoed Sections: 1224c, 1224p and 9357(7g)]

**55. W-2 RELATED ALLOCATION AND APPROPRIATION MODIFICATIONS [LFB Papers 1110, 1112 and 1116]**

**Governor:** Modify the statutory allocations regarding the maximum amounts that could be expended from state and federal appropriations for specific components of the W-2 and child care programs to correspond to the amounts outlined in Table 1 in Item #1. Certain items related to state administrative costs would be identified as a single category of expenditures. Amounts for the current W-2 agency contracts would be identified as a single category that would include administration, benefits, the long-term and refugee supplement, and administrative services in Milwaukee County, and would be offset by the amount of estimated

profit that would be retained by the state. In addition, transportation amounts in the first year of the biennium would be offset by the estimated transportation recovery. As under current law, the Department would be allowed to transfer up to 10% of the amount specified for any one component to any other component in each fiscal year. If the Department wished to transfer additional funds, it would have to submit a request to the Joint Committee on Finance, which would be subject to a 14-day passive review process similar to section 16.515 requests.

In addition, make the following modifications to certain public assistance appropriations:

*Public Assistance Reform Studies.* Eliminate use of funding under this appropriation for a study of the school attendance requirement under the Learnfare pilot program for children who are 6 to 12 years old. The Learnfare program initially applied to adolescent recipients of AFDC between the ages of 13 and 19. In the Fall, 1997, the program was to be expanded to all preteens age six through 12. The program was to be expanded in four pilot counties under a waiver project that would have required the state to provide case management services prior to sanctioning children age six to 12 who violated the attendance requirement without good cause. This pilot project is no longer in effect.

*Wisconsin Works Fees.* Eliminate the appropriation. No fees are currently assessed under the W-2 program.

*Appropriations Related to Federal Block Grant Funding.* Allow for transfers of funding to the Governor's Office; the Adolescent and Pregnancy Prevention and Pregnancy Services Board; the Governor's Work-Based Learning Board; and the Departments of Health and Family Services, Employment Relations, Commerce, Public Instruction, and Military Affairs.

**Joint Finance:** Modify the statutory allocations regarding the maximum amounts that could be expended from state and federal appropriations for specific components of the W-2, child care, and related programs to correspond to the amounts outlined in Table 2 in Item #1. Eliminate the authority of DWD to use up to 10% of any allocation for a purpose specified in any of the other statutory allocations without approval by the Finance Committee. Under this option, any transfer among the statutory allocations would require approval by the Secretary of Administration and the Committee, under a 14-day passive review process.

In addition, under the appropriations related to federal block grant funding, eliminate the authority to transfer to Employment Relations and Commerce. Because the Committee did not approve the use of TANF funds for the DER state recruiter position or the Brownfields program, it is not necessary to transfer funds to these agencies. Finally, authorize DWD to transfer funds from the federal block grant appropriation to the Child Abuse and Neglect Prevention Board.

**Conference Committee/Legislature:** Modify the Joint Finance provisions by approving statutory allocations corresponding to the amounts outlined in Table 3 under Item #1. In addition, specify that funds allocated for credit assistance could not be transferred to any of the other W-2 allocations.

**Veto by Governor [C-47].** Delete the provision requiring transfers among allocations to be reviewed by the Joint Committee on Finance. Under this veto, transfers among allocations would have to be approved by the Secretary of Administration. The veto message indicated that the Governor would be willing to support separate legislation to restore the Committee's review of any transfer greater than 10%. In addition, modify the statutory allocations to correspond to the amounts outlined in Table 4 of Item #1.

[Act 9 Sections: 463, 470, 474, 475, 1278g and 1278t]

[Act 9 Vetoed Section: 1278g]

**56. JOINT COMMITTEE ON FINANCE AUTHORITY TO REVIEW EXPENDITURES OF FEDERAL TANF AND CHILD CARE BLOCK GRANT FUNDS**

**Governor/Legislature:** Specify that the review by the Joint Committee on Finance of federal block grant funds would not apply to TANF and child care development block grant funding that is allocated to specific components of W-2 and related programs under Chapter 49 of the statutes. Under current law, the Governor may not administer, and state agencies may not encumber or expend, federal block grant funds authorized under any federal law enacted after August 31, 1995, without notifying the Joint Committee on Finance of the grant and the proposed expenditures. If the Co-chairs of the Committee do not notify the Governor within 14 working days after receiving the request that a meeting of the Committee has been scheduled to review the proposal, the moneys may be expended as proposed by the Governor. If a meeting is scheduled, no moneys may be expended without the approval of the Committee. Because the federal welfare reform legislation was enacted after August 31, 1995, expenditure of TANF and child care block grant funds is currently subject to this review process.

In addition, convert DWD's TANF and child care block grant appropriations from continuing to annual appropriations. With this change, the Department's expenditure authority with regard to the block grants would be limited to the amounts specified in the statutes. As under current law, the bill would maintain an allocation schedule that would identify the maximum amounts that could be expended from state and federal appropriations for specific components of the W-2 and child care programs, and would give the Department limited authority to transfer between the allocations.

[Act 9 Sections: 78, 474, 475, 1244 and 1278g]

## 57. IDENTIFYING MAINTENANCE OF EFFORT FUNDS

**Governor:** Modify the GPR general program operations appropriation in the Division of Economic Support to allow funding under that appropriation to be used for services related to identifying maintenance of effort (MOE) funds.

Under federal law related to the TANF program, a state must spend an amount of state dollars equal to 75% of historic state expenditures for certain public assistance programs if the state meets mandatory work requirements, or 80% if the state does not meet these requirements. The state's basic federal TANF grant would be reduced by the amount, if any, by which qualified state expenditures in the previous year are less than the MOE requirement. If the TANF grant is reduced in a fiscal year under this provision, the state must expend additional state revenues in the following year equal to the amount of the reduction. In addition, the state's TANF grant would be reduced by an amount equal to the welfare-to-work formula grant, which was approximately \$12.9 million in 1998.

It is estimated that the state's MOE requirement for FFY 1999 is \$168.5 million, based on 75% of historic state expenditures. Federal law and proposed regulations provide more detail regarding allowable expenditures that may count toward this requirement. Under this provision, the Department would be allowed to expend GPR monies for services to identify allowable expenditures that may count toward the maintenance of effort requirement.

**Senate:** Delete provision.

**Conference Committee/Legislature:** Include Governor's provision.

[Act 9 Section: 462]

## 58. EXCESS FEDERAL FUNDING

**Governor/Legislature:** Create new federal appropriations in DWD and DHFS for all moneys received from the federal government that are intended to reimburse the state for expenditures made in previous fiscal years that were originally paid from general purpose revenue appropriations.

Several programs in DWD and DHFS are funded, or were funded, under a matching arrangement with the federal government, in which the federal government pays a percentage of the state's expenditures for the program. These programs include the former AFDC and JOBS programs, food stamp administration, food stamp employment and training, child support enforcement and medical assistance. In most instances, the federal share of expenditures for each program is known during the budget process, and the amount of GPR budgeted is net of the level of federal funding that is estimated as a match for the state funding. However, excess federal funding can arise when costs are reimbursed to the state at a greater rate than predicted, either within a particular program, or by charging costs to a separate program that has a higher

matching rate. Often, excess funding generated in this way is received in a fiscal year after the state expenditures have been made. Currently, there is no clear statutory procedure for appropriating excess federal funding.

Under the Governor's recommendation, any excess federal revenues as described above would be placed in the new appropriations. Each Department would be allowed to expend the amounts in its appropriation for the purpose of paying federal disallowances, sanctions, penalties and the costs of any corrective action affecting the Department. Prior to expending or encumbering any moneys, however, the Department would have to submit a plan to the Department of Administration, which would be authorized to approve the plan in whole or in part. Although the appropriations would be continuing appropriations, at the end of each fiscal year the Department of Administration would be required to determine the amount of moneys that remain in the appropriation accounts that have not been approved for encumbrance or expenditure, and would be required to lapse that amount to the general fund. The Department of Administration would be required to notify the Joint Committee on Finance, in writing, of any approved expenditure plan by either Department, and of any amount that would lapse to the general fund at the end of each fiscal year. Approval of the plan by the Joint Committee on Finance would not be required.

[Act 9 Sections: 79, 457 and 476]

**59. FUNERAL AND BURIAL EXPENSES**

GPR	\$568,800
FED	<u>56,300</u>
Total	\$625,100

**Governor:** Specify that the applicable organization responsible for the burial of a public assistance recipient is not required to provide reimbursement for the cemetery, funeral or burial expenses for that recipient if a request for payment is made more than 12 months after the recipient's death. The administration estimates that, absent this modification, expenditures for funeral and burial expenses for public assistance recipients would increase above the current funding level (\$3,300,000 annually).

Under current law, if any individual who is receiving public assistance benefits dies, and the estate of that recipient is insufficient to pay the funeral, burial and cemetery expenses for that recipient, the county, applicable tribal government, or other organization responsible for the burial of the recipient is required to pay up to \$1,000 in cemetery expenses and up to \$1,000 for the funeral and burial expenses not paid by the estate of the recipient and other persons. The state is required to reimburse the applicable organization for these expenses. Funeral, burial and cemetery expenses may be provided only if the deceased individual was receiving benefits: (a) under a W-2 subsidized employment position; (b) as a custodial parent of an infant under the age of 13 weeks in the W-2 program; (c) under the medical assistance program; or (d) under the SSI program.

**Assembly/Legislature:** Include Governor's provision. In addition, provide \$568,800 GPR and \$56,300 FED in 2000-01 and modify provisions related to funerals and burials of public

assistance recipients by increasing the maximum amount of unpaid funeral and burial expenses of public assistance recipients for which state reimbursement is provided from \$1,000 to \$1,500 on January 1, 2001, and to \$2,500 on July 1, 2001. The share of increased costs to be provided from federal funding is from the TANF block grant.

**Veto by Governor [C-52].** Delete the provision that would have increased the maximum reimbursement to \$2,500 on July 1, 2001.

[Act 9 Sections: 1355w, 1356 and 9423(14d)]

[Act 9 Vetoes Sections: 1355wb and 9423(14d)]

**60. HOMESTEAD CREDIT: NO CREDIT TO W-2 PARTICIPANTS WHO RECEIVE GRANTS AS THE CUSTODIAL PARENT OF AN INFANT**

**Governor/Legislature:** Specify that an individual who receives W-2 benefits as the custodial parent of an infant would not be able to claim the homestead credit for any month the benefit was received. This provision would first apply to taxable years beginning on January 1 of the year in which the bill takes effect, except that if the bill takes effect after July 31, the provision would first apply to taxable years beginning on January 1 of the following year. The administration estimates the fiscal effect of this modification to be minimal.

Under current law, the homestead credit is denied for any month that the claimant received county relief in excess of \$400 or participated in a community service job or transitional placement under the W-2 program. The bill would extend the same restriction to individuals who receive grants as the custodial parent of an infant. Currently, a W-2 participant who is the custodial parent of a child 12 weeks old or less is eligible to receive a monthly grant and is not required to participate in a W-2 employment position. Prior to W-2, low-income parents of infants could receive AFDC benefits, and the homestead credit was denied for any month AFDC benefits were received.

[Act 9 Sections: 1764 and 9343(1)]

**61. PUBLIC ASSISTANCE OVERPAYMENTS AND COLLECTIONS**

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$0	0.00	\$200,000	0.00	\$200,000	0.00
PR	34,700	1.00	-34,700	-1.00	0	0.00
FED	<u>34,600</u>	<u>1.00</u>	<u>-34,600</u>	<u>-1.00</u>	<u>0</u>	<u>0.00</u>
TOTAL	\$69,300	2.00	\$130,700	-2.00	\$200,000	0.00

**Governor:** Provide \$14,900 PR and \$14,800 FED in 1999-00 and \$19,800 PR and \$19,800 FED in 2000-01 and 2.0 positions (1.0 PR and 1.0 FED) in the Public Assistance Collection Unit in the Division of Unemployment Insurance in order to increase collections of public assistance overpayments. The two positions would be converted from LTE staff to permanent positions. In addition, modify the provisions relating to the collection of debt from public assistance recipients as described in the following sections. Under these modifications, the process for collecting certain public assistance benefits overpayments would correspond to the process for collecting delinquent unemployment tax contributions or unemployment insurance benefits overpayments.

*Collecting Overpayments from Current Benefit Recipients.* Specify that the Department would be required to collect overpayments of benefits paid under the former AFDC program from recipients of those benefits who are also recipients of W-2 subsidized employment benefits. The Department would be allowed to deduct the overpayment from the recipient's W-2 benefits.

*Determination of an Overpayment and Notice to Recipient.* Require the county, tribal governing body, W-2 agency or Department to determine whether an overpayment has been made under the former AFDC program, W-2 employment position benefits, the child care program or transportation assistance, and the amount of the overpayment. Require the county, tribal agency, W-2 agency or Department to provide notice of the overpayment to the person to whom it was made, and give that person the opportunity for a review or administrative hearing. The review process would be the same as that under current law related to review of agency decisions under the W-2 program.

*Issuance and Execution of a Warrant.* Authorize the Department to issue a warrant that would place a lien against any property of a person who fails to pay any amount of overpayment, if no review or appeal of the overpayment is pending and the time for requesting a review or taking an appeal has expired. Under current law regarding the review of agency decisions under the W-2 program, a person has 45 days in which to petition a W-2 agency for review of an action, and 21 days after the date on which a certified copy of the W-2 agency decision is mailed to petition the Department for a review of the W-2 agency decision.

Specify that the warrant would be considered a final judgment constituting a perfected lien upon the person's right, title and interest in all real and personal property located in the county in which the warrant is entered. Require the Department to pay any fees regarding the filing of the warrant, and to collect the fees from the person named in the warrant. The fee for each filing is currently specified in the statutes as \$5.

Further, allow the Department to file an execution that directs the sheriff of the county to seize and sell sufficient real and personal property of the person to pay the amount stated in the warrant, except for certain property that is exempt from execution under current state law. If a warrant is not satisfied in full, the Department would be allowed to enforce the amount due as if a judgment was rendered against the person, and take other actions to collect the debt. Require the Department to issue a satisfaction of the warrant when the amount in the warrant



has been paid in full and all costs due to the Department have been paid. The satisfaction would have to be filed with the clerk of circuit court and the Department would be required to send a copy of the satisfaction to the person named in the warrant.

Finally, authorize the Department to issue a release of any warrant, if it finds that the interests of the state would not be jeopardized, and to maintain a garnishee action or attachment to enforce a judgment with regard to a warrant. Require the Department to withdraw an erroneous warrant.

*Collection of An Overpayment Through Levy.* Authorize the Department to collect any debt or overpayment by levy upon any property belonging to a person to whom an overpayment is made, and to collect from the person any expenses related to the levy. Such action may be taken if no appeal or other proceeding for review is pending and the time for taking an appeal or petitioning for review has expired. Require the Department to first make a demand for payment of the debt and give at least a 10-day notice that legal action to collect the debt may be pursued. This notice and the levy would have to be delivered personally or by any type of mail service that requires a signature of acceptance. Refusal or failure to accept or receive the notice or the levy would not invalidate the levy.

Provide an exemption from levy equal to the greater of: (a) a subsistence allowance of 75% of the debtor's disposable earnings then due and owing; or (b) an amount equal to 30 times the federal minimum wage for each full week of the debtor's pay period, or an equivalent amount in the case of earnings for a pay period other than a week. For purposes of (a), the definition of disposable earnings would allow deductions for amounts required to be withheld from pay by law, life and health insurance premiums, union dues, child support and other prior levies, wage assignments or garnishments. The first \$1,000 in any bank account of the debtor would also be exempt from levy.

Specify that anyone who fails or refuses to surrender property under a levy would be subject to proceedings to enforce the amount of the levy. Allow any person who is subject to a levy proceeding made by the Department to appeal the levy proceeding and specify that the appeal would be limited to questions of prior payment of the debt and mistaken identity of the debtor. The levy would not be stopped or delayed pending an appeal.

Require a third party to provide certain information to the Department within 20 days after the service of a levy. Specify that a levy is effective from the date on which the levy is first served on a third party until any liability is satisfied, the levy is released or until one year from the date of service, whichever occurs first. Any third party that refuses to surrender property under a levy would be liable to the Department for up to 25% of the debt. Any third party would be entitled to a levy fee of \$5 for each levy in any case where property is secured through the levy.

Allow any third party that claims an interest in property that has been levied upon and claims that the property was wrongfully levied upon to bring a civil action against the state in

the circuit court for Dane County. The court could enjoin enforcement of the levy if it finds that the levy would irreparably injure rights to property. In addition, if the court determines that the property has been wrongfully levied upon, it could grant a judgement for the amount of money obtained by levy. No other action could be made to question the validity of or restrain a levy by the Department.

For purposes of a judicial proceeding, specify that the amount of debt determined by the Department conclusively would be presumed valid. The Department would determine its expenses to be paid in all cases of levy.

Authorize the Department to: (a) contract with or employ collection agencies or other persons to enforce a repayment obligation; (b) release a levy to facilitate the collection of the liability; and (c) grant relief from a wrongful levy or return property or moneys from a wrongful levy. The bill would also specify penalties for concealing any property upon which a levy is authorized (a \$5,000 fine, imprisonment for up to three years or both) or discriminating against employes whose wages were subject to a levy (a \$1,000 fine, imprisonment for up to one year or both). The imprisonment penalty for these offenses would be increased to four and one-half years and two years, respectively, effective December 31, 1999, to conform with 1997 Act 283, which increases all felony penalties on that date.

**Senate/Legislature:** Modify the Governor's provisions regarding the process to collect overpayments as follows:

a. *Notification to Recipient.* Require DWD to promulgate rules regarding the notification procedures that would correspond with current law related to the child support program. Although not specified, in order to correspond to child support provisions, the rules promulgated by the Department would have to require notification at the following points in the collection process: (a) when the Department first determines that an overpayment has been made; (b) after the Department has issued a warrant that acts as a lien upon the person's right, title and interest in all real and personal property located in the county in which the warrant is entered; (c) after issuing an execution of a warrant or enforcing a levy upon a financial account or other personal property; (d) prior to levy upon real property; and (e) prior to issuing an execution to sell the property.

b. *Requests for Reviews and Hearings.* Require the Department to promulgate administrative rules that specify when requests for reviews, hearings and appeals may be made. Specify that DWD would have to include in the rule provisions for hearings or reviews at the following points in the process: (a) when the Department first notifies the individual that an overpayment has been made; (b) after a warrant has been issued; (c) prior to execution of the warrant which would allow property to be seized; (d) after the Department has notified a financial institution that a levy has been placed on an account of the obligor; (e) prior to enforcing a levy upon real property; (f) immediately after personal property is seized; and (g) prior to the Department issuing an execution to sell the property, which would then be sold within 90 days of the date of the execution. For each of these, the rules would have to specify

the amount of time that the person would have to file a request for a hearing or review, and would have to allow for joint owners or third parties with an interest in the property to have the opportunity for a hearing.

c. *Procedure for Reviews and Hearings.* Clarify that for collections on all overpayments of benefits from W-2 subsidized employment and custodial parent of infant grants the individual would first have opportunity for review under the W-2 dispute resolution process, and if not satisfied would then be allowed review under the administrative hearing process. All persons liable for overpayments related to other benefits would have opportunity for review under the administrative hearing process only.

Require DWD to promulgate rules that specify the procedure to be used for reviews and hearings at all points in the collection process at which a request for a review or hearing is allowed to be made. For each of these, the rules would have to specify the amount of time that the person would have to file a request for a hearing or review.

d. *Limitations on Authority to Issue Liens and Enforce Levies.* Specify that all actions to enforce a lien must be suspended if payment arrangements have been made and the obligor complies with the payment schedule. Require the Department to promulgate rules that specify a minimum amount that must be due prior to initiating any administrative enforcement procedure.

e. *Collections of Overpayments from Current Benefit Recipients.* Modify the Governor's recommendation by providing \$200,000 GPR in 2000-01 and specifying that DWD may not recover overpayments of AFDC benefits from current W-2 recipients by reducing the amount of the recipient's W-2 benefit check.

f. *Waiving the Recovery of Benefits.* Require DWD to waive the recovery of benefits that were erroneously paid if the overpayment was the result of departmental error.

g. *Position Authority and Funding.* Delete the 2.0 positions recommended by the Governor and authorize the Department to reallocate vacant positions for these duties. Reduce funding by \$14,900 PR and \$14,800 FED in 1999-00 and \$19,800 PR and \$19,800 FED in 2000-01.

**Veto by Governor [C-53].** Delete the provision that would have prohibited DWD from recovering overpayments of public assistance if the overpayment was due to departmental error.

[Act 9 Sections: 1275, 1276, 1340 thru 1346c, 9157(4g) and 9457(1)]

[Act 9 Vetoed Section: 1340]

**62. INCOME MAINTENANCE - COUNTY ADMINISTRATION [LFB Paper 1081]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$5,311,200	\$10,477,600	\$5,166,400

**Governor:** Decrease funding by \$2,655,600 annually for income maintenance contracts with counties for administration of public assistance programs, including eligibility determinations for food stamp and medical assistance applicants. The administration indicates that the expenditure authority currently is in excess of what is needed based on contract reimbursements during calendar year 1998, and the contract amounts for calendar year 1999.

**Joint Finance/Legislature:** Increase funding by \$5,238,800 annually for income maintenance contracts. The funding approved by the Governor was based on estimated contract reimbursements for calendar years 1998 and 1999. This modification reflects updated information regarding actual contract reimbursements for calendar year 1998.

**63. FAMILY CARE AND MA PURCHASE PLAN -- INCOME MAINTENANCE [LFB Papers 484 and 560]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$313,600	-\$146,400	\$167,200
FED	<u>313,600</u>	<u>-146,400</u>	<u>167,200</u>
Total	\$627,200	-\$292,800	\$334,400

**Governor:** Provide \$114,500 GPR and \$114,500 FED in 1999-00 and \$199,100 GPR and \$199,100 FED in 2000-01 for county income maintenance contracts for providing additional services under the planned implementation of Family Care.

**Joint Finance/Legislature:** Increase contract funding by \$8,800 GPR and \$8,800 FED in 1999-00 and \$32,300 GPR and \$32,300 FED in 2000-01 for family care. In addition reduce funding by \$58,200 GPR and \$58,200 FED in 1999-00 and \$129,300 GPR and \$129,300 FED in 2000-01 for the medical assistance purchase plan. The increased funding related to family care reflects an earlier implementation time line than previously anticipated. The decreased funding related to the MA purchase plan reflects smaller enrollment projections.

**64. ADMINISTRATION OF THE FOOD STAMP PROGRAM BY W-2 AGENCIES [LFB Paper 1118]**

**Governor:** Specify that, to the extent permitted by federal law, W-2 agencies are required to certify eligibility for and, if determined eligible, issue food coupons to: (a) participants in the W-2 program; (b) persons who may be required to participate in the food stamp employment

and training (FSET) program, if DWD has contracted with the W-2 agency to administer FSET; and (c) other persons who are under the age of 61 and who are not disabled, as defined by the Department. Administration of food stamps for other recipients would continue to be a requirement of county departments of human or social services.

Under current law, the Department may contract with a W-2 agency to administer the food stamp employment and training program. Current law requires the W-2 agency to certify eligibility for and distribute food coupons to eligible participants in the W-2 program, to the extent permitted by federal law or waiver. County departments are required to administer food stamps for other recipients (including FSET participants and other able-bodied persons under the age of 61). Currently, federal law does not allow nongovernmental agencies to administer the food stamp program. Therefore, in counties that have private or non-profit W-2 agencies, the W-2 agency may not administer the food stamp program for W-2 participants or other individuals.

**Joint Finance:** Delete provision and maintain current law. Therefore, W-2 agencies would be required to determine eligibility for and issue food coupons to W-2 participants, to the extent permitted by federal law or waiver, and would not be required or authorized to do the same for other food stamp recipients. In addition, require DWD to submit a plan to the Joint Committee on Finance prior to implementing any waiver from federal requirements that would allow non-governmental entities to make eligibility determinations and issue food coupons under the food stamp program.

**Senate:** Eliminate the current law provision that requires W-2 agencies to determine eligibility for and issue food coupons to eligible W-2 participants to the extent permitted by federal law or waiver. Specify that county departments of human/social services or tribal agencies are responsible for determining eligibility for and issuing food coupons for all food stamp applicants and participants.

**Conference Committee/Legislature:** Include Joint Finance provision.

[Act 9 Sections: 1014p, 1026p and 1222]

**65. ELECTRONIC BENEFIT TRANSFER [LFB Paper 1119]**

	<b>Governor (Chg. to Base)</b>		<b>Jt. Finance/Leg. (Chg. to Gov)</b>		<b>Net Change</b>	
	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>
GPR	\$0	1.00	-\$123,800	-2.00	-\$123,800	-1.00
FED	0	1.00	-123,900	-2.00	-123,900	-1.00
Total	\$0	2.00	-\$247,700	-4.00	-\$247,700	-2.00

**Governor:** Provide 2.00 (1.00 GPR and 1.00 FED) permanent positions annually in the Division of Economic Support to implement and monitor the contract for the food stamp

electronic benefit transfer (EBT) project. These positions -- one administrative assistant and one program and planning analyst -- would be converted from project positions that would expire in February, 2000. These positions would be funded from current GPR appropriations, under a 50% matching arrangement with federal funds.

**Joint Finance/Legislature:** Delete \$45,900 GPR and \$45,900 FED annually and the 2.0 positions recommended by the Governor. Instead, authorize the Department to reallocate vacant positions from within the Division of Economic Support for these functions. Also, delete an additional 2.0 positions beginning August, 2000, and reduce funding by \$32,000 GPR and \$32,100 FED in 2000-01. This reduction reflects the elimination of positions that work on distribution of food coupons. These positions would no longer be needed under an electronic benefit distribution system.

## **66. REPEAL OF OBSOLETE STATUTORY PROVISIONS AND CROSS REFERENCES**

**Governor/Legislature:** Eliminate certain statutory provisions and cross references related to the following: the former aid to families with dependent children (AFDC) program; the job opportunities and basic skills (JOBS) program; AFDC child care; AFDC for 18-year-old students; the AFDC fair hearing and review process; the parental responsibility pilot program; and the work-not-welfare pilot program. Under the W-2 legislation, these programs were repealed in March of 1998.

In addition, eliminate the statutory provision and cross references related to the requirement that the Department seek a waiver from the federal government, or passage of federal legislation, to permit the Department to conduct the W-2 program in place of the AFDC program.

Finally, require that information regarding the W-2 program be included in the materials provided to county departments for pregnant women. Currently, information regarding the AFDC program must be provided.

[Act 9 Sections: 463, 465, 466, 469, 472, 473, 1011, 1021, 1022, 1214 thru 1216, 1217, 1225, 1259, 1333, 1335 thru 1339, 1347, 1348, 1353, 1354, 1355, 1357, 1358, 1491, 1798, 2003, 2028, 2126, 2439, 3000, 3008, 3013 and 3052 thru 3054]

67. USE OF TANF FOR THE EARNED INCOME TAX CREDIT [LFB Paper 1083]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR-REV	\$58,000,000	- \$10,000,000	\$48,000,000
GPR-Balance	\$0	\$10,923,700	\$10,923,700
GPR	\$64,300,000	\$0	\$64,300,000
FED	<u>112,700,000</u>	<u>- 24,000,000</u>	<u>88,700,000</u>
Total	\$177,000,000	- \$24,000,000	\$153,000,000

**Joint Finance:** Transfer TANF funding from DWD to be used for the earned income tax credit (EITC), as outlined below.

*1999-01 Biennium*

Provide \$58,000,000 in 1999-00 and \$61,000,000 in 2000-01 in a newly created annual PR-S appropriation consisting of TANF revenues transferred from DWD to fund the share of the EITC permitted under federal law. Decrease GPR funding for the EITC by the same amounts and specify that the GPR appropriation would be used to cover the costs of the credit that are not paid from the TANF appropriation. Increase DWD's appropriation for public assistance benefits and administration by \$21,800,000 GPR in the first year and \$18,200,000 GPR in the second year to provide adequate funds to cover the TANF maintenance of effort (MOE) requirement. Federal TANF funds currently allocated to W-2 would be reduced by \$21,800,000 in 1999-00 and \$18,200,000 in 2000-01 to account for DWD's increased GPR funding.

*1998-99 Fiscal Year*

On the general effective date of the bill, transfer \$58,000,000 from DWD's TANF appropriation to the general fund as reimbursement for earned income tax credits paid for tax year 1998. Increase DWD's appropriation for public assistance benefits and administration by \$24,300,000 GPR in 1999-00 to provide adequate funds to cover the MOE requirement.

These provisions would result in net savings to the general fund of \$69,900,000 in the first year and \$42,800,000 in the second year.

**Conference Committee/Legislature:** Modify the Joint Finance provisions by reducing funding in DWD by \$7,000,000 FED in 1999-00 and \$7,000,000 FED in 2000-01 to reflect revised estimates of the cost of the earned income tax credit. Under this provision, \$63.2 million in 1999-00 and \$67.0 million in 2000-01 would be budgeted for the earned income tax credit. Of these amounts, \$51.0 million in 1999-00 and \$54.0 million in 2000-01 in federal TANF funds would be used for the credit.

In addition, increase the estimated opening balance in the general fund by \$10,923,700 and decrease estimated departmental revenues by \$10,000,000 in 1999-00 to reflect the actual cost of the earned income tax credit in 1998-99 and action by the Joint Committee on Finance to transfer

\$48,000,000 in federal TANF funds to the Committee's appropriation for lapse to the general fund effective September 30, 1999. Decrease DWD's federal TANF appropriation by \$10,000,000 in 1999-00, eliminate statutory language that would transfer \$58.0 million in federal TANF funds for lapse to the general fund on the effective date of the bill, and modify statutory language under DWD's allocation for the earned income tax credit for tax year 1998 to reduce the dollar amount from \$58.0 million to \$48.0 million.

The net result of these modifications is an increase in the general fund balance of \$923,700 in 1999-00 and an increase of \$24,000,000 in the amount of TANF funding available for the W-2 program.

[Act 9 Sections: 611, 612m, 1278g and 1719b]

#### **68. W-2 EMPLOYMENT POSITION PLACEMENT**

**Joint Finance/Legislature:** Modify the W-2 nonentitlement provision by requiring that a W-2 agency place a person who meets the eligibility requirements into a subsidized employment position under the W-2 program within 30 days of application if the person has made a reasonable search for employment and has been unable to find an unsubsidized job. Further, specify that a W-2 agency must place a person who is incapable of performing an up-front job search in a subsidized employment position immediately upon determining that the person meets the eligibility requirements.

**Veto by Governor [C-37].** Delete provisions.

[Act 9 Vetoed Sections: 1216m and 1227m]

#### **69. EDUCATION FOR 18- AND 19-YEAR OLD STUDENTS UNDER THE W-2 PROGRAM**

**Joint Finance/Legislature:** Require a W-2 agency to allow participants in the W-2 program who are under the age of 20 and who have not obtained a high school diploma or a declaration of equivalence to: (a) attend high school if the participant chooses; or (b) with the approval of the participant, to enroll in a course of study meeting the established standards for the granting of a declaration of equivalency of high school graduation, rather than attend high school. As under current law, participation in either of these activities would count, in whole or in part, toward the participation requirements for W-2 community service jobs. Under current law, the choice of whether the individual will attend high school or enroll in a GED course is made by the W-2 agency rather than the participant.

[Act 9 Section: 1229q]



## 70. PAYMENT PROCEDURES UNDER THE W-2 PROGRAM

**Joint Finance:** Specify that the participation period for a W-2 employment position must be from the 26<sup>th</sup> day of one month to the 25<sup>th</sup> day of the next month. In addition, require that DWD issue benefit payments on the first day of the month after the participation period ends. Current law contains no provisions regarding the procedures related to the payment of grants for participation in W-2 employment positions. According to the W-2 policy manual produced by DWD, the W-2 participation period is currently from the 16<sup>th</sup> day of one month to the 15<sup>th</sup> day of the next month. The W-2 payment is provided for completed participation on the first day of the month after the participation period ends.

**Senate/Legislature:** Require DWD to provide an initial benefit payment to all CSJ and transitional placement participants 14 days after the individual begins participating in the employment position, and specify that the initial payment would have to include all participation through the date of the payment. The Joint Finance provisions would be maintained and would apply to all payments after the initial payment.

**Veto by Governor [C-38].** Delete provisions.

[Act 9 Vetoed Section: 1237t]

## 71. EMERGENCY ASSISTANCE [LFB Paper 1099]

**Joint Finance/Legislature:** Specify that a person could be eligible for emergency assistance if the person is in danger of becoming homeless, as evidenced by a notice of impending foreclosure action or a notice terminating tenancy. Under current law, emergency assistance is only available after a family becomes homeless. As under current law, emergency assistance provided in cases of homelessness may be used only to obtain a permanent living accommodation and may only be provided once in a 36-month period, except in cases of domestic abuse, emergency assistance may be provided once every 12 months.

[Act 9 Sections: 1213g and 1213h]

## 72. UNIFIED PROGRAM ELIGIBILITY

**Joint Finance/Legislature:** Require DWD to coordinate with DHFS and DPI to develop a proposal and implementation plan for a simplified and unified application process for low-income families applying for medical assistance, BadgerCare, food stamps, reduced and free school lunches and the supplemental food program for women, infants and children. Further, require these agencies to submit a joint plan to the Joint Committee on Finance under the 14-day passive approval process prior to implementing a new application process for these programs. Development of such a plan may require data analysis, consultation with staff who currently

operate these programs and the recipients of these programs, and preparation of proposals, issue papers and waiver requests from federal requirements.

**Veto by Governor [C-49].** Delete these provisions. In the veto message, the Governor indicates that DWD, DHFS and representatives of local government have already worked to develop a new application process in the CARES system for medical assistance, BadgerCare, W-2, food stamps and child care. The veto message also indicates that the Departments did not include a discussion of school lunches or WIC benefits because they are not part of the CARES system, these programs have simpler applications than other assistance programs, and adding them to an application for other public assistance programs could burden those individuals and organizations that are only involved in the school lunch or WIC programs. In the veto message, the Governor directs DWD and DHFS to develop a report detailing the findings of their work group and to share that report with the Co-chairs of the Joint Committee on Finance.

[Act 9 Vetoed Section: 9157(3e)]

### **73. PUBLIC ASSISTANCE ELIGIBILITY DETERMINATIONS**

**Joint Finance/Legislature:** Require DHFS and DWD to develop a plan that would modify the CARES system so that individuals who apply for more than one public assistance program can have their eligibility determined for each program independent of their eligibility determination for the other programs. Require DHFS and DWD to submit this plan to the Joint Committee on Finance by November 1, 1999.

**Veto by Governor [C-50].** Delete these provisions.

[Act 9 Vetoed Sections: 1361v and 9123(7w)]

### **74. MA ELIGIBILITY TRANSFER TO DHFS**

**Joint Finance:** Transfer all responsibilities for MA eligibility, including administration of the CARES system, from DWD to DHFS, effective March 1, 2000. Require the Secretary of the Department of Administration to submit a report to the Joint Finance Committee to be reviewed at the December, 1999, s. 13.10 meeting that would identify positions, funding and any other administrative issues that need to be considered as part of this transfer.

**Assembly:** Delete Joint Finance provision

**Senate/Legislature:** Include Joint Finance provision.

**Veto by Governor [C-48].** Delete the provisions that would transfer all responsibilities for MA eligibility, including administration of the CARES system from DWD to DHFS effective March 1, 2000. Under the Governor's partial veto, the Department of Administration is required

to submit a report that specifies the position and funding modifications related to medical assistance. The statutory language does not specify to whom the report must be submitted; however, in the veto message, the Governor indicates that DOA will submit the report to the Governor's office. In addition, in the veto message, the Governor: (a) directs DWD to move the management of the CARES system from the division of Economic Support to the Bureau of Information Technology in the Administrative Services Division of DWD; (b) directs DOA to become more involved in setting the priorities for work on the system, especially in areas that support more than one public assistance program; (c) directs DOA to place all income maintenance (IM) funds in unallotted reserve; (d) specifies that DWD and DHFS will determine the funding and FTE positions related to state-level activities, CARES administration and local IM contracts that are billed to MA, W-2, food stamps and child care; (e) specifies that DOA working with the two agencies should develop a plan for withdrawing the funds from unallotted reserve and allocating the FTE positions between the agencies; and (f) specifies that the plan will also address separation of contracts at the local level.

[Act 9 Sections: 466 and 9101(18m)]

[Act 9 Vetoed Sections: 466, 1356m, 1356n, 1373v, 1460m, 9101(18m), 9157(2p) and 9423(10m)]

#### 75. LEGAL SERVICES

FED	\$200,000
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**Joint Finance/Legislature:** Provide \$100,000 annually from the TANF block grant to the Wisconsin Trust Account Foundation (WisTAF) for the provision of legal services to families whose income is at or below 200% of the federal poverty level to the extent permitted by federal law. Require that funding be distributed to WisTAF in proportion to the amount of private donations received to fund services for eligible families, and only after the submission of a report on the amount of private donations received to fund legal services for eligible families. Require WisTAF to: (a) set up a separate account for the federal funds; (b) distribute the funds to groups proportionally to the matching individual contributions of grantees; and (c) prepare a report for distribution to the Joint Committee on Finance on which organizations received the funding. Specify that total administrative costs for the grants, including both the federal funding and the private donations, could not exceed 10% of total expenditures.

[Act 9 Sections: 1276f and 1278g]

#### 76. MILWAUKEE JOBS INITIATIVE

FED	\$200,000
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**Joint Finance:** Provide \$100,000 annually in federal TANF funds for the Milwaukee Jobs Initiative, Inc. (MJI).

**Assembly:** Delete Joint Finance provision.

**Senate:** Increase TANF funding by \$100,000 annually. Under this provision, \$200,000 annually would be provided for MJI.

**Conference Committee/Legislature:** Include Joint Finance provision.

**Veto by Governor [C-45].** Delete the statutory allocation of funding of \$100,000 in both years of the biennium for MJI. In the veto message, the Governor directs DOA to place the second year funds in unallotted reserve. Under this provision, \$100,000 in the first year of the biennium would be provided to MJI.

[Act 9 Section: 1278g]

[Act 9 Vetoed Section: 1278g]

**77. CAMPAIGN FOR A SUSTAINABLE MILWAUKEE**

FED	\$300,000
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**Joint Finance:** Provide \$300,000 in 1999-00 for the campaign for a sustainable Milwaukee program, and specify that the program must meet all requirements for use of federal funding under the TANF program.

**Assembly:** Delete the \$300,000 in 1999-00 in TANF funding provided by Joint Finance for the Campaign for a Sustainable Milwaukee and increase funding in the Joint Finance Committee's appropriation for the workforce attachment fund (see Item #42 of this section) by \$300,000 in 1999-00. Under this provision, total funding for the workforce attachment fund would be \$10,000,000 annually.

**Senate/Legislature:** Include the Joint Finance provision and specify that funding provided to both W-2 agencies and workforce development boards under the workforce attachment fund could be used to serve any person who is eligible for services under the federal TANF program.

**Veto by Governor [C-44].** Delete the statutory allocation of funding of \$300,000 in 1999-00 for the campaign for a sustainable Milwaukee program. In the veto message, the Governor directs DOA to place these funds in unallotted reserve.

[Act 9 Sections: 1277v and 1278g]

[Act 9 Vetoed Section: 1278g]

**78. ENGLISH FOR SOUTHEAST ASIAN CHILDREN**

FED	\$200,000
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**Joint Finance/Legislature:** Provide \$100,000 annually in TANF

funding for the Wausau school district for a program to teach English to 3-year-old, 4-year-old and 5-year-old Southeast Asian children.

[Act 9 Section: 1278g]

#### 79. RESIDENCY REQUIREMENT [LFB Paper 1095]

**Joint Finance/Legislature:** Eliminate the current 60-day residency requirement and, instead, specify that in order to be eligible for a W-2 subsidized employment position or job access loan an individual must be a resident of Wisconsin. Under this provision, if the Department determines through monitoring of the program and with specific data that elimination of this provision has a significant fiscal impact, it could request additional funding under s. 13.10.

[Act 9 Section: 1224r]

#### 80. TECHNICAL COLLEGE EDUCATION PROGRAM FOR W-2 PARTICIPANTS

**Senate:** Provide that, to the extent permitted by federal law, a participant in a community service job or transitional placement employment position under the Wisconsin Works program may elect to participate in a self-initiated technical college education program as part of the work and educational activities required under the employment position.

Specify that: (a) the W-2 agency in consultation with the community steering committee and the technical college district board would have to determine that the technical college education program is likely to lead to employment; (b) the participant would have to maintain full-time status in the technical college education program, as determined by the technical college, and regularly attend all classes; (c) the participant would have to maintain a grade point average of at least a 2.0, or the equivalent as determined by the technical college; and (d) the participant would have to be employed or engaged in work under a community service job or transitional placement.

In addition, specify that no W-2 agency could require a participant to be employed or engaged in work under a CSJ or transitional placement for more than 15 hours per week. Specify that if the participant fails to meet the 15-hour work requirement without good cause, the participant could be sanctioned for every hour missed. Permit an individual to participate in a technical college education program for a maximum of two years. Require the W-2 agency to work with the community steering committee and the technical college district board to monitor the progress in the technical college education program and the effectiveness of the program in leading to employment.

Allowing a participant to engage in a technical college educational program may result in the recipient moving into and remaining in an unsubsidized employment position, rather than

returning to the W-2 program. This impact would result in cost savings. However, if some individuals remain in a CSJ position longer than they otherwise would in order to complete their education, added costs would result. No additional funding would be provided under this provision.

**Conference Committee/Legislature:** Approve the Senate provisions with a modification to specify that no W-2 agency could require a participant to be employed or engaged in work under a CSJ or transitional placement for more than 25 hours per week. Specify that if the participant fails to meet the 25-hour work requirement without good cause, the participant could be sanctioned for every hour missed.

**Veto by Governor [C-39].** Permit a W-2 participant to participate in a technical college program, but delete the statutory language that permits the individual to elect to participate in a self-initiated program. In addition, modify the provision that would allow W-2 agencies to require participants to engage in work activities for up to 25 hours per week, in addition to their participation in the technical college program. Under the Governor's partial veto, W-2 participants engaged in a technical college program under these provision will be required to work 25 hours per week (instead of up to 25 hours per week), in addition to their participation in the technical college program.

[Act 9 Sections: 1229q, 1233g, 1233m, 1237f and 1237h]

[Act 9 Vetoed Sections: 1233m, 1237f and 1237h]

## **81. INFORMATION PROVIDED TO W-2 PARTICIPANTS**

**Senate/Legislature:** Require W-2 agencies to provide to every individual who requests assistance from the W-2 agency, a single-page description of all of the benefits and services that may be provided to an individual by the agency. Further, require the Department of Workforce Development to develop the description and distribute it to all W-2 agencies by the first day of the second month beginning after enactment of the bill. Specify that the Department would have to update the description as frequently as necessary to reflect all benefits and services that may be offered by W-2 agencies. Finally, specify that this provision would first apply to W-2 agencies administering the next W-2 agency contracts (beginning January 1, 2000).

[Act 9 Sections: 1222g, 9157(4c) and 9357(9c)]

## **82. FOOD STAMP WAIVER**

**Senate:** Require DWD to request and implement a waiver from the U.S. Department of Agriculture to waive work requirements under the food stamp employment and training program for any group of individuals living in areas with an unemployment rate greater than 10% or with an insufficient number of jobs to provide employment for that group of

individuals. Food stamp benefits are fully funded with federal dollars. Therefore, this provision would have no fiscal effect. The federal government may authorize such a waiver with respect to able-bodied adults who do not have dependent children.

**Conference Committee/Legislature:** Delete Senate provision.

**83. TANF EXPENDITURE AUTHORITY**

FED	\$217,327,100
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**Conference Committee/Legislature:** Increase expenditure authority under the Department of Workforce Development's federal TANF appropriation [20.445 (3)(md)] in 1999-00 by \$217,327,100 to reflect funding that was originally budgeted in 1998-99 for the current W-2 agency contracts but remained unspent at the end of that year. Modify statutory language related to the allocation for the initial W-2 contracts to reflect this change in the appropriation. In addition, increase DWD's federal TANF appropriation by \$96,455,300 in 1999-00 and reduce the appropriation by \$96,455,300 in 2000-01 to allow DWD to encumber funds for the next W-2 agency contracts in 1999-00 to meet federal regulations regarding the use of TANF funding.

[Act 9 Section: 1278g]

**84. SUBSTANCE ABUSE SERVICES**

GPR	-\$10,000,000
FED	10,000,000
Total	\$0

**Senate:** Reduce GPR funding in DWD by \$5,000,000 annually, and increase GPR funding by the same amount in DHFS for the provision of substance abuse services in Milwaukee County. In addition, replace the reduced GPR in DWD with federal TANF funds.

**Conference Committee/Legislature:** Include the Senate provision, with a modification to specify that the amount DHFS may encumber or expend in 1999-00 would be equal to one-twelfth of the amount appropriated in DHFS 1999-00, multiplied by the number of months in 1999-00 for which DHFS awards grants under contracts with an agency to administer the grants under this provision. Any funds not encumbered or expended in by June 30, 2000, would transfer to DWD rather than lapse to the general fund. Under this provision, the amount of funds available for substance abuse grants would be prorated to reflect the effective date of contracts awarded under this provision. The remaining funds would transfer to DWD in order to ensure that the state is able to meet its TANF maintenance of effort requirement.

For more detailed provisions regarding substance abuse grants, see "Health and Family Services -- Supportive Living."

## Child Support

### 1. ASSIGNMENT OF STATE CENTRALIZED RECEIPT AND DISBURSEMENT FEES AND DELINQUENT SUPPORT PAYMENTS [LFB Paper 1070]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$5,350,000	\$3,550,000	\$8,900,000

**Governor:** Increase PR funding by \$2,500,000 in 1999-00 and \$2,850,000 in 2000-01 for the operation of the child support collection system (the administration indicates that the funding estimate for 2000-01 should reflect an additional \$1,000,000). Wisconsin's statewide automated system for collecting and disbursing support is funded from the \$25 annual central receipt and disbursement (CR&D) fee charged by DWD to support obligors, from interest earned on the support collections trust fund and federal matching funds. The administration indicates that the additional PR funding would be generated from the following modifications to the collection of the CR&D fee and the assignment of arrearages.

*Assignment of Fee.* The bill would require the court or family court commissioner, in directing the manner of payment of the \$25 annual CR&D fee, to order that the fee be withheld from the income of the obligor and sent to DWD (or its designee). The bill would also repeal a current law provision that specifies that the fee be paid at the time of the first support payment. In addition, the bill would specify that the annual fee constitutes an assignment of all commissions, earnings, salaries, wages, pension benefits, workers compensation benefits, unemployment insurance benefits, lottery prizes that are payable in installments and other money due or to be due in the future to DWD. Finally, current language that specifies that DWD may apply to a court or family court commissioner for an assignment of any fees that are delinquent would be deleted. These modifications would first apply to fees that are ordered on January 1, 2000.

*Assignment of Arrearages.* Under the bill, if an individual's obligation to pay maintenance, child support or family support terminates, the assignment of income to pay the obligation would continue in effect if the obligor has an arrearage in one or more of these payments. The assignment would be in an amount up to the amount of the assignment before the obligation terminated, until the delinquent amount is paid in full. This provision would initially take effect on the bill's general effective date. On January 1, 2000, this provision would be extended to apply to the annual CR&D fee.

*Initiation of Income Assignments by County Child Support Agencies.* The bill would allow a county child support agency to cause an assignment of income for maintenance or support to go into effect if the support order does not require immediately effective withholding and the



obligor fails to make a payment within ten days of its due date. In addition, this provision would be clarified to apply to the assignment of arrearages due. Under current law, only a court or family court commissioner may make an assignment for unpaid support. This provision would initially take effect on the bill's general effective date. On January 1, 2000, it would be extended to apply to the annual CR&D fee.

*Notification to Employers.* A current law provision related to the notification of an income assignment to persons from whom a support obligor receives money or will receive money would be modified to include the assignment of income for the annual CR&D fee on January 1, 2000.

**Joint Finance/Legislature:** Adopt the provision. Increase PR funding available for the operation of the centralized receipt and disbursement system by \$1,950,000 in 1999-00 and \$1,600,000 in 2000-01 as follows:

- a. \$500,000 each year to reflect a reestimate of the amount of revenue to be generated from the enhanced enforcement provisions.
- b. \$1,450,000 in 1999-00 and \$100,000 in 2000-01 to reflect a reestimate of collections under current law.
- c. \$1,000,000 in 2000-01 for the additional amount that was inadvertently omitted from the Governor's bill.

[Act 9 Sections: 3055, 3056 thru 3059, 3061, 3062, 3063, 9357(3) and 9457(2)]

**2. COLLECTION OF ANNUAL CENTRALIZED RECEIPT AND DISBURSEMENT FEE OWED TO COUNTY CLERKS OF COURT [LFB Paper 1070]**

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$300,000	\$1,500,000	\$1,800,000

**Governor:** Increase funding by \$300,000 in 1999-00 and allow DWD (or its designee) to collect any unpaid county centralized receipt and disbursement fees that are shown on DWD's automated payment and collection system on December 31, 1998, for deposit in the Department's appropriation for state child support operations. This provision would affect unpaid CR&D fees that were owed to county clerks of court when the CR&D function was transferred to DWD. The additional funding, along with other state and federal revenue sources, would be used to implement the state's centralized receipt and disbursement system.

The unpaid county fees would be collected through income withholding (as described in the following paragraph) or, if it were determined that income withholding was inapplicable,

ineffective or insufficient, DWD would be allowed to move for a remedial contempt of court sanction. DWD would be allowed to contract with or employ the following: (a) a collection agency or other person for collection of unpaid fees; and (b) an attorney to appear in state or federal court to enforce the obligation, notwithstanding a current law provision that requires the Governor to approve all attorneys employed by state agencies. A similar provision exists under current law for the collection of unpaid support. The Department would be prohibited from deducting unpaid fees from any maintenance or support payment.

Unpaid county CR&D fees under this provision would constitute an assignment of all commissions, earnings, salaries, wages, pension benefits, workers compensation benefits, unemployment insurance benefits, lottery prizes that are payable in installments and other money due or to be due in the future to DWD. The bill would provide due process procedures related to notification and hearings that are similar to current provisions related to the assignment of income for unpaid support.

Prior to January 4, 1999, the county clerks of court, or their designee, collected and disbursed support payments and collected a \$25 annual fee from each support obligor for this service. The Department began collecting the fee when it took over collection and disbursement responsibilities on that date. The Governor's recommendation would allow DWD to collect any fees that were owed to the counties and that were shown as a debt on the state's system on December 31, 1998. According to the administration, counties that wanted to pursue the collection of CR&D arrearages that had accumulated before the state took over the CR&D function had the option of removing those debts from the state's system. As a result, under the bill, the state would only be allowed to collect fee arrearages that the counties chose not to pursue.

**Joint Finance/Legislature:** Include the provision. Increase PR funding by \$1,050,000 in 1999-00 and \$450,000 in 2000-01 to reflect a reestimate of the amount of revenue that would be generated under this provision.

In addition, extend the bill provisions related to income withholding and assignment, the assignment of arrearages and the initiation of income assignments by county child support agencies to CR&D fee arrearages that are owed to the counties. This would apply to arrearages that the counties chose to pursue and were removed from DWD's automated payment and collection system by December 31, 1998.

[Act 9 Sections: 468, 2002, 3060, 3061 and 3064]

**3. CENTRALIZED RECEIPT AND DISBURSEMENT INTEREST [LFB Paper 1070]**

	<b>Governor (Chg. to Base)</b>	<b>Jt. Finance/Leg. (Chg. to Gov)</b>	<b>Net Change</b>
SEG	\$576,100	\$590,900	\$1,167,000

**Governor:** Increase expenditure authority by \$281,600 in 1999-00 and \$294,500 in 2000-01 for estimated increases in interest earnings generated from the support collections trust fund. The interest is earned during the delay between the time a support collection is received by the fund and the time the payment is issued to the family ("float"). The administration projects support collections of \$870 million in 1999-00 and \$890 million in 2000-01, which reflects an additional \$20 million annually over prior estimates. Total interest earnings on collections are estimated to be \$550,600 in 1999-00 and \$563,500 in 2000-01.

Interest earnings are used to support the receipt and disbursement function, along with program revenue from the \$25 annual receipt and disbursement fee and matching federal funds.

**Joint Finance/Legislature:** Increase expenditure authority by an additional \$301,900 in 1999-00 and \$289,000 in 2000-01 for reestimated interest earnings from the support collections trust fund. The reestimate reflects total interest earnings of \$852,500 in each year on \$920 million in support collections in 1999-00 and \$940 million in 2000-01.

**4. BUREAU OF CHILD SUPPORT POSITIONS [LFB Paper 1070]**

	<b>Governor (Chg. to Base)</b>		<b>Jt. Finance/Leg. (Chg. to Gov)</b>		<b>Net Change</b>	
	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>	<b>Funding</b>	<b>Positions</b>
GPR	-\$323,800	4.08	-\$232,900	- 4.08	-\$556,700	0.00
FED	<u>- 628,700</u>	<u>7.92</u>	<u>- 452,800</u>	<u>- 7.92</u>	<u>- 1,081,500</u>	<u>0.00</u>
Total	-\$952,500	12.00	-\$685,700	- 12.00	-\$1,638,200	0.00

**Governor:** Provide permanent position authority of 6.0 FTE (2.04 GPR and 3.96 FED) positions in 1999-00 and 12.0 FTE (4.08 GPR and 7.92 FED) positions in 2000-01 for the Bureau of Child Support. Reduce funding by \$471,000 (\$160,100 GPR and \$310,900 FED) in 1999-00 and \$481,500 (\$163,700 GPR and \$317,800 FED) in 2000-01. This funding decrease reflects savings from a reduction in the use of contract staff in the Bureau that exceeds the cost of the requested positions. The positions would take over certain operating and monitoring responsibilities currently conducted by contract staff associated with child support data systems, including the Kids Information Data System (KIDS), centralized receipt and disbursement and the new hire reporting system.

**Joint Finance/Legislature:** Delete the provision. Reduce funding by \$62,000 GPR and \$119,900 FED in 1999-00 and \$170,900 GPR and \$332,900 FED in 2000-01 to reflect the elimination of these positions. Authorize the Department to reallocate vacant positions in the Division of Economic Support to the Bureau of Child Support.

5. DATABASE ADMINISTRATION FOR KIDS [LFB Paper 1070]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$249,900	2.00	-\$249,900	- 2.00	\$0	0.00

**Governor:** Provide PR-S funding of \$107,200 in 1999-00 and \$142,700 in 2000-01 and 2.0 permanent positions in the Department's Division of Administrative Services in each year to assume responsibility of database administration for the KIDS computer system. This provision is based on a recommendation made by the Legislative Audit Bureau that DWD assume responsibility for the maintenance of the KIDS data base.

**Joint Finance/Legislature:** Delete the provision. Authorize the Department to reallocate vacant positions in the Division of Economic Support to the Bureau of Information Technology.

6. CHILD SUPPORT RESEARCH AND STATISTICS POSITION [LFB Paper 1071]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$25,900	0.34	-\$25,900	- 0.34	\$0	0.00
FED	<u>50,200</u>	<u>0.66</u>	<u>- 50,200</u>	<u>- 0.66</u>	<u>0</u>	<u>0.00</u>
Total	\$76,100	1.00	-\$76,100	- 1.00	\$0	0.00

**Governor:** Increase funding by \$32,600 (\$11,100 GPR and \$21,500 FED) in 1999-00 and \$43,500 (\$14,800 GPR and \$28,700 FED) in 2000-01 and provide 1.0 (0.34 GPR and 0.66 FED) position each year in the Research and Statistics Section of the Division of Economic Support to analyze data and produce reports related to child support and the KIDS computer system.

**Joint Finance/Legislature:** Delete the provision. Authorize the Department to reallocate a vacant position in the Division of Economic Support to the Research and Statistics Section.

7. STATE CHILD SUPPORT PAYMENTS TO COUNTIES [LFB Paper 1072]

GPR	-\$3,680,200
PR	<u>3,680,200</u>
Total	\$0

**Governor:** Make the following modifications to programs that distribute state funding to counties for paternity establishment and child support enforcement:

a. Replace \$1,840,100 annually in GPR funding for county child support administration with PR funding from child support payments assigned to the state by public assistance recipients. In addition, delete an obsolete statutory reference to an additional county court commissioner that was funded from the GPR appropriation under the former parental and family responsibility pilot program. As under current law, these funds would be used for

the child support order revision program and to assist counties in establishing paternity and obtaining support.

b. Specify that the amount of state funding provided to counties as a supplement to federal child support incentive payments could not exceed \$3,850,000 annually. This funding is provided to offset reduced federal incentive payments that resulted from declining public assistance caseloads. State funding was capped at \$3,178,000 in 1997-98 and \$3,850,000 in 1998-99.

c. Eliminate a current law provision that specifies that no state incentive payment can be made to a county if the total of state and federal incentive payments exceed 105% of the county's child support program's cost. This program provides payments to counties based on a formula that provides an incentive to increase paternity establishments and child support collections for families who receive public assistance benefits as well as for families who do not receive such benefits. Although the bill would eliminate the 105% cap on the amount of state incentive payments a county could receive, a separate provision under the same program currently specifies that state incentive payments may only be used to pay the costs of the county's child support program.

**Joint Finance/Legislature:** Modify the provision as follows:

a. Eliminate the Governor's recommendation to delete the current law provision that specifies that no state incentive payment can be made to a county if the total of state and federal incentive payments exceeds 105% of the county's child support program's costs. Instead, specify that the total of state and federal incentive payments may not exceed 100% of costs.

b. Repeal the current law county child support programs (state supplemental funding, state incentive program and order revision program) and replace them with one program that directs DWD to distribute state funding and federal incentive payments to counties in accordance with a formula developed by the Department in consultation with county representatives. Specify that counties that receive a payment under this program must use the funds only to pay the costs of their child support programs. Specify that the combined amount of federal and state funding distributed to the counties would be limited to \$12.34 million each year and provide that the state contribution would be limited to \$5.69 million annually. Direct the Department to promulgate an administrative rule, in consultation with county representatives, that outlines how the state funding and federal incentive payments would be distributed to the counties.

[Act 9 Sections: 464, 471 and 1350m thru 1352g]

**8. STATE IS A REAL PARTY IN INTEREST IN CHILD SUPPORT CASES IF THE PARENT RECEIVES FOOD STAMPS [LFB Paper 1073]**

**Governor:** Specify that the state is a real party in interest for purposes of establishing paternity, securing reimbursement of aid paid, future support and costs as appropriate in an action affecting the family if a child's custodial parent receives food stamp benefits. This modification would first apply to actions affecting the family that are pending on the general effective date of the bill. The provision would allow the state to appear in court in cases involving child support actions when one of the parties involved (typically a custodial parent) is receiving food stamp benefits. Currently, the state is a real party in interest when aid is provided under the foster care, kinship care, medical assistance or W-2 programs.

Clarify that food stamp eligibility is denied if the individual does not fully cooperate in good faith with efforts to establish or enforce a support order, if appropriate. The statutes currently state that eligibility may be denied if the individual does not fully cooperate in good faith with efforts to obtain support payments, if any.

**Joint Finance/Legislature:** Delete the provision that would make the state a real party in interest in child support cases if the custodial parent receives food stamps. The bill provision that would clarify food stamp eligibility in regard to cooperation with support orders would be retained.

[Act 9 Section: 1209]

**9. CERTIFICATION OF DELINQUENT PAYMENTS [LFB Paper 1074]**

**Governor:** Eliminate a current law provision that allows DWD to provide a certification of delinquent support to certain state agencies and authorities for use in determining an individual's eligibility for grant, loan and waiver programs. These agencies and authorities would instead be prohibited from providing grants, loans or waivers to individuals whose name appears on the statewide support lien docket, unless the individual provides a payment agreement to the agency or authority that has been approved by the county child support agency and that is consistent with rules promulgated by DWD, the authority for which is provided under current law. Grant, loan and waiver programs administered by the Departments of Military Affairs, Veterans' Affairs, Commerce, Natural Resources and Justice, the University of Wisconsin System, the Higher Educational Aids Board and the Wisconsin Housing and Economic Development Authority would be affected by this modification.

Under current law, DWD certifies the amount of delinquent support, medical expenses and birth expenses. These certifications are provided to the Department of Revenue (DOR) for use in intercepting income tax refunds of delinquent obligors. In addition, DWD may provide these certifications to the state agencies and authorities noted above. Grants, loans and waivers are denied to individuals whose name appears on these certifications, with the exception of

certain programs administered by the Department of Veterans' Affairs that allow for approved repayment arrangements.

Under current law, if a person fails to pay court-ordered support, the delinquent amount becomes a lien in favor of DWD upon all of the person's property. The lien becomes effective when the information is entered into the statewide support lien docket and the docket is delivered to the register of deeds. Payment of the delinquent amount extinguishes the lien. Emergency rules regarding these provisions specify that an obligor's name will be placed on the lien docket when the amount owed equals or exceeds the greater of the monthly amount due or \$500. Certification of delinquent amounts would still be provided to DOR under the bill. However, the other state agencies would instead refer to the statewide support lien docket to determine if an individual is ineligible for a grant, loan or waiver because of delinquent support payments. The bill would allow the grant, loan or waiver to be made if the individual enters into an approved payment agreement.

**Joint Finance/Legislature:** Include the provision with modifications to: (a) direct the Department to publish a notice in the Wisconsin Administrative Register that states the date on which the statewide support lien docket will begin operating; and (b) specify that the new provisions would take effect on the date indicated in the Administrative Register or on the bill's general effective date, whichever is later. This change was made because the lien docket will not be operational until after the effective date of the bill.

[Act 9 Sections: 656, 886, 889, 894, 909, 912, 912c, 918, 919, 920, 973, 974, 979, 980, 987, 988, 991, 992, 1486j, 1486k, 1487, 2229, 2370, 2371, 2375, 2377, 2383, 2390 thru 2392, 2525, 3198 and 9457(6f)]

**10. KIDS COMPUTER SYSTEM [LFB Paper 1070]**

GPR	- \$5,727,200
FED	- 5,897,100
Total	- \$11,624,300

**Joint Finance/Legislature:** Decrease funding for the Kids Information Data System (KIDS) by \$2,887,900 GPR and \$2,994,500 FED in 1999-00 and \$2,839,300 GPR and \$2,902,600 FED in 2000-01 as follows:

a. Increase GPR funding by \$168,500 in 1999-00 and reduce GPR by \$433,800 in 2000-01 to fully fund the KIDS budget as initially recommended by the Governor. In addition, reduce federal funding by \$943,700 in 1999-00 and \$2,115,400 in 2000-01 to reflect the amount of federal funds that would actually be available for the system.

b. Reduce funding for CR&D in the KIDS budget by \$1,020,000 GPR and \$1,980,000 FED in 1999-00 and \$357,000 GPR and \$693,000 FED in 2000-01 to account for reestimates of program revenue that would be available for the CR&D system.

c. Reduce funding by \$36,400 GPR and \$70,800 FED in 1999-00 and \$48,500 GPR and \$94,200 FED in 2000-01 for the elimination of two database administration positions recommended by the Governor.

d. Place \$2,000,000 GPR annually in the Joint Committee on Finance's appropriation. This amount reflects the underspending that has occurred in recent years as well as the potential for increased revenues from the CR&D fee. These funds could be released, under s. 13.10, if it is determined that they are necessary for KIDS-related expenditures.

Total funding for KIDS under the Committee's action would be \$31,169,300 (\$10,035,400 GPR and \$21,133,900 FED) in 1999-00 and \$31,334,800 (\$10,092,500 GPR and \$21,242,300 FED) in 2000-01. As noted, \$2,000,000 GPR in each year would be placed in the Committee's appropriation.

## 11. LEGAL CUSTODY AND PHYSICAL PLACEMENT OF CHILDREN

**Senate:** Modify current law as it relates to standards for determining legal custody and physical placement of children in actions affecting the family. In addition, modify provisions related to guardians ad litem, temporary orders and revisions of orders, parenting plans, separation adjustment class, enforcement of placement orders, moving a child, interest on child support arrearages, paternity and a Legislative Council study. These changes would take effect on the first day of the seventh month beginning after the effective date of the budget bill.

*Legal Custody.* Specify that a court must make a custody determination based on the best interest of the child after considering factors that are specified under current law, but that the court must presume that joint legal custody is in the child's best interest. Currently, only the best interest of the child is considered; there is no provision related to the presumption of joint legal custody. Specify that the court may only give sole legal custody to one party if both parties agree to it or if at least one party requests it and the court finds two or more of the following to be true: (a) one party is not capable of performing parental duties and responsibilities or does not wish to have an active role in raising a child; (b) one or more conditions exist that would substantially interfere with the exercise of joint custody; or (c) the parties will not be able to cooperate in future decision making requirements for joint legal custody. Specify that evidence of abuse of the child or interspousal battery or domestic abuse creates a rebuttable presumption that the parties will not be able to cooperate in future decision making.

Specify that the court may not give sole legal custody to a party who unreasonably refuses to cooperate with the other party.

*Physical Placement.* Direct the court, when allocating periods of physical placement (the time that a child is actually placed with a parent), to set a schedule that allows the child to have regularly occurring, meaningful periods of physical placement with each parent and that maximizes the amount of time that a child may spend with each parent, taking into account geographic separation and accommodations for different households. Under current law, the court must consider the same factors for physical placement that are considered for determining legal custody, which include: (a) the wishes of the child's parent or parents; (b) the wishes of the child; (c) the relationship of the child with his or her parents and siblings; (d) the child's



adjustment to home, school, religion and community; (e) the mental and physical health of the parties; (f) the availability of child care services; (g) whether one party is likely to unreasonably interfere with the child's relationship with the other party; (h) whether there is evidence that a party engaged in abuse of the child or spouse; (i) whether either party has or had a significant alcohol or drug abuse problem; and (j) such other factors determined relevant by a court.

Modify the factor used in determining custody and physical placement that relates to the wishes of the child's parent or parents by specifying that the parent's wishes must be shown by stipulation between the parties, a proposed parenting plan or a legal custody or physical placement proposal submitted to the court at the trial. In addition, modify the factor related to whether one party is likely to unreasonably interfere with the other's relationship with the child to also include whether each party can support the other's relationship, including encouraging and facilitating frequent and continuing contact.

Create the following additional factors for a court to consider when determining legal custody and allocating periods of physical placement: (a) the age of the child and the child's developmental and educational needs at different ages; (b) the cooperation and communication between the parties and whether a party unreasonably refuses to cooperate or communicate; (c) the amount and quality of time that each parent has spent with the child in the past, necessary changes to each parent's custodial roles, and any reasonable lifestyle changes that a parent proposes to make to be able to spend more time with the child in the future; (d) the need for regularly occurring and meaningful periods of physical placement to provide predictability and stability for the child; and (e) the right of the child to spend the same periods of time or substantial periods of time with each parent.

Require the court to presume that any proposal with respect to physical placement that has been voluntarily agreed to by the parties is in the best interest of the child.

*Guardians Ad Litem.* Provide that the court would not be required to appoint a guardian ad litem if the legal custody or physical placement is contested in an action to modify legal custody or physical placement if the following apply: (a) the modification sought would not substantially alter the amount of time that a parent could spend with the child; and (b) the court determines that the appointment would not assist the court because the facts or circumstances make the likely determination clear or that a party seeks the appointment solely for a tactical purpose or delay and not for a purpose that is in the best interest of the child. Under current law, in an action affecting the family a court must appoint a guardian ad litem for a minor child to represent the interests of the child if the court has reason for special concern as to the child's welfare or if legal custody or physical placement is contested.

*Temporary Orders.* Require all factors used in determining temporary orders for legal custody or physical placement and all revisions of legal custody and physical placement orders to be consistent with the factors used in determining final orders. Specify that a judge or family court commissioner may make a temporary order before a guardian ad litem is appointed or

before a guardian ad litem has made a recommendation to the court if the court determines that the temporary order is in the best interest of the child.

*Parenting Plans.* Provide that no contested initial determination of legal custody or physical placement may be tried until a parenting plan has been filed by the party seeking legal custody (joint or sole). Specify that the plan must be filed before a pretrial conference. Specify that any party who fails to file a timely parenting plan required by a court waives the right to object to the other's plan. Allow a court to require a person seeking to substantially modify an existing order to file a plan before any hearing is held. Require the parenting plan to provide information about the following questions:

- Where the parent lives and intends to live for the next two years.
- What legal custody or physical placement the parent is seeking.
- Where the parent works and the hours of employment.
- Who will provide necessary child care and who will pay for it.
- Where the child will go to school.
- What doctor or health facility will provide medical care for the child.
- What the child's religious commitment will be, if any.
- How the child's medical expenses will be paid.
- Who will make decisions about education, medical care, choice of child care provider and extracurricular activities.
- How the parent proposes to resolve disagreements related to matters over which the court orders joint decision making.
- What child support, family support, maintenance or other income transfers there will be.
- How holidays will be divided.
- What the child's summer schedule will be
- Whether and how the child will be able to contact the other parent when the child has physical placement with the parent providing the plan.

*Separation Adjustment Class.* Allow courts to require parties to a divorce or paternity action to attend a court-approved class regarding child development, family dynamics and how parental separation affects a child's development and what parents can do to make raising a child in a separated situation less stressful for the child. Specify that the court may not require the parties to attend a class as a condition to granting the final judgement in the divorce or

paternity action, but allow the court to refuse to hear a custody or physical placement motion of a party who refuses to attend a class that was ordered by a court. Specify that the parties would be responsible for any cost of attending the class, unless the court finds that a party is indigent in which case the county would pay the cost.

*Enforcement of Placement Orders.* Allow parents who have been awarded periods of physical placement to file a petition to enforce the award if any of the following occurs: (a) the parent has had one or more periods of physical placement denied by the other parent; (b) the parent has had one or more periods of physical placement substantially interfered with by the other parent; or (c) the parent has incurred a financial loss or expense as a result of the other parent's intentional failure to exercise one or more periods of ordered physical placement. Specify that the petition must be served on the other parent by personal service in the same manner as a summons and allow them to respond either in writing before or at the hearing or orally at the hearing. Create provisions related to the information that would be provided on the petition.

Require a judge or family court commissioner to accept any legible petition and to hold a hearing on the petition no later than 30 days after the petition has been served, unless the time is extended by a mutual agreement of the parties or upon the motion of a guardian ad litem and the approval of the court. Allow a judge or family court commissioner, on his or her own motion or the motion of any party, to order that a guardian ad litem be appointed for the child prior to the hearing.

Specify that at the conclusion of the hearing, if the judge or family court commissioner finds that the respondent has intentionally and unreasonably denied or interfered with one or more of the petitioner's periods of physical placement, the judge or family court commissioner must do the following: (a) issue an order granting additional periods of physical placement to replace those denied or interfered with; and (b) award the petitioner a reasonable amount for the cost of maintaining an action and for attorney fees. In addition, the judge or family court commissioner may do one or more of the following: (a) issue an order specifying times for the exercise of periods of physical placement if the original order or judgment does not specify times; (b) find the respondent in contempt of court; or (c) grant an injunction ordering the respondent to strictly comply with the judgment or order after considering whether alternative remedies requested by the petitioner would be as effective in obtaining compliance. Except as provided above, prohibit the judge or family court commissioner from modifying an original order of legal custody or physical placement in an action to enforce a physical placement order. Specify that any injunction issued ordering the respondent to strictly comply with the judgment or order relating to the award of physical placement is effective for not more than two years.

Allow a judge or family court commissioner that finds that the petitioner has incurred a financial loss or expense because the respondent has intentionally and unreasonably failed to exercise one or more periods of physical placement under an order allocating specific times of physical placement without adequate notice to the petitioner, to issue an order requiring the

respondent to pay a sum of money sufficient to compensate the petitioner for the financial loss or expense.

Require the court or family court commissioner, upon request by the petitioner, to order the sheriff to assist the petitioner to execute or serve the injunction within 24 hours after the petitioner's request. Require the clerk of court to send a copy of the injunction to the sheriff or to any other local law enforcement agency that is the central repository for orders and that has jurisdiction over the respondent's residence. Require that a copy of the injunction be sent to the sheriff of the county in which the court is located if the respondent resides outside of Wisconsin. Require the sheriff to make available to other law enforcement agencies information of the existence and status of any injunction issued. Specify that this information would not need to be maintained after the injunction is no longer in effect.

Provide that a law enforcement officer may arrest and take a person into custody if the following apply: (a) the petitioner presents a law enforcement officer with a copy of the injunction or the officer determines that an injunction exists through communication with appropriate authorities; and (b) the law enforcement officer has probable cause to believe that the person against whom the injunction is issued has violated the injunction. Specify that an intentional violation of the injunction is punishable by a fine of not more than \$10,000, imprisonment for not more than two years, or both.

Finally, authorize a court to modify periods of physical placement at any time if the court finds that a parent has repeatedly and unreasonably failed to exercise periods of physical placement awarded under an order that allocates specific times for periods of physical placement.

*Moving the Child's Residence Within or Outside of the State.* Allow courts to consider the child's adjustment to the home, school, religion and community when determining whether to grant a modification of legal custody and physical placement or whether to issue an order prohibiting a move. This factor is currently considered when determining an original order. Specify that a guardian ad litem would not have to be appointed if the provisions discussed under the "guardian ad litem" section apply. Currently, the court must consider the following when a parent moves out of state, moves to a location within the state that is 150 miles or more from the other parent or removes the child from the state for more than 90 consecutive days: (a) whether the purpose of the action is reasonable; (b) the nature and extent of the child's relationship with the other parent and the disruption the action may cause; and (c) the availability of alternative arrangements.

*Interest on Unpaid Child and Family Support.* Reduce the rate at which interest accrues on unpaid child and family support from 1.5% per month to 1%. Currently, unpaid support equal to or greater than the amount due in one month accrues interest, which is added to the amount owed by the payer.

*Paternity.* Specify that if at any time during the pendency of an action to establish the paternity of a child, genetic tests show that the alleged father is not excluded and that the statistical probability of the alleged father's paternity is 99.0% or higher, on the motion of a party, the court or family court commissioner must make appropriate temporary orders for custody and physical placement of the child. Currently, the court must make appropriate temporary orders for child support, assigning responsibility for and directing the manner of payment of the child's health care expenses.

Establish the following requirements regarding what must be contained in a paternity judgment or in an order when paternity is voluntarily acknowledged: (a) a determination of the custody and physical placement of the child with each party; (b) an order requiring either or both of the parents to contribute to the support of any child of the parties who is less than 18 years old, or any child of the parties who is less than 19 years old if the child is pursuing an accredited course of instruction leading to the acquisition of a high school diploma or its equivalent; (c) a determination as to which parent shall have the right to claim the child as an exemption for purposes of state income tax returns and for the purposes of federal income tax returns to the extent permitted by federal law; (d) provisions that the father pay or contribute to the reasonable expenses related to the mother's pregnancy and the child's birth, based upon the father's ability to pay or contribute to such expenses; (e) provisions that either party pay or contribute to the costs of genetic tests, guardian ad litem fees, and other costs; and (f) provisions that either party pay or contribute to the attorney fees of the other. In addition, specify that in the case of a judgement of paternity, that the judgement must contain an adjudication of the paternity of the child.

Repeal certain current law provisions that relate to the determination of child support payments and medical expense obligations in paternity orders or judgments and when paternity is voluntarily acknowledged. Instead, specify that child support would be determined by applying the provisions in s. 767.25 regarding child support to all support judgments and orders. Currently, the provisions in s. 767.25 regarding child support are applicable only to judgments of annulment, divorce or legal separation, orders or judgments for child support or for periodic family support payments, child support stipulations or actions to compel support.

Limit liability for past support in paternity actions to the period after the day the action is commenced for paternity judgement or voluntary acknowledgement of paternity unless a party can show any one of the following: (a) duress or threats; (b) actions, promises or representations by the other party upon which the party relied; or (c) actions taken by the other party to evade paternity proceedings. Specify that this provision would only apply if, after the inducement ceased to operate, he or she did not unreasonably delay filing. Specify that in no event shall there be liability for past support prior to the birth of the child. Current law provides that the liability of an adjudicated father of a child for past support is limited to support for the period after the birth of the child.

Specify that the records of any past paternity proceeding in which paternity was established are open to the public. Currently, all pending and past proceedings are closed to the public unless certain circumstances are met.

*Legislative Council Study.* Request a Legislative Council study on the reform of the guardian ad litem system in actions affecting the family to examine at least all of the following topics:

- The appointment of guardians ad litem, including whether: (a) the appointment of guardians ad litem should be required in all cases where the legal custody or physical placement of the child is contested; and (b) whether professionals such as child psychologists, child psychiatrists, or child therapists with specialized training and expertise regarding the emotional and developmental phases and needs of children should be allowed to serve as guardians ad litem.
- The role of guardians ad litem.
- The supervision of guardians ad litem.
- The training of guardians ad litem.
- The compensation of guardians ad litem.

Require the study committee to include legislators, attorneys, judges and court commissioners, mental health professionals and other persons representing the public interest. Specify that the study committee would be requested to prepare a report with its recommendations and a petition to the Supreme Court for reform of the guardian ad litem system based on the recommendations.

*Fiscal Effect.* The fiscal effect of this provision is unknown.

**Conference Committee/Legislature:** Include the Senate provision with the following modifications.

*Legal Custody.* The Senate provision would specify that the court may only give sole legal custody to one parent if both parties agree to it or if at least one party requests it and the court finds two or more of three specified conditions to be true. The Conference Committee would amend this provision to specify that only one of the three conditions would need to be true. The Conference Committee provisions would also restore a provision of current law specifying that if there is no presumption of paternity based on a marriage of the parties that occurs after the child's birth, the mother shall have sole legal custody of the child in a paternity action until a court orders otherwise.

*Guardians Ad Litem.* Specify that at any time after 120 days after a guardian ad litem is appointed, a party may request that the court schedule a status hearing related to the actions taken and work performed by the guardian ad litem in the matter. In addition, allow a party to

request that the court schedule another status hearing not sooner than 120 days after the prior hearing.

*Liability for Support.* The Senate provisions specify that liability for past support would generally be limited to support for the period after the day on which the support action is commenced. The Conference Committee would modify this provision to specify that liability would be limited to support for the period after the day on which the petition in the action is filed.

*Records of Past Proceedings.* The Senate provisions would specify that any records of past proceedings in which paternity was established are open to public inspection. This would be modified to provide that records of past paternity proceedings would be open to public inspection if: (a) paternity was established at the proceeding; (b) the record is filed after the effective date of this provision; and (c) the record relates to a post-adjudication issue.

*Parenting Plans.* Modify the information required to be provided as part of the parenting plan submitted by a parent seeking legal custody. In regard to information on where the parent lives and intends to live for the next two years, specify that if there is evidence that the other parent engaged in interspousal battery or domestic abuse with respect to the parent providing the parenting plan, the parent providing the plan would not be required to disclose the specific address but only a general description of where he or she currently lives and intends to live during the next two years. Specify that under the same circumstances, the parent would only be required to provide a general description of where he or she works rather than a specific address.

Specify that if there is evidence that either parent engaged in interspousal battery or domestic abuse with respect to the other party, that the parenting plan provide information on how the child will be transferred between the parents for the exercise of physical placement to ensure the safety of the child and the parents.

The Senate provision specifies that if a parent who is required to file a parenting plan does not do so in a timely manner, that parent waives the right to object to the other party's parenting plan. The Conference Committee would specify that this provision would not apply if cause is shown for not timely filing the plan.

**Veto by Governor [C-54]:** Partially veto the following provisions:

*Physical Placement.* Delete the provision that would create, as an additional factor for a court to consider when determining legal custody and allocating periods of physical placement, the right of a child to spend the same periods of time or substantial periods of time with each parent.

Delete the provision that would have required the court to presume that any proposal with respect to physical placement that has been voluntarily agreed to by the parties is in the best interest of the child.

*Enforcement of Placement Orders.* Delete the provision that would have allowed a law enforcement officer to arrest and take a person into custody if the following apply: (a) the petitioner presents the law enforcement officer with a copy of an injunction ordering the person to comply with a judgement or order relating to physical placement, or the officer determines that such an injunction exists through communication with appropriate authorities; and (b) the law enforcement officer has probable cause to believe that the person against whom the injunction was issued has violated the injunction.

*Paternity.* Delete the provision that would have specified that if at any time during the pendency of an action to establish the paternity of a child, genetic tests show that the alleged father is not excluded and that the probability of the alleged father's paternity is 99.0% or higher, on the motion of a party, the court or family court commissioner must make appropriate temporary orders for the payment of child support and the child's health care expenses and for the child's custody and physical placement. The Governor's partial veto restores prior law, under which the court or family court commissioner is only required to make temporary orders for the payment of child support and is allowed, but not required, to make temporary orders for payment of the child's health care expenses.

[Act 9 Sections: 645L, 1617r, 2002c, 2124vr, 3025pa, 3044L, 3051n thru 3051r, 3054c thru 3054cr, 3054ct thru 3054cv, 3054cx thru 3054de, 3054df thru 3055c, 3061c thru 3061ch, 3065c thru 3065cj, 3065ck thru 3065cpm, 3065cr thru 3065di, 3085c, 3085d, 3087c, 3197c, 9157(4y), 9357(9yo) and 9457(7yo)]

[Act 9 Vetoes Sections: 3054cg, 3054ch, 3054cs, 3054cw, 3054de, 3065cq, 9357(9yo) and 9457(7yo)]

## **12. EXEMPTION FOR SOCIAL SECURITY NUMBER REQUIREMENT FOR STATE LICENSES**

**Conference Committee/Legislature:** Modify current law to allow licensing agencies to issue a license or certification if the applicant does not have a social security number if the applicant submits a sworn affidavit to the agency stating that the individual does not have a social security number, subject to penalty for false swearing. Require the Department of Workforce Development to develop a form for this purpose. Under federal law, states must require individuals who apply for state-issued licenses and certifications to provide their social security number as a condition of receiving the license or certification for paternity establishment and child support enforcement purposes.

[Act 9 Sections: 3mj thru 3mo, 722te thru 722ut, 728g, 728h, 1153m, 1154c, 1154g, 1155c, 1155g, 1156c, 1157c, 1157m, 1157p, 1441g, 1441h, 1531g thru 1531i, 1538p thru 1538r, 1798r, 1798s, 1798w, 1798x, 1798y, 1931v, 1932c, 1972h, 1972k, 1972n, 1972r, 2000m thru 2000p, 2005c thru 2005e, 2005hd thru 2005hu, 2069m, 2169pc thru 2169pm, 2170d, 2170g, 2170n, 2249m thru 2249t, 2289ud, 2289ue, 2303sp thru 2303ss, 2341b thru 2341n, 2342ap, 2342b thru 2342bp,



2342Lg, 2342Ln, 2342Lo, 2342pr, 2342pu, 2342pv, 2342pw, 2342xs thru 2342yp, 2353c thru 2353g, 2400gm thru 2400gr, 2433j thru 2433L, 2440g, 2440h, 2440i, 2653v thru 2654f, 2734dq, 2734dr, 2734he, 2734hed, 2734tu thru 2734tx, 2747m thru 2747no, 2751e thru 2751k, 2751kc, 2751p, 2751r, 2822w thru 2822x, 2926b thru 2926s, 3023f thru 3023k, 3037c thru 3037k, 3043c thru 3043j, 3044Lj thru 3044q, 3049p, 3049r and 9410(5x)]

## **REPORTS AND STUDIES**

## REPORTS AND STUDIES

Date Due	Nature	Prepared By	Reported To
With biennial budget requests	<b>Universal Service Fund Program Budgeting.</b> Submit with each biennial budget request a description of each universal service fund program to be funded and a proposed expenditure amount for each program. [Section 2333m]	PSC	DOA and LFB
Six months after the expenditure of grant funds	<b>Administration of the Private Employer Health Care Coverage Program.</b> Report detailing how funds were expended if the Department of Employee Trust Funds makes a grant to a third party administrator for the operation of a private employer health care coverage program. [Section 9115(3)]	Third party administrator	ETF
As soon as possible	<b>Evaluation of Family Care Pilot Programs.</b> Contract with an independent organization to evaluate the family care pilot programs operated under DHFS with respect to cost-effectiveness, client access to services and quality of care. [Section 9131(3m)]	LAB (using a contracted evaluator)	Legislature, Governor, DOA, LRB, LFB and DHFS
Within six months of expending the grant	<b>Internet Referral System Grants.</b> A report detailing how grant proceeds were used. [Section 9149(2rs)]	County or consortium grant recipients	Tourism
Within six months of expending the grant	<b>County Tourism Aid.</b> Individual reports detailing how grant proceeds were used. [Section 9149(2tw)]	Burnett and Polk Counties	Tourism
Within six months of expending the grant	<b>Grant to Fort Folle Avoine.</b> A report detailing how grant proceeds were used. [Section 9149(2c)]	Burnett County Historical Society	Tourism
Within 60 days after receiving federal approval	<b>State and Federal Funding for Child Care.</b> Require DWD to identify general fund revenue sources that may be used to access the matching component of the federal child care development block grant, prepare a plan to maximize this federal funding and submit the information to the U.S. Department of Health and Human Services by March 1, 2000. Submit a plan for expenditure of any additional federal dollars to Joint Finance for approval. [9157(3mm)]	DWD	JFC

Date Due	Nature	Prepared By	Reported To
Annually, by September 30	<b>Amounts Expended with Wisconsin-Based Broker Dealer Firms.</b> Require the State Investment Board to report annually on the amounts expended during the preceding fiscal year for commissions payable to Wisconsin-based broker dealers. The Board is now required to expend annually at least 5% of all commissions with such firms. [Section 701m]	SWIB	DOA
Annually, by December 31	<b>Annual Report on the Operation of the Private Employer Health Care Coverage Program.</b> Require the Private Employer Health Care Coverage Board to report annually on: (1) the number of employers and employees in the program; (2) the costs of the program to employers and their employees; and (3) any recommended improvements to the program. [Section 944ym(7)(a)]	Private Employer Health Care Coverage Board	Appropriate standing committees of the Legislature and the Governor
Annually	<b>Assistance to Nonprofit Conservation Organizations.</b> Each fiscal year, a report detailing the activities for which a grant given under s. 23.0955 is expended, describing any property acquired with the grant and explaining how the acquisition furthers the goal of conservation in the state. [Section 665rg]	Grant recipient	DNR and the Appropriate Standing Committees of the Legislature
October 1 of each year	<b>Income Augmentation Revenues.</b> A proposal to allocate income augmentation revenues received in the previous fiscal year. [Section 1091m]	DOA	JFC
Annually, until July 1, 2001	<b>Family Care Status Report.</b> Report on the status, significant achievements and problems of the Family Care pilot program, including the number of persons served, the costs of care provided under the Family Care benefit, the number and service areas of resource centers and CMOs, waiting list information and the results of reviews of quality of services. [Section 1072]	Council on Long-Term Care	Governor and Legislature
Annually, no later than April 15	<b>Compliance with Renewable Resource Energy Requirements.</b> Each electric provider (utility or retail electric cooperative) shall submit to the DOA a report that describes the provider's compliance with the newly established renewable resource energy requirements. [Section 2334(t)]	Electric providers	DOA
4 <sup>th</sup> Quarter, 1999, s.13.10 meeting	<b>Federal Leaking Underground Storage Tank Funding.</b> Submit a report for approval indicating how federal LUST funding should be allocated to DNR and Commerce. [Section 9101(14yt)]	DOA	JFC

Date Due	Nature	Prepared By	Reported To
Biennially, with first assessment report due no later than December 15, 2001.	<b>Local Highway Assessment Data Report.</b> Require local governments, with the cooperation and assistance of DOT, to conduct a biennial assessment of the physical condition of highways within their jurisdiction and report the results to DOT.	Counties, Cities, Towns and Villages	DOT
Biennially, by September 15 of every even-numbered year	<b>Brownfields Liability Report.</b> Report on the impact of exemptions of voluntary parties from liability under the hazardous substances spills law. [Section 2611]	DNR	Governor, DOA and Legislature
Quarterly	<b>UW GPR Position Flexibility.</b> A report on the number of GPR positions authorized under a 1% GPR position flexibility provision that have been filled during the preceding calendar quarter and the source of funding for each of the positions. [Section 9154(3t)]	UW Board of Regents	Secretaries of DOA and DER
Semiannually, by January 1 and July 1	<b>PECFA Joint Agency Report.</b> Report on cleanups in progress under the petroleum environmental cleanup award program (PECFA). [Section 9110(3yw)]	DNR and Commerce	Governor, JFC, Appropriate Standing Committees of the Legislature, and Joint Audit Committee
No later than December 31, 1999	<b>Health-care Aid Grant Program.</b> Report summarizing DVA's review of the health care aid grant program and examination of program modifications that should be made to the program. [Section 9155(2e)]	DVA	JFC
Prior to December 31, 1999	<b>Multi-state Electronic Procurement.</b> Report on multi-state procurement that addresses the following issues: (1) the current status of available electronic multi-state electronic procurement systems; (2) the estimated costs and benefits of using multi-state electronic procurement systems; and (3) funding and statutory requirements that would be required to implement such a system. [Section 9101(18w)]	DOA	JFC

Date Due	Nature	Prepared By	Reported To
December 1, 1999	<b>Acceptance of Prepayments on Trust Fund Loans.</b> Report on the accounting and administrative actions adopted by the Board of Commissioners of Public Lands to allow the acceptance of loan prepayments between March 15 and August 1 of any year for any trust fund loans issued by the Board. [Section 9140(1d)]	BCPL	JFC
First quarterly meeting under s. 13.10 in CY 2000 (Governor directed date in veto message)	<b>Vehicle Fleet Consolidation.</b> Submit for approval an implementation plan for the consolidating the vehicle fleet management functions of DNR with such functions in DOA. [Section 9158(1d)(b)]	DOA	JFC
Third quarterly meeting under s. 13.10 in CY 2000	<b>Vehicle Fleet Consolidation.</b> Submit for approval an implementation plan for the consolidating the vehicle fleet management functions of DOT and the UW-Madison with such functions in DOA. [Section 9158(1d)(d)]	DOA	JFC
January 31, 2000	<b>Audit of Emergency Response Programs.</b> Perform a financial and performance audit of the emergency response programs in DMA's Division of Emergency Management. [Section 9131(1g)]	LAB	Legislature, Governor, DOA, LRB, LFB and DMA
January 1, 2000	<b>Dental Outreach and Education Plan.</b> A plan for dentists and MA recipients to educate recipients on the importance of oral health for children and the parent's role in achieving it, how to access dental services, expectations and appropriate behavior in a dental office and the importance of keeping scheduled appointments. [Section 9123(9q)]	DHFS	Governor and appropriate standing committees of the Legislature
March 31, 2000	<b>Centralized Food Service Report.</b> A report on the status of the centralized advanced food production system project at the Southern Center for the Developmentally Disabled enumerated in the 1999-01 state building program. Require that the report address the status of the renovation project and the proposed plans for the transfer of the assets and operational responsibilities for the food service activity at the center from the Department of Health and Family Services to the Department of Veterans Affairs. [Section 9101(19t)]	DOA	JFC and the Building Commission

Date Due	Nature	Prepared By	Reported To
March 1, 2000	<b>PECFA Interest Costs.</b> Report recommending actions Commerce could take to reduce interest costs incurred by PECFA claimants. [Section 9110(3yw)]	Commerce	JFC and JCRAR
April 1, 2000	<b>Fish and Wildlife Account Administrative Funding Limit.</b> A request under s. 13.10 detailing how the 16% limit for administrative expenses from the fish and wildlife account of the conservation fund will be implemented. [Section 9136(10v)]	DNR	JFC
May 1, 2000	<b>Transition Plan for WCBVI.</b> Transition plan that sets forth specific funding and staffing recommendations for the operation of the Wisconsin Center for the Blind and Visually Impaired. The plan must describe appropriate steps for phasing in the appropriate program modifications. Must be completed in consultation with, and with the review of, the Blind and Visual Impairment Education Council (WCBVI). [Section 9139(2c)]	State Superintendent	Governor and Legislature
May, 2000	<b>MPS Neighborhood Schools Plan.</b> Plan for implementing the neighborhood schools initiative, including a strategy for achieving the parental consent percentages for intradistrict bussing and a facility plan specifying the neighborhood schools that are needed, the location of specialty schools and the estimated cost of the facility plan, as well as other required information. [Section 9158(7tw)]	Milwaukee Public Schools	Joint Finance Committee and Assembly and Senate Education Committees
May 1, 2000	<b>Wastewater Discharge Fees Report.</b> Report recommending whether any statutory changes would be needed to implement a performance-based approach to assessing wastewater discharge fees. [Section 9136(3x)(a)]	DNR	JFC and Appropriate Standing Committees of the Legislature
June 15, 2000	<b>School-to-Work Tech-Prep Funding.</b> A plan for the implementation of the local tech-prep programs beyond 1999-00, based on a review of the local tech-prep programs as operated during 1999-00, including the organizational structure used and the allocation of funding for the programs in that year. [Section 2086t]	Governor's Work-Based Learning Board	JFC
July 1, 2000	<b>Chapter 220 Study.</b> Study the intradistrict and interdistrict (Chapter 220) transfer programs and report findings, conclusions and recommendations. [Section 9131(3z)]	Legislative Council	Legislature

Date Due	Nature	Prepared By	Reported To
July 1, 2000	<b>Transfer of Credits Between UW System and Technical College System.</b> A report on efforts made to coordinate the transfer of credits from the Wisconsin Technical College System (WTCS) to the UW System, including a plan to coordinate the transfer of credits for additional programs, and a timetable for implementation of the plan. [Section 9154(4g)]	President of the UW System and Director of the WTCS	Legislature
September 1, 2000	<b>Septage Land Application Study.</b> Report on the results of a study of the state's program for regulating the application of septage to land and recommendations to improve the program. [Section 9136(7)]	DNR	Governor, JFC and Legislature
October 1, 2000	<b>Report on Reserve Judges.</b> A report regarding the recruitment, retention and compensation of reserve judges. [Section 9146(1w)]	Director of State Courts	Governor, JFC and appropriate legislative standing committees
October 1, 2000 and October 1, 2001	<b>Funding for Compensation Increases for UW-Madison.</b> A report concerning the amounts of any salary increases to recognize competitive factors which are granted using funds provided for the Madison initiative, and the institutions at which they are granted, for the 12-month period ending on the preceding June 30. [Section 9154(1w)]	UW Board of Regents	JFC
November 1, 2000	<b>Family Care Report and Recommendations.</b> A report on the Family Care pilot program describing the implementation and outcomes of the pilots and providing recommendations for the 2001-03 biennial budget. [Section 9123(1m)]	DHFS	Governor
December 1, 2000	<b>PECFA Usual and Customary Costs.</b> Report on the results of an evaluation of operation of the usual and customary cost schedule created under the PECFA program. [Section 9110(3yx)]	Commerce	JFC, Joint Audit Committee and Appropriate Standing Committees of the Legislature



Date Due	Nature	Prepared By	Reported To
December 15, 2000 and annually thereafter	<b>UW Tuition Revenue Expenditures.</b> A report containing the amount by which expenditures from the appropriation for tuition and fee revenues in the previous fiscal year exceeded the amount shown in the schedule for that appropriation in the previous fiscal year, the purposes for which the additional revenues were spent and the amount spent for each purpose. [Section 891s]	UW Board of Regents	Legislature
December 15, 2000 and annually thereafter	<b>State-Imposed Costs.</b> A report on state-imposed costs to UW System not covered by GPR, as determined by the Board of Regents. [Section 891r]	UW Board of Regents	Secretary of DOA
No later than December 31, 2000	<b>Study of State-owned Water Treatment Plants.</b> Study the feasibility and desirability of selling, leasing or forming public-private partnerships to operate the water purification and wastewater treatment plants owned by the state and report to the Legislature concerning options available to the state. [Section 9101(20m)]	DOA	Legislature
December 31, 2000	<b>Judicial Subdistricts Study and Report.</b> A study and report of judicial subdistricts and other methods of judge selection to increase racial and ethnic diversity of the judges in the courts. [Section 9146(2f)]	A nine-member study committee, supported by the Director of State Courts Office	Governor, Supreme Court and appropriate legislative standing committees
Prior to release of funds by JFC (Governor's veto message requests by December 31, 2000)	<b>Pesticide Database Plan.</b> Before release of \$150,000 SEG from the JFC program supplements appropriation, a plan for the development of a pesticide sales and use database reporting system and testing of a pilot version of the reporting system. [Section 1942mc]	DATCP	JFC
Prior to 2000-01	<b>Integrated Tax System.</b> Report that details past and present expenditures for the integrated tax system for release of supplemental funding.	DOR	JFC

Date Due	Nature	Prepared By	Reported To
January 1, 2001	<b>Small-scale Electric Generating Facilities Program.</b> In consultation with DOA and DOR, study the establishment of a program for providing incentives for the development of high-efficiency, small-scale electric generating facilities in the state and report the study findings and recommendations to the Legislature. [Section 2310p]	PSC	Chief Clerks for distribution to the appropriate standing committees.
January 1, 2001	<b>Study Regarding Creation of a Competitive Retail Electricity Market.</b> Contract with an expert economic consultant for the study of the potential for horizontal market power to frustrate the creation of an effectively competitive retail electricity market in Wisconsin and development of recommended measures to eliminate such market power on a sustainable basis. [Section 2310t]	PSC (using an expert consultant)	Chief Clerks for distribution to the appropriate standing committees.
January 1, 2001 and January 1, 2003	<b>Federal School Safety Funding.</b> A report on progress in applying for and obtaining federal funds related to school safety and reducing violence and disruption in schools, including funds for alternative schools or programs. [Section 2042g]	DPI and DOJ	Chief clerks of the Legislature, Co-Chairs of JFC and Governor
January 1, 2001	<b>Model Ordinances.</b> A model ordinance developed for a traditional neighborhood development and an ordinance for a conservation subdivision for approval by the appropriate standing committees of the Legislature. [Section 1606m]	UW Extension	Chief clerks of the Legislature and appropriate standing committees of the Legislature.
January 1, 2001	<b>Drinking Water Study.</b> Report on the best approaches to address water quality problems threatening drinking water and overall water quality problems of the St. Croix, Namekagon and Yellow rivers and for engineering design and feasibility activities related to construction of wastewater and drinking water treatment facilities. [Section 9136(4)]	Town of Swiss in Burnett County and the St. Croix band of Chippewa	DNR and DOA
January 1, 2001	<b>Brownfields Local Government Negotiation and Cost Recovery Process.</b> Submit proposed legislation to make the process for local government negotiation and cost recovery related to contaminated property more efficient and clear. [Section 9136(6g)]	DNR	Legislature

Date Due	Nature	Prepared By	Reported To
January 1, 2001	<b>Graduate Medical Education.</b> A study to explore alternative funding sources to assessments imposed on hospitals to support the training of providers that serve MA recipients or practice in areas of the state that have a shortage of health care providers, including the feasibility of establishing a trust fund for graduate medical education to provide a broadly-based funding source of state, federal and private funds. [Section 9133(4c)]	Joint Legislative Council	Legislature
No date specified (Governor's veto message requests June 30, 2001)	<b>Improvements to USH 10 Between Marshfield and Osseo.</b> A study of potential improvements to the highway, including the addition of passing lanes or community bypasses, the reconstruction of segments to eliminate hazardous curves or hills and the widening of lanes or shoulders.	DOT	Governor and Legislature
June 30, 2001	<b>USH 8 in Barron, Polk, Price and Rusk Counties.</b> A corridor transportation study.	DOT	The county boards of Barron, Polk, Price and Rusk counties
June 30, 2001	<b>Audit of the UW Center for Tobacco Research and Intervention.</b> A financial audit of the Center examining the use of funds appropriated from the DHFS tobacco control aids appropriation. [Section 9131(2g)(b)]	LAB	Legislature, Governor, DOA, LRB, JFC, LFB and UW Board of Regents
July 1, 2001	<b>Crane Damage Study.</b> A study of crop damage in the state caused by cranes. [Section 9136(10m)]	UW and International Crane Foundation	Not specified
July 1, 2001 and annually thereafter	<b>Tobacco Control Prevention Grants.</b> A report that evaluates the success of the tobacco control prevention grant program, including the number of grants awarded during the preceding fiscal year, the purpose for which each grant was made and donations and grants accepted by the Board.	Tobacco Control Board	Governor and the Legislature
With submittal of 2001-03 biennial budget request	<b>Air Emission Fee Statutory Changes.</b> Recommend any proposed statutory changes to implement proposed administrative rules to implement a performance-based fee system for air emission fees. [Section 9136(8tu)]	DNR	Governor and DOA
January 1, 2002	<b>Integrated Tax System.</b> Report that identifies any additional revenue generated by implementation of the integrated tax system. [Section 9143(1x)]	DOR	JFC

Date Due	Nature	Prepared By	Reported To
June 30, 2002	<b>Audit of Medical College of Wisconsin Tobacco Funding.</b> A financial audit of the Medical College of Wisconsin (MCW) examining its use of the funds received from the DHFS tobacco control aids appropriation. [Section 9131(2g)(a)]	LAB	Legislature, Governor, DOA, LRB, JFC, LFB and MCW
No date specified (Governor's veto message requests July 1, 2002 and every four years thereafter)	<b>Brownfields Report.</b> Report on the effectiveness of the state's efforts to remedy the contamination of, and to redevelop, brownfields. [Section 2611d]	DNR, DOA and Commerce	Not specified (Governor's veto message requests submittal to Governor and Legislature)
January 1, 2003	<b>Milwaukee Child Welfare Services.</b> A review of DHFS' administration of child welfare services in Milwaukee County, including an evaluation of: (a) the use of private agencies in the provision of services; (b) the provision of services to children in out-of-home care, including case management services and services provided to the child's family; (c) safety services provided to children placed in their home; and (d) the use of termination of parental rights and adoption as a permanency plan goal for children in out-of-home care. [Section 9131(1t)]	LAB	Legislature, Governor, DOA, LRB, LFB and DHFS
June 30, 2003	<b>Audit of WCBVI.</b> Performance evaluation audit of the Wisconsin Center for the Blind and Visually Impaired (WCBVI). [Section 2053h]	Legislative Audit Bureau	Appropriate Standing Committees
July 31, 2003 and annually thereafter	<b>Newborn Hearing Screening.</b> A determination of the percentage of newborn deliveries in the state that are performed in hospitals that have newborn hearing screening programs. [Section 2439r]	DHFS	Appropriate standing committees of the Legislature
Between January 1, 2004, and July 1, 2004	<b>Assistance to Nonprofit Conservation Organizations.</b> A report describing the costs of, and accomplishments achieved by, activities funded with the grants provided under s. 23.0955. [Section 665rh]	DNR	Appropriate Standing Committees of the Legislature
October 30, 2004	<b>Milwaukee Sixth Street Bridge Design-Build Contract.</b> A report describing the effectiveness of the design-build contracting procedures used for the design and construction of the Sixth Street Bridge.	DOT	Governor and Legislature

Date Due	Nature	Prepared By	Reported To
By January 1, 2008	<b>Audit of Private Employer Health Care Coverage Program.</b> Prepare a program evaluation audit of the private employer health care coverage program under ETF. [Section 4m]	LAB	Legislature, Governor, DOA, LRB, LFB and ETF
By January 1, 2008	<b>Continued Involvement of ETF with the Private Employer Health Care Coverage Program.</b> Report on whether ETF should continue to be involved in the design, marketing and contracting for administrative services for the program, and if the conclusion is that ETF should not continue to be involved with the program, the Board must also submit proposed legislation eliminating ETF's role. [Section 944ym(7)(b)]	Private Employer Health Care Coverage Board	Appropriate standing committees of the Legislature and the Governor
In the event of administrative rule promulgation	<b>Air Construction Permit Staff.</b> If administrative rules are modified related to air pollution control construction permits during the 1999-01 biennium, submit a request under section 16.505/515 to increase funding and positions for reviewing and acting on construction permits. [Section 9136(3d)]	DNR	Governor and DOA
In the event of a change in federal law	<b>Collection of Social Security Numbers for Hunting and Fishing License Sales.</b> If the federal government enacts a system of maintaining a database of persons for child support enforcement that does not involve the collection of social security numbers, DNR must request the Legislative Reference Bureau to prepare legislation that allows compliance with the system and eliminates the requirement that people provide their social security numbers for the sale of hunting and fishing licenses. [Section 722u]	DNR and LRB	Appropriate Standing Committees of the Legislature
October 15 of each odd-numbered year; March 15 of each even-numbered year	<b>Recommendation for Approval of Major Highway Development Projects for Preparation of an Environmental Impact Statement.</b> By October 15, a list of potential major highway projects that DOT has initially determined may be recommended to the Transportation Projects Commission for approval for preparation of an environmental impact statement (EIS) or an environmental assessment (EA). By March 15, a list of potential projects that DOT recommends be approved for preparation of an EIS or EA.	DOT	Transportation Projects Commission

Date Due	Nature	Prepared By	Reported To
April 15 of each even-numbered year	<b>Approval of Major Highway Development Projects for Preparation of an Environmental Impact Statement.</b> A list of projects that the Transportation Projects Commission approves for preparation of an environmental impact statement or an environmental assessment.	Transportation Projects Commission	DOT
September 1 of even-numbered years	<b>Harassment or Discrimination Claims.</b> A report containing a description of each employment harassment or discrimination claim filed against the UW Board of Regents or any employe of the Board and resolved in favor of the claimant, the amount of any settlement paid to or judgment entered for the claimant and a description of any discipline of Board employes resulting form the resolution of the claim. [Section 895n]	President of the UW System	Legislature
April of each odd-numbered year.	<b>Long-Term Debt Service Projections.</b> A report on the long-term trends in debt service as a proportion of general fund tax revenues in the biennial state building program recommendations. Specify that this estimate reflect all of the proposed bonding in the budget bill, including the building program as well as other borrowing purposes. [Section 65m]	DOA	JFC
Prior to release of funds by JFC	<b>Federal Resource Acquisition Financial Plan.</b> Provide a long-term financial plan for the operation of the federal resource acquisition program. [Section 9101(18d)]	DOA	JFC
Prior to release of funds by JFC	<b>Universal Service Fund Programs.</b> Submit for approval a detailed expenditure plan which identifies each program or activity under the universal service fund to be funded in the 2000-01.	PSC	JFC
Prior to expenditure or encumbrance of funds	<b>Lottery Retailer Performance Program Plan.</b> A retailer performance program plan based on proposed administrative rules. Funding for the program is placed in unallotted reserve for release by DOA following approval of the proposed plan by the Joint Committee on Finance under a 14-day passive review process. [Section 9143(2t)]	DOR	JFC

Date Due	Nature	Prepared By	Reported To
Prior to release of funds by JFC	<b>TEACH Telecommunications Access Funding.</b> Before release of \$1,997,300 SEG in 1999-00 and \$3,267,100 SEG in 2000-01 from the Joint Committee on Finance's appropriation, a report on estimated program demand and finalized annual costs of the telecommunications access program. [Section 9148(1vt)]	TEACH Board	JFC
No date specified	<b>Audit of Air Management Program.</b> Review of DNR's air management program, including a comparison of federally-required aspects of the program and aspects required only by state law. [Section 9131(2t)]	LAB	Legislature, Governor, DOA, LRB, LFB and DNR
No date specified	<b>Chemical Products Study.</b> Study whether the list of hazardous wastes under state statutes should be revised as it relates to commercial chemical products. [Section 2569r]	DNR	Not specified
No date specified	<b>Legal Services.</b> Report of organizations that receive TANF funding to provide legal services to families whose income is at or below 200% of FPL.	Wisconsin Trust Account Foundation	JFC
No date specified	<b>Public Assistance Application Process.</b> Findings of a workgroup that developed a new application process in the CARES system for medical assistance, BadgerCare, W-2, food stamps and child care.	DWD and DHFS	JFC
No date specified	<b>Medical Assistance.</b> Position and funding modifications related to medical assistance.	Department of Administration	Governor's Office
No date specified	<b>Department of Corrections Production Bakery.</b> Conduct a study of a production bakery for Corrections to produce breads and other baked products for institutions in southeastern Wisconsin which would address: (a) the specific size of the bakery; (b) the potential customers of the bakery, including other governmental entities; and (c) operational details of the facility, including, but not limited to, how the facility would be funded and staffed, projected revenues and expenditures for the bakery, and any offsetting staff and cost reductions that can be made in Corrections, DHFS, DPI and DVA as the result of a centralized bakery. [Section 9101(18i)]	DOA	Unspecified

Date Due	Nature	Prepared By	Reported To
No date specified	<b>Public Broadcasting and Digital Television.</b> Recommendation for legislation to restructure public broadcasting and fund the transition to digital television. [Section 9113(1mm)]	The Restructuring Public Broadcasting and Funding Digital Television Transition Committee	Legislature
No date Specified	<b>Overseas Pilot Program.</b> A report on the findings of UW-Milwaukee related to a pilot project designed to determine the feasibility of overseas academic programming. [Section 9154(3b)]	UW-Milwaukee	Governor and Legislature
No date specified	<b>Minority Health.</b> A biennial report that includes recommendations on program policies, procedures and practices and services affecting the health status of economically disadvantaged minority group members. [Section 2240r]	DHFS	Governor and appropriate standing committees of the Legislature
No date specified	<b>EBT/WIC Program.</b> Requires DHFS to study the program and operational requirements of establishing an electronic benefit transfer system under the supplemental food program for women, infants and children. [Section 9123(8d)]	DHFS	Unspecified
No date specified	<b>Family Care Evaluation.</b> An evaluation of the Family Care pilot program on its cost-effectiveness, client access to services and quality of care. The study must also compare the costs of care in a nursing home to the costs of care in a community setting. [Section 9131(3m)]	An organization other than a state agency contracted with by the LAB.	Unspecified
No date specified	<b>Caregiver Criminal Background Check Study.</b> Report on the correlation between prior convictions and the propensity to commit future acts of abuse, neglect or misappropriation. [Section 9111(4xx)]	University of Wisconsin	Unspecified



**NON-FISCAL POLICY ITEMS**

# NON-FISCAL POLICY ITEMS

## GENERAL FUND TAXES

### 1. COMPROMISING NONDELINQUENT TAXES

Authorize a taxpayer to petition the Department of Revenue to compromise taxes that are owed to the state but are not yet delinquent including costs, interest and penalties. The petition would have to be submitted on a form prescribed by the Department and include a sworn statement from the taxpayer. DOR would be authorized to examine the petitioner under oath concerning the matter and require the taxpayer to provide financial statements and other related information.

If the Department found that the taxpayer was unable to pay the taxes, costs, interest and penalties in full, it would be required to determine the amount that the taxpayer could pay and enter an order reducing the taxes, costs, penalties and interest in accordance with the determination. The compromise would be effective only if the amount owed was paid within ten days from the date the order was issued. Upon payment of the amount owed, DOR would credit the unpaid portion of the principal amount of the taxes and make an appropriate record of the unpaid amount of penalties, costs and interest accrued.

If, within three years of the date of the compromise order, DOR determined that the taxpayer had income or property sufficient to enable the taxpayer to pay the remainder of the tax, costs, penalties and interest, the Department would be required to reopen the matter and order the payment in full of the amount owed. Before entering such an order, DOR would be required to notify the taxpayer in writing of the Department's intention. If the taxpayer requested it, a hearing would be arranged. Once the order was entered, the Department would make a record of the taxes, costs, interest and penalties and they would become immediately due and payable. The taxes would be subject to interest and the delinquent tax fee. DOR would be required to immediately proceed to collect the amounts due and to impose the delinquent tax fee.

These provisions would take effect on the first day of the second month beginning after publication of the bill.

Under current law, DOR has authority to compromise delinquent income and franchise taxes including costs, penalties and interest, under provisions that are essentially the same as those described above. The bill would authorize DOR to compromise all types of taxes (not just income and franchise) that are owed to the state, but not yet delinquent.

## **2. TAX APPEALS COMMISSION -- SUMMARY PROCEEDINGS**

Replace the current provisions regarding "small claims" cases with similar provisions relating to "summary proceedings." A summary proceeding would be a matter in which the amount in controversy, including any penalty, after DOR takes its final action on the petition for redetermination, is less than \$100,000. Exceptions would include cases where: (a) the Commission on its own motion determines that the case should not be heard as a summary proceeding; or (b) DOR or a party petitioning for review alleges that the case involves a constitutional issue or has statewide significance. A commissioner hearing a summary proceeding would have the same discretion as a judge under statutory alternative dispute resolution provisions to order the parties to select a settlement provided under those provisions. A commissioner assigned by the chairperson prior to the hearing would decide summary proceedings. In summary proceedings, the presiding commissioner would render an oral decision at the close of the hearing or a written decision to all parties within two weeks. Decisions in summary proceedings would not be precedents. Provisions governing DOR actions in response to adverse rulings would not apply to summary hearings. The Commission would be required to include a Summary Proceedings Division.

The bill would also provide that, in matters that are not heard as summary proceedings, consent of the parties would no longer be required for the presiding commissioner to render an oral decision. These provisions would first apply to appeals filed for tax years beginning on January 1, 2000.

Under current law, the Tax Appeals Commission is authorized to hear small claims cases. Small claims are matters in which the amount in controversy, including any penalty, after DOR takes final action on the petition for redetermination, is less than \$2,500, unless the Commission determines not to hear the case as a small claims case or DOR determines that the case has statewide significance. Small claims cases are decided by one commissioner assigned by the chairperson prior to the hearing. In small claims cases, the presiding commissioner, without consent of the parties, may render either an oral decision at the close of the hearing or a written decision to all parties within two weeks. Adverse ruling provisions do not apply to small claims cases. The Commission is currently required to include a Small Claims Division.

## **3. TAX APPEALS COMMISSION -- PENALTY FOR FRIVOLOUS OR GROUNDLESS APPEALS**

Increase, from \$1,000 to \$5,000, the penalty that may be assessed for proceedings before the Tax Appeals Commission that are pursued primarily for delay or that are frivolous or groundless. This provision would first apply to appeals filed for tax years beginning on January 1, 2000.

#### **4. TAX APPEALS COMMISSION -- HEARING LOCATIONS**

Provide that Commission hearings must be held in any of the following cities: Appleton, Eau Claire, LaCrosse, Madison, Milwaukee and Wausau. Under current law, the time and place of meetings and hearings of the Commission are designated by the chairperson. This modification would first apply to appeals filed for tax years beginning on January 1, 2000.

### **ADMINISTRATION -- GENERAL STATUTORY PROVISIONS**

#### **5. MODIFICATIONS TO DOA REVIEW OF ANNEXATIONS IN POPULOUS COUNTIES**

Extend from the current 20 days to 60 days the period of time during which DOA may review a proposed annexation of town territory that is contiguous to a city or village in a county with a population of at least 50,000 and have the opportunity to state that in DOA's opinion, the annexation is against the public interest.

Under current law, within five days of the publication of notice of intent to circulate an annexation petition to be filed with a city or village clerk in such a county, a legal description and a scale map of the proposed annexation must be sent to DOA. Within 20 days of receipt of these materials, DOA may mail to the clerks of the municipalities affected by the proposed annexation a notice that in its opinion the annexation is against the public interest. Within 10 days of mailing this notice, DOA must provide the reasons for its determination. This determination may be based on considerations of: (a) whether governmental services, including zoning, may clearly be better supplied by an adjacent municipality that has filed with the county circuit court a copy of a resolution adopted by a two-thirds vote of the municipality's governing body indicating a willingness to annex the area upon the filing of a valid annexation petition; or (b) the shape of the proposed annexation and the homogeneity of the territory with the annexing municipality and any other contiguous municipality.

Newly authorize DOA to refuse to accept the documents filed with it, if within five days of their receipt, the legal description or scale map is illegible, contains errors that prevent DOA from ascertaining the territory to be annexed or does not conform to generally accepted standards for the preparation of legal descriptions and scale maps. Provide that if the documents are refused by DOA, the annexation process may not continue. Stipulate that if the documents are resubmitted no later than 10 days after they were initially returned by DOA and the agency determines that they are legible, accurate and conform to generally accepted standards for legal descriptions and scale maps, the annexation process may proceed.

Specify that an annexation ordinance would become effective when it is recorded with the county register of deeds, rather than upon enactment, as currently provided. In conjunction

with this change, delete a provision stating that a clerk's failure to file or record the necessary final documents relating to the annexation does not invalidate the annexation and that the clerk has a continuing duty to make such filings. There continues to be an on-going statutory obligation for the city or village clerk to record the ordinance with the county register of deeds. Clarify that one copy of all relevant annexation ordinances, certificates and plats must be filed with affected utility companies serving the annexed area. Currently, the documents that must be provided to the affected utilities are not explicitly referenced.

Specify that these modifications would first apply to annexation proceedings that commence with the filing of annexation petitions with a city or village clerk on and after the general effective date of the biennial budget act.

## **ADMINISTRATION -- LAND INFORMATION AND LOCAL PLANNING PROGRAMS**

### **6. WISCONSIN LAND COUNCIL MEMBERSHIP**

Expand the membership of the Wisconsin Land Council by adding a fifth public member. Although the Council's current public members are appointed to five-year terms by the Governor, the new public member would serve only until August 31, 2003, at which time the Council will sunset under current law. The actual and necessary meeting expenses of the additional public member would be supported from the Council's appropriation which is funded through assessments of state agencies.

The Council is required to identify and recommend state land use goals, set state land use priorities and identify areas where greater levels of cooperation and coordination are possible. Currently, the Council is comprised of the following sixteen members: the Secretaries (or their designees) of the Departments of Administration, Agriculture, Trade and Consumer Protection, Commerce, Natural Resources, Revenue and Transportation, the State Cartographer, a representative of the UW System, one member each representing respectively the interests of cities, counties, towns and local governments and four public members.

## AGRICULTURE, TRADE AND CONSUMER PROTECTION

### 7. LAND AND WATER RESOURCE MANAGEMENT PLANS

Require the Land and Water Conservation Board (LWCB) to approve or disapprove required county land conservation committee land and water resource management plans after DATCP, in consultation with DNR, reviews, summarizes, and recommends approval or disapproval of the plans. Under current law, the LWCB reviews each plan and DATCP either approves or disapproves of the plan.

The bill would also change the requirements for land and water resource management plans to do at least all of the following:

- a. Assess water quality throughout the county;
- b. Specify water quality goals and identify the areas that may not be meeting those goals;
- c. Identify applicable performance standards and prohibitions related to the control of nonpoint pollution;
- d. Assess soil erosion conditions throughout the county;
- e. Specify soil erosion control goals and identify the areas that may not be meeting those goals;
- f. Identify applicable performance standards and prohibitions related to soil erosion control;
- g. Include a multiyear description of planned county activities related to land and water resources and prioritize those activities. The description must include activities designed to meet water quality and soil erosion control goals and ensure compliance with performance standards and prohibitions related to nonpoint pollution and soil erosion control;
- h. Describe a system to monitor plan activities;
- i. Include a strategy to provide soil and water resource management information and education; and
- j. Describe methods for coordinating plan activities with other local, state and federal agencies.

Under the bill, current land and water resource management plans would still be valid, but all new or modified plans would follow the new requirements. Under current law, land and water resource management plans must do all of the following:

- k. Specify maximum acceptable rates of soil erosion;
- l. Identify areas where soil erosion standards are not being met;
- m. Identify land use changes or management practices to bring each area of land into compliance with standards adopted by the land conservation committee;
- n. Specify procedures to assist landowners and land users in controlling soil erosion;
- o. Establish priorities for controlling soil erosion;
- p. Identify causes, other than soil erosion, of nonpoint source water pollution; and
- q. Describe all proposed county activities related to nonpoint source water pollution.

## **8. MEAT PROCESSING**

Require state licensed animal, poultry and carcass slaughter and processing facilities to comply with the standards that federally licensed facilities must meet, unless specified otherwise by DATCP rule. These standards generally deal with facilities for inspection, sanitation, ante-mortem inspection, post-mortem inspection, disposal of diseased or otherwise adulterated carcasses and parts, humane slaughtering, handling and disposal of condemned or other inedible products, rendering or other disposal of carcasses and parts passed for cooking, labeling, marking devices and containers, entry into official establishments, definitions and standards of identity or composition, sanitation, hazard analysis and critical control point systems and parts of poultry products inspection regulations. Under current law, the Department is required to issue various administrative rules for animal, poultry and carcass slaughter and processing facilities. The bill would allow, rather than require DATCP to issue any of those rules. These changes would take effect on January 1, 2000.

Allow DATCP to promulgate a retail food regulation or DHFS to promulgate a restaurant rule based on the model food code of the federal Food and Drug Administration under that format rather than according to the current statutory format.

## **9. HAZARDOUS FOODS**

Expand the definition of "potentially hazardous food" under food regulations of retail food establishments to clarify that it includes any food that requires temperature control because it is capable of supporting growth and toxin production of *Clostridium botulinum* (a bacteria commonly found in soil which causes the paralytic illness, botulism) or the growth of *Salmonella enteritidis* in raw shell eggs. DATCP currently considers these items to be potentially hazardous foods. Retail food establishment license fees depend on whether or not the establishment sells potentially hazardous food. The change would take effect on January 1, 2001.

## **10. MERCURY THERMOMETERS**

Ban any fever thermometer containing elemental mercury from being sold or distributed in the state. The ban would begin on the first day of the 13<sup>th</sup> month after publication of the bill.

### **BOARD OF COMMISSIONERS OF PUBLIC LANDS**

## **11. BOUNDARIES OF SUNKEN LOG PERMIT AREAS**

Specify that the area covered by a permit issued by the Board to raise sunken logs from state-owned lands must be entirely within the area of a single quarter section (as established on the mapping system of the United States Geological Survey). This mapping system divides much of the land in the United States into numbered sections, which are generally square parcels containing 640 acres. A quarter section of a standard section contains 160 acres. Provide that this new requirement would first apply to permits issued after the general effective date of the biennial budget act.

Under current law, the only area limitations for a permit to raise sunken logs from state-owned lands are that the area covered by the permit be contiguous and not exceed 160 acres in size.

### **BOARD ON AGING AND LONG-TERM CARE**

## **12. BOARD OF AGING AND LONG-TERM CARE -- SIZE AND COMPOSITION**

Increase from seven to nine the number of members on the Board. Specify that the initial terms of the new members would expire on May 1, 2005 and May 1, 2006. Require that all Board members be public members with no interest or affiliation with any nursing home. Currently, at least four Board members must meet this requirement. Establish a new requirement that at least five Board members be 65 years or older, persons with physical or developmental disabilities or their family members, guardians or other advocates.



## CIRCUIT COURTS

### 13. INCREASE IN RECOVERABLE CIVIL ACTION COSTS

Increase the amount of attorney fees and costs that a successful litigant in a civil action can recover from the opposing party, beginning with actions commenced on the effective date of the bill. Currently, a successful civil litigant may recover attorneys fees according to the following schedule: (a) up to \$100 if the amount recovered or the value of the property is \$1,000 or more; (b) \$50 if the amount recovered or the property value is \$500 to \$999.99; (c) \$25 if the amount recovered or the property value is \$200 to \$499.99; (d) \$15 if the amount recovered or the property value is under \$200; and (e) \$15 to \$100 in cases that do not involve money damages or property. Under the Governor's recommendation, the recoverable attorneys fees would increase as follows: (a) up to \$500 when the amount recovered or the property value is equal to or greater than \$5,000; (b) up to \$300 when the amount recovered or the property value is \$1,000 to \$4,999.99; (c) up to \$100 when the amount recovered or the property value is less than \$1,000; and (d) up to \$500 in cases that do not involve money damages or property. The bill also increases the recoverable amount for costs incurred for motions from \$50 to \$300 and for expert witness fees from \$100 to \$300 for each expert witness that testifies. Under current law, a successful litigant may recover up to \$50 for each of the following costs: (a) certified copies of public records; (b) postage; (c) telegraphing; (d) telephoning; (e) express; (f) depositions including copies; and (f) plats and photographs. The bill: (a) deletes telegraphing as a recoverable cost; (b) expands the list of recoverable costs to include photocopying, electronic communications, facsimile transmissions and overnight delivery; and (c) increases the recoverable amount for each item to \$100.

## COMMERCE -- DEPARTMENTWIDE AND ECONOMIC DEVELOPMENT

### 14. BUSINESS DEVELOPMENT ASSISTANCE CENTER AND ENTREPRENEURIAL ASSISTANCE ANNUAL REPORTS

Require that beginning on October 1, 2001, and no later than October 1 of each odd-numbered year thereafter, the Department must submit to the Governor and chief clerk of each house of the Legislature as a combined report, the Business Development Assistance Center and entrepreneurial assistance report. The Business Development Assistance Center report would not have to include recommendations concerning consolidated permit applications. The entrepreneurial assistance report would no longer have to include an evaluation of the effectiveness of entrepreneurial and intermediary assistance programs offered by the state.

Currently, the Business Development Assistance center report is due each April 1 and is required to include recommendations for improving the permitting processes of state agencies. The entrepreneurial assistance report is due January 1 of each odd-numbered year and must include a description and evaluation of the state's entrepreneurial and intermediary assistance programs.

## **15. INDUSTRIAL REVENUE BONDS -- ESTIMATE OF ATTORNEYS FEES**

Eliminate the requirement that a municipality may not issue industrial revenue bonds unless a document that provides a good faith estimate of attorney fees which will be paid from the bond proceeds is filed with Commerce and the clerk of the municipality prior to adoption of an initial resolution to issue the bonds.

## **16. ELIMINATE REPORTING REQUIREMENTS**

Eliminate requirements for Commerce to provide the following reports or information:

a. An annual report indicating the net gain in jobs due to state funding provided to Forward Wisconsin. Beginning on or before September 1, 2000, and annually thereafter, Forward Wisconsin would be required to submit the report to the appropriate standing committees of the legislature.

b. A biennial report to the state investment board describing the types of investments in businesses in the state that would have the greatest impact on economic development in the state. The Investment Board, after consulting with Commerce, would continue to prepare this investment plan for the Governor and Legislature.

c. A requirement that the Department, in cooperation with the UW small business development center, UW center for cooperatives, the technical college system board and the UW-extension, collect and disseminate information regarding employe-owned businesses and to promote such businesses.

d. A biennial report on the social, economic and financial effects of tax increment financing projects. Beginning with the 2001-03 biennium DOR would be required to produce this report.

e. A requirement that Commerce must certify that a WHEDA loan conforms with statutory requirements before that loan can be made. Also, the Department would no longer have to produce an annual report addressing the effects of WHEDA loans. WHEDA would be required to prepare this report, beginning on or before July 1, 2000.

f. A publication listing state aid programs and services for communities.

## COMMERCE -- BUILDING AND ENVIRONMENTAL FACILITIES

### 17. PETROLEUM TANK INFORMATION DISCLOSURE

Repeal the requirement that the Department must treat as confidential the name of the owner and the location of any noncommercial storage tank which stores heating oil for consumptive use on the premises.

### 18. PRIVATE SEWAGE SYSTEM ADMINISTRATION BY LOCAL GOVERNMENTS

Make changes related to delegation of regulation of private sewage systems and sanitary permits to local governments as follows.

a. Authorize local governments to delegate the regulation of private sewage systems to Commerce, with the Department's consent. If Commerce consents to the delegation, it could contract for the administration of the delegated responsibilities.

b. Consolidate two authorizing statutes to permit both Commerce and local governments to issue sanitary permits for the installation of private sewage systems. Currently, one statute authorizes local governments to issue sanitary permits for the installation of private sewage systems and another statute permits both the Department and local governments to issue sanitary permits.

c. Authorize Commerce to order a local government to remedy its failure to adopt a private sewage system ordinance or carry out its regulatory duties. This would replace the current prohibition of a local government to issue a sanitary permit for the installation of a private sewage system if the local government fails to adopt an ordinance or carry out its regulatory duties.

d. Specify that the sanitary installation permit may be renewed for a two-year period (rather than current references to a two-year period and a "specified period").

e. Repeal a provision under the soil tester certification statute that states a plumber or septic tank installer may also be a soil tester and may install any system after approval of the site or project by Commerce or the governmental unit responsible for the regulation of private sewage systems. While the bill repeals this provision, there are no other provisions that would prohibit a plumber or septic tank installer from becoming a certified soil tester.

### 19. REGULATION OF SMALL SEWAGE SYSTEMS

Require Commerce to regulate "small sewage systems" instead of "private sewage systems," effective January 1, 2000. DNR would regulate sewage systems that are not defined as

small systems. Currently, Commerce regulates private sewage systems, which are defined as a sewage treatment and disposal system serving a single structure with a septic tank and soil absorption field located on the same parcel as the structure, or an alternative sewage system approved by Commerce such as a substitute for the septic tank or soil absorption field, a holding tank, a system serving more than one structure or a system located on a different parcel than the structure. Currently, DNR regulates point sources of water pollution that discharge pollution from a pipe into the surface water or groundwater (such as a municipal sewage treatment plant), and requires point sources to obtain a water pollution discharge permit from DNR.

Under the bill, "small sewage system" would mean a holding tank that is connected to a building, drain or waste piping system or a wastewater treatment and disposal system with a final point of discharge that is below the surface of the ground and with an estimated design flow that does not exceed the maximum design flow specified in rules promulgated by Commerce, in cooperation with DNR. Commerce would be authorized to promulgate emergency rules to designate the maximum design flow for a small sewage system.

References to private sewage system would be changed to small sewage systems related to: (a) the governmental unit responsible for the regulation of systems; (b) issuance of sanitary permits; (c) inspection of systems; (d) special assessments for holding and septic tank pumping; (e) variances to siting or design standards; (f) the private sewage system replacement or rehabilitation grant program; and (g) the private sewage system replacement or rehabilitation loan program created under the bill (see the entry under the Environmental Improvement Fund).

DNR would be authorized to exempt, by rule, certain classes or categories of small sewage systems from the requirement to obtain a water pollution discharge permit.

The groundwater statute exemptions for private sewage systems from design and management criteria related to nitrate standards would be changed to refer to "exempt sewage systems." Exempt sewage systems would include a small sewage system or a sewage system that is in existence on January 1, 2000, that would be a small sewage system except that its design flow exceeds the maximum design flow specified in Commerce rules for a small sewage system. This means exempt systems would include holding tanks and all wastewater treatment and disposal systems that discharge below the surface of the ground.

## **20. SMALL SEWAGE SYSTEM INSPECTION FREQUENCY**

Require Commerce to promulgate a rule that establishes a schedule for the inspection and pumping of small sewage systems. The requirement would go into effect on the first day of the 13<sup>th</sup> month beginning after publication of the budget act and would replace the current requirement for systems to be inspected or pumped every three years under maintenance

programs administered by Commerce and local governments (generally counties) for new or replacement private sewage systems.

#### **21. SMALL SEWAGE SYSTEM INSPECTORS**

Delete persons licensed by DNR to service septic tanks (pumpers) as a class of approved inspectors of private sewage systems and add small sewage system inspectors certified by Commerce as persons who may inspect small sewage systems, effective January 1, 2000. The bill would retain current requirements that persons obtain a license from DNR in order to service septic tanks.

#### **22. PLUMBING LICENSE DENIAL, SUSPENSION AND REVOCATION**

Direct Commerce to promulgate rules for the denial, suspension and revocation of master or journeyman plumber licenses, cross-connection control tester registrations and utility contractor licenses or temporary permits. The provision would take effect on the first day of the 13<sup>th</sup> month beginning after publication of the budget act. The bill would replace current statutory authority and specified procedures which the Department must follow to suspend or revoke licenses, permits or registrations of master or journeyman plumbers, cross-connection control testers or utility contractors. Current statutes require Commerce to: (a) provide at least 10 days notice to the licensee before it suspends the license, permit or registration; (b) make certain findings that the holder of the license, permit or registration has made material misstatements in the application, committed gross negligence or misconduct, has failed to correct violations of Department rules or has falsified information; and (c) hold a public hearing before revoking the license, registration or permit.

#### **23. PLUMBING VIOLATIONS REPORTING REQUIREMENT**

Repeal the requirement that cities and metropolitan sewerage districts must report to Commerce each failure of a state licensed plumber to qualify as a journeyman or master plumber and each willful violation of any plumbing regulation.

### **CORRECTIONS -- ADULT CORRECTIONAL FACILITIES**

#### **24. DESIGNATION OF CORRECTIONAL INSTITUTIONS**

Modify statutory language to name the medium-security facility near Black River Falls the Jackson Correctional Institution. Create statutory language separately identifying that: (a) the

600-bed probation and parole hold/alcohol and other drug abuse facility is located in Milwaukee; (b) a medium-security facility is located in Redgranite; and (c) a medium-security facility is located in New Lisbon. Specify that all of these facilities are state prisons.

**25. RACINE YOUTHFUL OFFENDER CORRECTIONAL FACILITY SECURITY DESIGNATION**

Modify statutory language to specify that the current Racine Youthful Offender Correctional Facility is a maximum-security facility rather than a medium-security facility.

**CORRECTIONS -- JUVENILE CORRECTIONS**

**26. AUTHORIZATION OF A SECURED GROUP HOME**

Effective January 1, 2000, authorize the Department of Corrections (DOC) to license not more than one county department of social services or human services in the state, and contract with not more than one county to operate a group home as a secured group home, for holding in secure custody juveniles who have been convicted under original adult court jurisdiction or adjudicated delinquent by an adult or juvenile court and provided a disposition as a serious juvenile offender or a disposition for a secured correctional placement. Provide that, subject to state licensing, the county board of supervisors of any county may establish a secured group home in accordance with DOC requirements.

Under current law, any person who receives, with or without transfer of legal custody, five to eight children, to provide care and maintenance for those children must obtain a license to operate a group home from the Department of Health and Family Services (DHFS). These group homes are not secured (locked) facilities. Under the bill, DOC could also license a group home licensed by DHFS as a secured group home. The secured group home would be subject to the same limit of five to eight juveniles, but the facility would be treated in the same manner and subject to the same requirements as secured correctional facilities and secured child caring institutions under current law, except that educational provisions applicable to secured child caring institutions would not apply to secured group homes.

Provide that placement in a secured group home would be considered a correctional placement. As such, it would be added as a dispositional option for juveniles adjudicated delinquent for committing an act that would be punishable by a sentence of six months or more if committed by an adult and who has been found to be a danger to the public and in need of restrictive custodial treatment. Provide that placement in a secured group home would be authorized, if a court of civil or criminal jurisdiction orders a juvenile to serve a period of

incarceration of six months or more for certain traffic, boating, snowmobile or all terrain vehicle violations. Current law correctional placements in these cases include secured correctional facilities and secured child caring institutions.

Provide that a secured group home placement would be an option under the serious juvenile offender program and, in addition, would be an alternate care placement option for serious juvenile offenders. Provide that juveniles who violate a condition of either the serious juvenile offender program or the corrective sanctions program may, without a hearing, be taken into custody by DOC and placed in a secured group home. Under current law, such violators may be returned to a secured correctional facility or a secured child caring institution. Authorize the Department's Office of Juvenile Offender Review to be responsible for decisions regarding case planning and the release of juvenile offenders from a secured group home to aftercare placements.

Provide that current law requirements that affect the care, treatment and supervision of juveniles in secured correctional facilities and secured child caring institutions would also apply to secured group homes. These provisions would include requirements relating to: (a) sex offender registration; (b) the commitment of sexually violent persons; (c) the DNA data bank of sex offenders; (d) HIV testing; (e) notification requirements relating to release or escape; (f) escaping or assisting, permitting or negligently allowing escape; (g) running away or failing to return to a facility following an authorized absence; (h) strip searches; (i) exceptions to open records law; (j) court reports; (k) aftercare planning; (l) permanency planning; (m) early release and intensive supervision program limits; (n) the waiving of counsel for certain 15 and 16 year old juveniles; (o) eligibility for low-income energy assistance payments; (p) transfer of school records; (q) term of license; (r) proposed changes in placement to secure care; and (s) transfers to a state treatment facility. Provide that, following a transfer to a treatment facility, the petition for review of the admission be filed by the Department of Health and Family Services, rather than DOC.

Provide that a juvenile would be subject to original adult court jurisdiction if he or she is alleged to have committed battery or assault while placed in a secured group home. If convicted, criminal penalties would apply. Under current law, this provision applies to juveniles placed in a secured correctional facility, a secure detention facility or a secured child caring institution.

Require that the contract between DOC and the county specify that the county operating the secured group home must comply with all DOC rules applicable to the treatment of juveniles placed in a secured correctional facility. Authorize DOC to investigate and supervise any secured group home and to fix reasonable standards and regulations for the design, construction, repair and maintenance of any secured group home.

Provide that, in counties having a population of less than 500,000, the nonjudicial operational policies of a secured group home be determined by the county board of supervisors or, in the case of a secured group home established by two or more counties, by the county

boards of supervisors jointly. Provide that in counties having a population of 500,000 or more, the nonjudicial operational policies of a secured group home be established by the county board of supervisors, and require that the execution these policies be the responsibility of the director of the children's court center. Require that counties submit plans for the secured group home to DOC and require DOC to promulgate rules establishing minimum requirements for the approval of the operation of secured group homes. Require that these plans and rules are designed to protect the health, safety and welfare of the juveniles placed in a secured group home.

Provide that, in counties having a population of less than 500,000, a secured group home would be in the charge of a superintendent. The superintendent and other necessary personnel would be appointed by the county board of supervisors or, where two or more counties jointly operate a secured group home, the county boards of supervisors jointly. Provide that in counties having a population of 500,000 or more, the director of the children's court center would be in charge of and responsible for a secured group home and the personnel assigned to the home.

Provide that each county's proportion of the number of juveniles statewide placed in a secured group home would be included in a criterion for distributing community intervention program funding to counties. Under current law, the criterion (used to distribute 33% of the funding) is based on each county's proportion of the number of juveniles statewide placed in a secured correctional facility or a secured child caring institution during the most recent two-year period for which information is available.

In addition to adding the term "secured group home" to numerous statutory provisions relating to the care, treatment and supervision of juveniles in secured settings, the bill would add the term "secured child caring institution" to several statutory sections where the term does not currently appear. These additions do not change current law in any material way, but make the treatment of secured correctional facilities, secured child caring institutions and secured group homes consistent in these sections. Further, numerous amendments are made to statutory sections relating to DOC and the juvenile code to remove inconsistent terminology and redundant cross-references. These changes do not modify current law.

Modify the following provisions: (a) authorize the appropriation language for juvenile residential aftercare to make expenditures for the provision of secured group home care; and (b) authorize DOC to make payments from the serious juvenile offender appropriation to reimburse a secured group home for the cost of caring for juveniles funded by the appropriation. Require DOC, by January 1, 2000, to calculate and submit to the Department of Administration the per person daily cost assessments (daily rates) to be paid by the state and counties for the cost of caring for juveniles who are placed in a secured group home. The secured group home care provisions would first apply to delinquent acts committed on the effective date of the provisions (January 1, 2000).



## **27. REMEDIAL MODIFICATIONS**

Modify two statutory provisions, as follows:

a. Provide that a county department's investigation of the personal and family history and environment of a juvenile or any physical or mental examinations of a juvenile are made to determine the type of care or placement that is best suited to the juvenile and to the protection of the public. Under current law, the purpose of these investigations or examinations is to determine the type of care necessary for the juvenile. The new language is intended to conform this section of the statutes to the requirements of the 1997 federal Adoption and Safe Families Act.

b. Modify the definition of an aftercare agent as it pertains to battery of aftercare agents, which is considered a special circumstance and subject to a Class D felony, to include any person authorized by a county department of social services or human services to exercise control over a juvenile on aftercare. Under current law, aftercare agents are persons authorized by DOC to exercise control over a juvenile on aftercare supervision.

## **ELECTIONS BOARD**

### **28. DRAFTING INSTRUCTIONS: LEGISLATION FOR CAMPAIGN FINANCE REFORM**

Create session law language, to be retroactively effective on February 28, 1999, requiring the Legislative Reference Bureau to prepare draft legislation relating to campaign finance reform and the composition of the state Elections Board. DOA would be required to submit final instructions for drafting of this legislation no later than March 1, 1999, and the Secretary of DOA would be required to submit the proposed legislation to the Co-chairs of the Joint Committee on Finance no later than April 1, 1999. (The date requirements in this language will have passed before the budget bill itself becomes law.)

## **EMPLOYEE TRUST FUNDS**

### **29. USE OF ACCUMULATED SICK LEAVE CONVERSION CREDITS (ASLCC)**

Authorize certain state employees who either are currently circuit court judges, court reporters or assistant court reporters but who were county employees before August 1, 1978, or who are currently district attorneys or assistant district attorneys but who were county

employees before January 1, 1990, and are persons who elected to retain their original county-provided health insurance coverage upon becoming state employees, to use any state accumulated sick leave credits for post-retirement health insurance coverage offered either through the Group Insurance Board or through such county health insurance programs. Specify that the credits could not be used to pay for individual health insurance coverage provided outside of the state group insurance or county health insurance plan.

Stipulate that the use of such credits for county-provided post-retirement health insurance coverage would be limited to the extent provided by new ETF rules. These rules would have to ensure that the affected annuitants do not have constructive receipt of any of the sick leave conversion credits, as governed by s. 106 of the *Internal Revenue Code*.

Under the language, the rules could also provide for the payment of sick leave conversion credits for other unspecified health insurance plans offered either by the Group Insurance Board or a county health insurance program.

In general, the current ASLCC program permits the unlimited accumulation of unused sick leave from year to year by state employees and authorizes the conversion of these accumulated sick leave hours upon retirement, at the employee's final hourly base rate of pay, into credits used to pay for the cost of the retiree's state group health insurance premiums. Currently, ASLCC post-retirement coverage is available only for health insurance coverage that is offered through providers that contract with the Group Insurance Board or the state's self-insured standard health insurance plan.

### **30. INTEREST PAYMENTS ON WRS REFUNDS AND UNDERPAYMENTS**

Repeal the current law prohibition barring ETF from paying interest on WRS refunds or credits of monies incorrectly paid to the WRS. Instead, authorize ETF to include interest on WRS refunds or credits, pursuant to rules promulgated by the Department. Under current law, ETF issues refunds to employee participants or credits to the employer accounts for monies that are paid into the retirement system: (a) by or on behalf of persons who are not WRS participants; and (b) in excess of annual contribution maximums established by the federal *Internal Revenue Code*.

Also, repeal the current law requirement that where a WRS annuity underpayment exceeds certain dollar amount thresholds [currently \$66.60 for lump sum payments and \$2 per month on monthly annuities] and has not been corrected for at least 12 months, ETF must pay interest on the underpayment at a rate of 0.4% for each full month during which the underpayment occurred. Specify instead that ETF shall pay interest on an underpayment at a rate of interest established by the Department by rule.

Provide that these revised provisions regarding interest payments on refunds, credits and underpayments would take effect on June 30, 2000, and would first apply to refunds, credits and annuity payments occurring on and after the effective date.

### **31. INSTALLMENT PURCHASES OF FORFEITED WRS SERVICE**

Modify current law to allow a WRS participating employe to submit one or more applications for the purchase and reestablishment of previously forfeited creditable service. Specify that a participating employe could apply for all or part of the previously forfeited creditable service, subject to rules promulgated by ETF, but could not submit more than two applications in each calendar year. Stipulate that ETF would have to receive any application and the required payment no later than the date the participating employe terminated employment with the participating employer.

Under current law, a WRS participant who leaves covered service prior to attaining the statutory minimum retirement age may request and receive a separation benefit, in which case all prior WRS creditable service is forfeited and the individual no longer has any claim to a WRS retirement benefit. Currently, if an individual returns to WRS covered service for at least three years, the participant may purchase previously forfeited service. The amount of forfeited service purchased may not exceed the smaller of either the number of years of new creditable service earned as of the date of application, or 10 years. The participant submitting the application must make a lump sum payment equal to the employe's statutory WRS contribution rate applied to the average of the three highest years of earnings.

### **32. MODIFIED DEATH BENEFIT UNDER TEMPORARY SOCIAL SECURITY INTEGRATED ANNUITY OPTION**

Modify current law to provide that if a WRS annuitant who is receiving a temporary Social Security integrated annuity dies before attaining the age of 62, a death benefit payable to the decedent's beneficiary would continue to include the temporary Social Security integrated annuity payment until the month in which the decedent would have attained the age of 62. Stipulate that this provision would first apply to the calculation of death benefits for a beneficiary of an annuitant who dies after the general effective date of the biennial budget bill.

Under current law, if a WRS participant at retirement has not attained age 62 and, therefore, is not yet eligible for Social Security benefits, the participant may elect to receive a temporary Social Security integrated annuity. A temporary Social Security integrated annuity allows the annuitant to receive an accelerated WRS annuity in the form of higher payments before age 62 than the individual would ordinarily have received. The temporary annuity ends at age 62, when the participant begins receiving Social Security benefits. Under this arrangement, the amount of the temporary Social Security integrated benefit that a participant receives before age 62 is calculated to be equivalent to the sum of the annuitant's Social Security benefits payable at age 62 plus an on-going, reduced WRS monthly annuity that is less than the participant would ordinarily have received.

Also, under current law, if a participant with a temporary Social Security integrated annuity dies before age 62 and has a beneficiary, the temporary annuity ends upon the date of the annuitant's death and the death benefit automatically drops to the level of the reduced WRS annuity that would have been payable had the decedent attained age 62.

As the proposal is drafted, it would apply to any current annuitant receiving the temporary Social Security annuity option who dies after the effective date of the budget and also leaves a beneficiary. Under Article IV, Section 26 of the Wisconsin Constitution, additional benefits may not be paid to a former public employe after the service has been rendered unless the Legislature provides GPR funding for the increase and authorizes the change upon a three-fourths vote of all members. Whether this Constitutional limitation would apply in this case is uncertain; however, any ambiguity could be resolved by making a technical modification to make the change first applicable to those annuities commencing after the general effective date of the biennial budget act.

## EMPLOYMENT RELATIONS COMMISSION

### 33. PROHIBITED SUBJECTS OF BARGAINING APPLICABLE TO ALL SCHOOL DISTRICTS

Provide that no school district employer would be required to meet and confer with its represented employes for the purpose of collective bargaining concerning any of the following matters:

*Reassignments Due to Charter School Operations.* Any school district employer would be prohibited from bargaining over matters relating to: (a) the reassignment of its employes, with or without regard to seniority, as a result of a decision to contract with anyone to operate a charter school or to convert a school to a charter school; or (b) the impact of any such reassignments on the wages, hours or condition of employment of the employes who perform the services.

*Reassignments Due to Closing Low-Performance Schools.* Any school district employer would be prohibited from bargaining over matters relating to: (a) the reassignment of its employes, with or without regard to seniority, as a result of a decision to close (or subsequently reopen) a low-performance school; or (b) the impact of any such reassignments on the wages, hours or condition of employment of the employes who perform the services.

Provide that these new prohibited subjects of bargaining provisions would first apply to collective bargaining agreements for which notice of commencement of contract negotiations have been filed with the WERC upon the general effective date of the biennial budget act.

Under current law, the above prohibited subjects of bargaining apply only to the Board of School Directors of the Milwaukee Public Schools. Under the proposed modifications, all school district employers (including the Milwaukee Public Schools) would be subject to these prohibitions.

**34. NEW PROHIBITED SUBJECT OF BARGAINING APPLICABLE TO THE STATE AS EMPLOYER**

Provide that the state as employer would be prohibited from engaging in collective bargaining with its represented employees concerning any of the requirements related to a new "point-of-service coverage option" mandate that would be established in the bill under proposed s. 609.23 of the statutes as it is applicable to state employee group health insurance coverage and managed care plans.

Under the new proposed mandate, a managed care health plan (that is, a health care plan that requires its insured enrollees to obtain services from certain specified providers under contract with the health plan) would have to offer its enrollees at least one "point-of-service coverage option" in each geographic area covered by the plan. A "point-of-service coverage option" would be defined as one containing all of the following elements: (a) the insured could obtain health care services from a provider of the insured's choice; (b) the selected provider need not be a participating provider under the plan or a member of the plan's network of providers; and (c) the plan would have to reimburse the provider selected for the costs of services provided to the insured if the provider is appropriately licensed and the services provided are covered under the plan. Under current law, any managed care plan offered to state employees by the Group Insurance Board must comply with the provisions of ch. 609 of the statutes.

For state group health insurance coverage, these provisions would first be required in managed care plans affected by a collective bargaining agreement containing provisions that are inconsistent with the new mandated coverage that are issued or renewed on the earlier of: (a) the day on which the collective bargaining agreement expires; or (b) the day on which the collective bargaining agreement is extended, modified or renewed. All of the above provisions would be effective on the first day of the sixth month following the general effective date of the biennial budget act.

## ETHICS BOARD

### 35. INVESTIGATION COSTS

Modify current law to permit the Governor, upon request of the Ethics Board, to appoint special counsel to assist in investigating and prosecuting alleged violations of the state lobbying or ethics laws. Under current law, the Governor may authorize the employment of special counsel in the following situations: (a) to assist the Attorney General in any action; (b) to act instead of the Attorney General in any action if the Attorney General is adversely interested; (c) to defend any officer of the state from any action instituted by the Attorney General; and (d) to institute and prosecute any action for which the Attorney General deems it is his or her duty to defend rather than prosecute. When authorized by the Governor, a special counsel is paid from a GPR sum sufficient appropriation in the Department of Justice. The Governor is responsible for execution of a contract between the state and the appointed special counsel which sets the amount the special counsel is to be paid. No estimated increase in expenditures has been included in DOJ's special counsel appropriation for the new purpose of investigating and prosecuting violation of the state's lobbying or ethics laws.

## FINANCIAL INSTITUTIONS

### 36. NAME CHANGE FOR DIVISION OF SAVINGS AND LOAN

Change the name of the Division of Savings and Loan in the Department of Financial Institutions to the Division of Savings Institutions. Provide that any action taken by the Division of Savings and Loan between July 1, 1996, and the bill's general effective date under the name of the Division of Savings Institutions would have the same force and effect in all respects as if the action had been taken under the name of the Division of Savings and Loan.

### 37. INSURANCE PREMIUM FINANCE COMPANY LICENSES

Provide that the Division of Banking in the Department of Financial Institutions, rather than the Commissioner of Insurance, would have the authority to revoke or suspend the license of an insurance premium finance company under the conditions specified in the statutes.

Currently, the Division of Banking is responsible for issuing licenses for insurance finance premium companies and for enforcing all state regulations relating to insurance premium finance companies, except that the Commissioner of Insurance is authorized to revoke or suspend the license of such a company. This provision would make the Division responsible for

revoking or suspending the license of an insurance premium finance company, under the conditions specified in the statutes, thereby maintaining consistency in the authority of the Division with respect to regulation of such companies.

### **38. INTEREST RATE ON HOME MORTGAGE ESCROW ACCOUNTS**

Clarify that the Division of Banking (DOB) must report information to the Division of Savings and Loan [whose name would change to the Division of Savings Institutions (DSI) under the bill] to be used in calculating the interest rate that must be paid on residential mortgage escrow accounts. Under current law, DSI calculates the interest rate for escrow accounts based on information regarding interest rates paid on passbook accounts provided by the Office of Credit Unions (OCU) and the Division of Banking. However, the current statutes do not specifically require DOB to provide this information to DSI.

### **39. UNIVERSAL BANKING**

Authorize the Division of Banking (DOB) within the Department of Financial Institutions to certify savings banks, saving and loan associations and state banks as "universal banks" under the procedures and with the powers outlined below. Provide that a universal bank would be one of the regulated entities under the powers of supervision and control of DOB. The provisions relating to universal banks would be created in a new chapter of the statutes, and could be cited as the "Wisconsin universal bank law" (UB Law).

#### **General Provisions**

Under current law, the Division of Savings and Loan [whose name would change to the Division of Savings Institutions (DSI) under the bill] regulates savings banks and savings and loan associations. DOB regulates state banks. The powers and regulation of these financial institutions are specified in the statutes and vary by type of institution. The UB Law would allow such financial institutions organized under state statutes to apply to DOB to be certified as a universal bank. Certification as a universal bank would provide expanded powers when compared to those currently held by the individual financial institutions. Financial institutions certified as universal banks would remain subject to existing requirements, duties and liabilities and would retain their powers as savings banks, savings and loan associations or state banks, except that, in the event of a conflict between the UB Law and such requirements, duties, liabilities or powers, the UB Law would control.

The Division of Banking would be required to administer the UB Law for all universal banks and to establish such fees as it determined were appropriate for documents filed with the Division and for services provided by the Division. DOB would also be authorized to promulgate rules to carry out the UB Law and to establish additional limits or requirements on universal banks if it determined that the limits or requirements were necessary for the protection of depositors, members, investors or the public.

## Certification

A state-chartered savings bank, savings and loan association or bank would be allowed to apply to become certified as a universal bank by filing a written application with DOB including such information as the Division required and on such forms and in accordance with such procedures as DOB prescribed. DOB would be required to approve or disapprove the application in writing within 60 days after its submission to the Division. However, DOB and the financial institution could mutually agree to extend the application period for an additional 60 days.

DOB would be required to approve an application for certification as a universal bank if the applying financial institution met all of the following requirements:

a. It was chartered or organized, and regulated, as a savings bank, savings and loan association or state bank under Wisconsin statutes and had been in existence and continuous operation for a minimum of three years prior to the date of the application.

b. It was "well-capitalized" or "adequately capitalized" as defined by federal law related to banks and banking.

c. It did not exhibit a combination of financial, managerial, operational and compliance weaknesses that were moderately severe or unsatisfactory, as determined by the Division based upon the Division's assessment of the financial institution's capital adequacy, asset quality, management capability, earnings quantity and quality, adequacy of liquidity and sensitivity to market risk.

d. During the 12-month period prior to the application, it had not been the subject of an enforcement action and had no enforcement action pending against it by any state or federal financial institution regulatory agency, including DOB.

For any period during which a universal bank failed to meet such requirements, the Division would be authorized to order limits or restrictions to the exercise of the powers of the universal bank under the UB Law.

DOB would be required to issue to an applicant approved for certification as a universal bank a certificate of authority stating that the financial institution was so certified.

A financial institution certified as a universal bank would be authorized to terminate its certification upon 60 days' prior written notice to the Division and written approval of the Division. As a condition to the termination, the financial institution would be required to terminate its exercise of all powers granted under the UB Law prior to the termination of the certification. Written approval of the termination by DOB would be void if the financial institution failed to satisfy this precondition to termination.



## Organization

*Articles of Incorporation and Bylaws.* A universal bank would continue to operate under its articles of incorporation and bylaws as in effect prior to certification as a universal bank or as such articles or bylaws were subsequently amended in accordance with the provisions of the statutes under which the universal bank was organized or chartered.

*Name of a Universal Bank.* Under current law and with certain exceptions, an institution organized as a state savings bank is required to adopt a name that identifies it as such and that includes the term "savings." With certain exceptions, an institution organized as a mutual savings and loan association or as a capital stock savings and loan association is required to include the words "savings and loan association" or "savings association" in its name. Such an institution is required to include the word "savings" in its name if its name includes the word "bank."

Subject to certain provisions on distinguishability and use of the same name, as described below, the UB Law would allow a state savings bank, state mutual savings and loan association or state capital stock savings and loan association that had been certified as a universal bank to use the word "bank" in its name, without having to include the word "savings." In addition, subject to the same provisions on distinguishability and use of the same name, the UB Law would specify that a universal bank organized as a savings and loan association that used the word "bank" in its name in accordance with the UB Law need not include the words "savings and loan association" or "savings association" in its name.

The UB Law would require that, with certain exceptions, the name of the universal bank be distinguishable upon the records of DOB from the following: (a) the name of any other financial institution organized under the laws of this state; and (b) the name of a national bank or foreign bank authorized to transact business in this state.

However, a universal bank would be allowed to apply to the Division for authority to use a name that did not meet such requirements as to a distinguishable name. DOB could authorize the use of the name if either of the following conditions were met: (a) the other bank consented to the use in writing and submitted an undertaking, in a form satisfactory to DOB, to change its name to a name that was distinguishable upon the records of the Division from the name of the applicant; or (b) the applicant delivered to DOB a certified copy of the final judgement of a court of competent jurisdiction establishing the applicant's right to use the name applied for in this state. Such exceptions to the distinguishable name requirements are consistent with current law for state banks.

In addition, a universal bank would be able to use a name that was used in this state by another financial institution, or by an institution authorized to transact business in this state, if the universal bank had done any of the following: (a) merged with the other institution; (b) been

formed by reorganization of the other institution; or (c) acquired all or substantially all of the assets, including the name, of the other institution.

### **Capital Requirements**

Current law provides differing requirements related to capital, net worth and capital stock for the various types of financial institutions. For a savings bank, the statutes specify that such an institution may be organized to exercise the powers conferred by the relevant statutes with minimum capital, surplus and reserves for operating expenses as determined by the Division of Savings Institutions. Additional specifications are made in such areas as evidence and maintenance of capital, dividends and the nature of capital stock, capital stock loans and retirement or reduction of capital stock.

The statutes on savings and loan associations provide that such institutions must maintain net worth at an amount not less than the minimum amount established by DSI and authorizes DSI to take appropriate action if an association fails to maintain the minimum net worth required.

Under current law, DOB determines the required capital of a state bank, subject to review by the Banking Review Board. The statutes also specify that a contingent fund and paid-in surplus each in an amount equal to at least 25% of the aggregate amount of the capital stock must be subscribed at the time the subscription list of shareholders is prepared by the incorporators.

Notwithstanding such provisions, the UB Law would authorize DOB to determine the minimum capital requirements of a savings bank, savings and loan association and state bank certified as a universal bank.

The UB Law would define capital for a universal bank organized as a stock organization as the sum of the following, less the amount of intangible assets that were not considered to be qualifying capital by a deposit insurance corporation or the Division: (a) capital stock; (b) preferred stock; (c) undivided profits; (d) surplus; (e) outstanding notes and debentures approved by DOB; (f) other forms of capital designated as capital by the Division; and (g) other forms of capital considered to be qualifying capital of the universal bank by a deposit insurance corporation. For a universal bank organized as a mutual organization, the same definition would apply except that net worth would be substituted for capital and preferred stock. "Deposit insurance corporation" would mean the Federal Deposit Insurance Corporation or other instrumentality of, or corporation chartered by, the United States that insures deposits of financial institutions and that is supported by the full faith and credit of the U.S. government as stated in a congressional resolution.

Under current law, a state savings bank is required to achieve and maintain status as an Internal Revenue Service qualified thrift lender. Such status requires meeting either the 60%

asset test of the section of the Internal Revenue Code (IRC) on domestic building and loan associations, or an asset test prescribed by rule of DSI that is not less than the percentage prescribed by such section of the IRC. The UB Law would specify that this requirement does not apply to universal banks.

### **Acquisitions, Mergers and Asset Purchases**

The UB Law would authorize a universal bank, with the approval of DOB, to purchase the assets of, merge with, acquire or be acquired by any other financial institution, universal bank, national bank, federally chartered savings bank or savings and loan association, or by a holding company of any of these entities. An application for approval of such acquisitions, mergers and asset purchases would have to be submitted on a form prescribed by DOB and accompanied by a fee determined by the Division. Notwithstanding other provisions of state law, DSI approval would not be required for acquisitions or mergers involving a state savings bank or savings and loan association.

In processing and acting on applications for approval of acquisitions, mergers and asset purchases involving a universal bank, DOB would be required to apply the standards specified in the statutes governing the type of financial institution under which the universal bank had been organized or chartered.

### **Federal Financial Institution Powers.**

Subject to the limitations outlined below, the UB Law would authorize universal banks to exercise all powers that may be exercised, directly or indirectly through a subsidiary, by a federally chartered savings bank, a federally chartered savings and loan association, a federally chartered national bank or by an affiliate of such an institution. A universal bank would be required to provide 60 days' prior written notice to DOB of the universal bank's intention to exercise a power under these provisions. The UB Law would specify that DOB could require that certain powers exercisable by universal banks be exercised through a subsidiary of the universal bank with appropriate safeguards to limit the risk exposure of the universal bank.

### **Loan Powers**

*General Provisions.* The UB Law would permit a universal bank to make, sell, purchase, arrange, participate in, invest in or otherwise deal in loans or extensions of credit for any purpose. With the exceptions described below, the total liabilities of any person, other than a municipal corporation, to a universal bank for a loan or extension of credit could not exceed 20% of the capital of the universal bank at any time. In determining compliance with this restriction, liabilities of a partnership would include the liabilities of the general partners, computed individually as to each general partner on the basis of his or her direct liability.

However, the UB Law would provide that the percentage limitation described above would be 50% of the universal bank's capital if the borrower's debts were limited to certain types of liabilities. The first type includes a liability secured by warehouse receipts issued by warehouse keepers who are licensed and bonded under state law or under the federal Bonded Warehouse Act or who hold a registration certificate under Wisconsin law referred to as the Warehouse Keepers and Grain Dealers Security Act, if: (a) the receipts cover readily marketable nonperishable staples; (b) the staples are insured, if it is customary to insure the staples; and (c) the market value of the staples is not, at any time, less than 140% of the face amount of the obligation.

The second type of liability for which the percentage limitation described above would be 50% of the universal bank's capital is a liability in the form of a note or bond that met any of the following qualifications: (a) the note or bond is secured by not less than a like amount of bonds or notes of the United States issued since April 24, 1917, or certificates of indebtedness of the United States; (b) the note or bond is secured or covered by guarantees or by commitments or agreements to take over, or to purchase, the bonds or notes, and the guarantee, commitment or agreement was made by a federal reserve bank, the federal Small Business Administration, the federal Department of Defense or the federal Maritime Commission; or (c) the note or bond is secured by mortgages or trust deeds insured by the federal Housing Administration.

**Local Governmental Units.** The UB Law would specify that liabilities of a local governmental unit could not exceed 25% of a universal bank's capital. However, if the local governmental unit's liabilities were in the form of general obligations, the limit would be extended to 50%. If the liabilities included both revenue and general obligations, the limit would be 25% for the revenue obligations and a total of 50% for the combination of revenue and general obligations.

In addition, the total amount of temporary borrowings of any local governmental unit maturing within one year after the date of issue could not exceed 60% of the capital of the universal bank. Temporary borrowings and longer-term general obligation borrowings of a single local governmental unit could be considered separately in determining compliance with this provision.

**Foreign National Government Bonds.** A universal bank would be authorized to purchase general obligation bonds issued by any foreign national government if the bonds were payable in United States funds. The aggregate investment in these foreign bonds would not be permitted to exceed 3% of the capital of the universal bank, except that this limitation would not apply to bonds of the Canadian government and Canadian provinces that were payable in United States funds.

**Other Foreign Bonds.** The UB Law would authorize a universal bank to purchase bonds offered for sale by the International Bank for Reconstruction and Development and the Inter-American Development Bank or such other foreign bonds as were approved under rules

established by DOB. The bill would specify that at no time could the aggregate investment in any of these bonds issued by a single issuer exceed 10% of the capital of the universal bank.

*Limits Established by the Board of Directors.* The UB Law would provide that the board of directors of a universal bank could establish an aggregate total level above which a universal bank could not make or renew a loan or loans without being supported by a signed financial statement of the borrower, unless the loan was secured by collateral having a value in excess of the amount of the loan. A signed financial statement furnished by the borrower to a universal bank in compliance with this provision would have to be renewed annually as long as the loan or any renewal of the loan remained unpaid and was subject to this provision. A loan or a renewal of a loan made by a universal bank in compliance with the level established by the board of directors of the universal bank, without a signed financial statement, could be treated by the universal bank as entirely independent of any secured loan made to the same borrower if the loan did not exceed the limitations provided under the UB Law related to loan powers.

*Exceptions to Loan Powers of Universal Banks.* The limits on individual liabilities would not apply to the following:

a. Liabilities secured by certain short-term federal obligations. A liability that was secured by not less than a like amount of direct obligations of the United States which would mature not more than 18 months after the date on which such liabilities to the universal bank were entered into;

b. Certain federal and state obligations or guaranteed obligations. A liability that was a direct obligation of the United States or this state, or an obligation of any governmental agency of the United States or this state, that was fully and unconditionally guaranteed by the United States or this state;

c. Commodity Credit Corporation liabilities. A liability in the form of a note, debenture or certificate of interest of the Commodity Credit Corporation;

d. Discounting bills of exchange or business or commercial paper. A liability created by the discounting of bills of exchange drawn in good faith against actually existing values or the discounting of commercial or business paper actually owned by the person negotiating the same; and

e. Certain other federal or federally guaranteed obligations. In obligations of, or obligations that were fully guaranteed by, the United States and in obligations of any federal reserve bank, federal home loan bank, the Student Loan Marketing Association, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Export-Import Bank of Washington or the Federal Deposit Insurance Corporation.

***Additional Loan Authority.*** Under current law for state banks, debts due a bank on which interest is past due and unpaid for a period of 12 months generally must be considered bad debts. Such bad debts must be charged off to the profit and loss account at the expiration of one year from the date on which the debt became past due, unless the debts are well secured or in the process of collections.

The UB Law would permit a universal bank to lend, to all borrowers, up to 20% of its capital, which would not be subject to classification as bad debts or losses for a period of three years. A universal bank or its subsidiary would be permitted to take an equity position or other form of interest as security in a project funded under this additional loan authority. Every transaction by a universal bank or its subsidiary under these provisions would require prior approval by the governing board of the universal bank or its subsidiary, respectively. Such loans could be dispersed directly or through a subsidiary. However, neither a universal bank nor any subsidiary of the universal bank could lend to any individual borrower an amount that would result in an aggregate amount for all loans to that borrower to exceed 20% of the universal bank's capital. As outlined below, DOB could suspend this additional loan authority.

***Suspension of Additional Loan Authority.*** DOB could suspend the additional loan authority and, in such case, specify how an outstanding loan would be treated by the universal bank or its subsidiary. Among the factors that the Division could consider in suspending authority under this provision are the universal bank's capital adequacy, asset quality, earnings quantity, earnings quality, adequacy of liquidity and sensitivity to market risk and the ability of the universal bank's management.

### **Investment Powers**

***Investment Securities.*** With certain exceptions described below, a universal bank would be authorized to purchase, sell, underwrite and hold investment securities, consistent with safe and sound banking practices, up to 100% of the universal bank's capital. A universal bank would not be permitted to invest greater than 20% of its capital in the investment securities of one obligor or issuer. For purposes of this provision, "investment securities" would include commercial paper, banker's acceptances, marketable securities in the form of bonds, notes, debentures and similar instruments that are regarded as investment securities.

***Equity Securities.*** Subject to the same exceptions, a universal bank would also be authorized to purchase, sell, underwrite and hold equity securities, consistent with safe and sound banking practices, up to 20% of capital or, if approved by the Division in writing, a greater percentage of capital.

***Exceptions to Securities Investment Powers.*** The UB Law would specify the following exceptions to the general powers of a universal bank to invest in investment and equity securities.

a. Housing Activities. With the prior written consent of DOB, a universal bank would be permitted to invest in the initial purchase and development, or the purchase or commitment to purchase after completion, of home sites and housing for sale or rental, including projects for the reconstruction, rehabilitation or rebuilding of residential properties to meet the minimum standards of health and occupancy prescribed for a local governmental unit, the provision of accommodations for retail stores, shops and other community services that were reasonably incident to that housing, or in the stock of a corporation that owned one or more of those projects and that was wholly owned by one or more financial institutions. The total investment in any one project could not exceed 15% of the universal bank's capital, nor could the aggregate investment under these provisions exceed 50% of capital. Under these provisions, a universal bank could not make an investment unless it was in compliance with the capital requirements set by DOB under the UB Law and with the capital maintenance requirements of its deposit insurance corporation.

b. Profit-Participation Projects. The UB Law would specify that a universal bank could take equity positions in profit-participation projects, including projects funded through loans from the universal bank, in an aggregate amount not to exceed 20% of capital. However, DOB could suspend the investment authority under this provision. If the Division suspended the investment authority, the Division could specify how outstanding investments in such projects would be treated by the universal bank or its subsidiary. Among the factors that the Division could consider in suspending authority under this provision are the universal bank's capital adequacy, asset quality, earnings quantity, earnings quality, adequacy of liquidity and sensitivity to market risk and the ability of the universal bank's management. These provisions would not authorize a universal bank, directly or indirectly through a subsidiary, to engage in the business of underwriting insurance.

c. Debt Investments. In general, the UB Law would authorize a universal bank to invest in bonds, notes, obligations and liabilities as described under the UB Law with respect to loan powers, subject to the limitations under those provisions. However, the limits outlined in the section on loan powers would not apply to the following liabilities: (a) liabilities secured by certain short-term federal obligations; (b) certain federal and state obligations or guaranteed obligations; (c) Commodity Credit Corporation liabilities; (d) liabilities created by discounting bills of exchange or business or commercial paper; (e) certain other federal or federally guaranteed obligations. Such liabilities are described in greater detail under the preceding provisions on loan powers.

***Additional Investments.*** The UB Law would provide that a universal bank could invest without limitation in any of the following:

a. Stocks or obligations of a corporation organized for business development by this state or by the United States or by an agency of this state or the United States.

b. Obligations of an urban renewal investment corporation organized under the laws of this state or of the United States.

c. An equity interest in an insurance company or an insurance holding company organized to provide insurance for universal banks and for persons affiliated with universal banks, solely to the extent that this ownership was a prerequisite to obtaining directors' and officers' insurance or blanket bond insurance for the universal bank through the company.

d. Shares of stock, whether purchased or otherwise acquired, in a corporation acquiring, placing and operating remote service units of a savings banks or savings and loan association or for bank communications terminals.

e. Equity or debt securities or instruments of a service corporation subsidiary of the universal bank.

f. Advances of federal funds.

g. With the prior written approval of the Division, financial futures transactions, financial options transactions, forward commitments or other financial products for the purpose of reducing, hedging or otherwise managing its interest rate risk exposure.

h. A subsidiary organized to exercise corporate fiduciary powers under state law.

i. An agricultural credit corporation. Unless a universal bank owned at least 80% of the stock of the agricultural credit corporation, a universal bank could not invest more than 20% of the universal bank's capital in the agricultural credit corporation.

j. Deposit accounts or insured obligations of any financial institution, the accounts of which are insured by a deposit insurance corporation.

k. Obligations of, or obligations that are fully guaranteed by, the United States and stocks or obligations of any federal reserve bank, federal home loan bank, the Student Loan Marketing Association, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Deposit Insurance Corporation.

l. Any other investment authorized by DOB.

In addition to the authority granted under the UB Law on acquisitions, mergers and asset purchases and on stock in bank-owned banks, and subject to the provisions of the UB Law with respect to equity securities, a universal bank would be authorized to invest in other financial institutions.



A universal bank would be permitted to make investments under the provisions outlined above, directly or indirectly through a subsidiary, unless DOB determined that an investment should be made through a subsidiary with appropriate safeguards to limit the risk exposure of the universal bank.

#### **Universal Bank Purchase of its Own Stock**

With certain exceptions, a universal bank could hold or purchase not more than 10% of its own capital stock, notes or debentures. However, a universal bank could exceed this limit if approved by DOB. In addition, a universal bank could hold or purchase more than 10% of its capital stock, notes or debentures if the purchase was necessary to prevent loss upon a debt previously contracted in good faith. Stock, notes or debentures held or purchased under this provision could not be held by the universal bank for more than six months if the securities could be sold for the amount of the claim of the universal bank against the holder of the debt previously contracted. The universal bank would be required to either sell the stock, notes or debentures within 12 months of acquisition under this provision or to cancel the stock, notes or debentures. Cancellation of the stock, notes or debentures would reduce the amount of the universal bank's capital stock, notes or debentures. If the reduction decreased the universal bank's capital below the minimum level required by DOB, the universal bank would have to increase its capital to the required amount.

A universal bank could not loan any part of its capital, surplus or deposits on its own capital stock, notes or debentures as collateral security, except that a universal bank would be allowed to make a loan secured by its own capital stock, notes or debentures to the same extent that the universal bank could make a loan secured by the capital stock, notes and debentures of a holding company for the universal bank.

#### **Stock in Bank-Owned Banks**

With the approval of DOB, a universal bank would be authorized to acquire and hold stock in one or more banks chartered under state statutes on bank-owned banks or national banks chartered under federal law or in one or more holding companies wholly owning such a bank. Aggregate investments under this provision could not exceed 10% of the universal bank's capital.

#### **General Deposit Powers**

The UB Law would provide that a universal bank could set eligibility requirements for, and establish the types and terms of, deposits that the universal bank could solicit and accept. The terms set under this provision could include minimum and maximum amounts that the universal bank would be able to accept and the frequency and computation method of paying interest.

A universal bank would be allowed to pledge its assets as security for deposits, subject to the limitations under current law applicable to banks.

With the approval of DOB, a universal bank would be permitted to securitize its assets for sale to the public. The Division could establish procedures governing the exercise of authority granted under this provision.

A universal bank would be authorized to take and receive, from any individual or corporation for safekeeping and storage, gold and silver plate, jewelry, money, stocks, securities, and other valuables or personal property. A universal bank could also rent out the use of safes or other receptacles upon its premises. A universal bank would have a lien for its charges on any property taken or received by it for safekeeping. If the lien was not paid within two years from the date the lien accrued, or if property was not called for by the person depositing the property, or by his or her representative or assignee, within two years from the date the lien accrued, the universal bank could sell the property at public auction. A universal bank would be required to provide the same notice for a sale under this provision that is required for sales of personal property on execution. After retaining from the proceeds of the sale all of the liens and charges due the bank and the reasonable expenses of the sale, the universal bank would be required to pay the balance to the person depositing the property, or to his or her representative or assignee.

#### **Other Service and Incidental Activity Powers**

Unless otherwise prohibited or limited by the UB Law, a universal bank would be authorized to exercise all powers necessary or convenient to effect the purposes for which the universal bank was organized or to further the businesses in which the universal bank was lawfully engaged.

*Reasonably Related Powers.* Subject to any applicable state or federal regulatory or licensing requirements, a universal bank could engage, directly or indirectly through a subsidiary, in activities reasonably related or incident to the purposes of the universal bank. Such activities would be those that are part of the business of financial institutions, or closely related to the business of financial institutions, or convenient and useful to the business of financial institutions, or reasonably related or incident to the operation of financial institutions or are financial in nature. Activities that would be considered reasonably related or incident to the purposes of a universal bank would specifically include the following:

1. Business and professional services;
2. Data processing;
3. Courier and messenger services;
4. Credit-related activities;
5. Consumer services;
6. Real estate-related services, including real estate brokerage services;

7. Insurance and related services, other than insurance underwriting;
8. Securities brokerage;
9. Investment advice;
10. Securities and bond underwriting;
11. Mutual fund activities;
12. Financial consulting;
13. Tax planning and preparation;
14. Community development and charitable activities;
15. Debt cancellation contracts;
16. Any activities reasonably related or incident to activities on the list above;
17. An activity that is authorized by statute or regulation for financial institutions to engage in as of the effective date of this provision (the first day of the third month beginning after publication of the bill); and
18. An activity permitted under the Bank Holding Company Act.

In addition, DOB would be authorized to expand the list of activities reasonably related or incident to the purposes of a universal bank. Any additional activity approved by the Division would be authorized for all universal banks.

A universal bank would be required to give 60 days' prior written notice to DOB of the universal bank's intention to engage in an activity under these provisions.

**Standards for Denial.** DOB would be permitted to deny the authority of a universal bank to engage in an activity under these provisions, other than the first 16 activities listed above, if the Division determined any of the following: (a) that the activity was not an activity reasonably related or incident to the purposes of a universal bank; (b) that the financial institution was not well-capitalized or adequately capitalized; (c) that the financial institution was the subject of an enforcement action; or (d) that the financial institution did not have satisfactory management expertise for the proposed activity.

**Insurance Intermediation.** A universal bank, or an officer or salaried employee of a universal bank, would be permitted to obtain a license as an insurance intermediary, if otherwise qualified. A universal bank could not, directly or indirectly through a subsidiary, engage in the business of underwriting insurance.

**Activities Approved by DOB.** A universal bank would be authorized to engage in any other activity that was approved by rule of DOB. In addition, a universal bank could engage in activities under these provisions, directly or indirectly through a subsidiary, unless the Division determined that an activity had to be conducted through a subsidiary with appropriate safeguards to limit the risk exposure of the universal bank.

**Activities Provided Through a Subsidiary.** The amount of the investment in any one subsidiary that engaged in an activity under these provisions could not exceed 20% of capital or

a higher percentage if approved by DOB. The aggregate investment in all subsidiaries that engaged in an activity under this provision could not exceed 50% of capital or a higher percentage authorized by the Division. A subsidiary that engaged in an activity under these provisions could be owned jointly, with one or more other financial institutions, individuals or entities.

#### **Trust Powers**

Subject to rules of DOB, a universal bank would be permitted to exercise trust powers in accordance with such authority granted by the statutes to state banks.

#### **Rule-Making Authority**

The bill would require DOB to use the emergency rule making procedures to promulgate rules for the period before permanent rules became effective. However, DOB would not be required to provide evidence of an emergency.

#### **Effective Date**

These provisions would take effect on the first day of the third month beginning after publication of the bill.

### **GENERAL PROVISIONS**

#### **40. DRAFTING INSTRUCTIONS RE: LEGISLATION FOR COMPLIANCE WITH RESTRICTIONS ON MINORS ACCESS TO TOBACCO PRODUCTS**

Create session law language, to be retroactively effective on February 28, 1999, requiring the Department of Administration (DOA) to submit instructions to the Legislative Reference Bureau by March 1, 1999, to draft legislation authorizing the development of a statewide protocol for licensing authorities and law enforcement agencies in conducting compliance surveys to determine the prevalence of illegal retail sales of tobacco products to underage individuals. Require DOA to submit the proposed legislation to the Co-chairs of the Joint Committee on Finance no later than April 1, 1999.

Under federal law, states are required to take certain steps to reduce the sale of tobacco products to minors, including performing random, unannounced inspections of licensed tobacco vendors to determine the percentage of vendors who sell to minors, and to reduce the percentage of vendors who sell to minors to less than 20% by the year 2001. The U.S. Department of Health and Human Services is authorized to withhold 40% of a state's substance

abuse prevention and treatment (SAPT) block grant if a state fails to comply with this requirement.

As administrator of the SAPT block grant, DHFS has responsibility for conducting a statewide retail tobacco "compliance check." This check was first completed in 1997 and resulted in a 22.6% inspection failure rate (the rate at which merchants sold to minors).

**41. DRAFTING INSTRUCTIONS RE: LEGISLATION FOR A CULTURAL ARTS AUTHORITY**

Require the Legislative Reference Bureau (LRB) to prepare legislation authorizing the creation of cultural arts authorities in cities with a population of at least 150,000, based on instructions provided by the Department of Administration (DOA). Specify that DOA would have to submit final instructions to the LRB not later than March 1, 1999. Require that the Secretary of DOA submit the proposed legislation to the Co-chairs of the Joint Committee on Finance not later than April 1, 1999. Specify that this provision would take effect on February 28, 1999.

**42. DANE COUNTY REGIONAL PLANNING COMMISSION**

Specify that the commission members of the Dane County Regional Planning Commission who are in office on the 30<sup>th</sup> day after the bill's general effective date cannot remain in office beyond that date unless they are reappointed by the Governor. Provide that, beginning 31 days after the bill's general effective date, the Dane County Regional Planning Commission shall consist of 11 members appointed by the Governor. Specify that the Governor's appointments to the commission must be made either from lists of individuals submitted by local government officials and associations or from a list of five individuals with experience in land use planning, selected by the Governor. Establish the Commission's membership as follows, except that members can be appointed from the Governor's list of five individuals for any of these categories:

a. Two members appointed from a list of at least four individuals submitted by an association representing towns that was in existence on January 1, 1999, provided that one member must be a town resident in eastern Dane County and one member must be a town resident in western Dane County;

b. Two members appointed from a list of at least four individuals submitted jointly by an association representing villages and an association representing third and fourth class cities, both of which were in existence on January 1, 1999;

c. Two members appointed from a list of at least four individuals submitted by the mayor of the City of Madison; and

d. Five members from a list of at least eight Dane County board supervisors submitted by the Dane County executive, provided that at least two of these members must represent towns and no more than two of these members may represent districts that are wholly or partially in the City of Madison, and provided that at least two of these members must represent districts in eastern Dane County and at least two of these members must represent districts in western Dane County.

Require the Secretary of DOA to determine the border between the eastern and western halves of Dane County for the purposes of implementing this provision.

Provide that the Dane County Regional Planning Commission shall be dissolved on December 31, 2001. Require the Commission's unexpended funds be used to retire the Commission's outstanding debt, if any, and specify that any remaining funds be returned to the municipalities or county that supplied them. Provide that any remaining debt shall become an obligation of Dane County.

Require the Dane County Board and the board of any county that is adjacent to Dane County and that is not in a regional planning commission to vote by July 1, 2001, on whether to participate in a newly-organized regional planning commission. Require the new regional planning commission to be created on January 1, 2002, if two-thirds of the designated county boards vote to participate.

Specify that any regional planning commission created after December 31, 2001, that contains a second class city (this includes the City of Madison) must consist of:

- a. One member appointed by the county board of each participating county;
- b. Two members, appointed by the Governor, from each participating county; and
- c. The Secretary of the Department of Commerce, or a designee, who shall serve as a nonvoting member.

Prohibit the creation of any regional planning commission that consists of a single county after December 31, 2001.

#### **43. INCORPORATIONS UNDER A COOPERATIVE PLAN FOR BOUNDARY CHANGES**

Modify state law governing cooperative plans for municipal boundary changes to allow all, or part, of a town to become incorporated as a village or city under those procedures. Exclude such incorporations from the standards regarding area, population and density otherwise required by the courts when considering proposals to incorporate. Exclude such incorporations from the standards regarding characteristics of the territory proposed to be incorporated, including territory beyond the core area, otherwise required by DOA when considering proposals to incorporate. Require DOA to determine whether an incorporation

under the proposed provisions is in the public interest. Allow DOA to consider current standards for reviewing incorporations in making this determination.

Require cooperative plans that include proposed incorporations to specify the date on which the incorporation shall take effect and the boundary for the territory to be incorporated if the incorporation does not include the entire town.

Specify that towns seeking to incorporate under the proposed procedures must satisfy the current law requirements regarding incorporation relative to petitions, public notices, hearings and judicial review before a joint public hearing can be held on the cooperative plan.

Require DOA to consider the effect an incorporation would have on any portion of the town not included in the territory to be incorporated and on the other parties to the plan in the Department's review of the plan. Specify that cooperative plans containing incorporations would not become effective until the incorporation has been approved through referendum, as required under current law. Require cooperative plans including incorporations to include a contingency plan, in the event the referendum is not approved, and specify that the contingent cooperative plan shall take effect if the plan is defeated in the referendum. These provisions would become effective upon passage of the bill.

#### **44. MINIMUM AREA REQUIRED FOR CERTAIN INCORPORATIONS**

Reduce the minimum area requirement to incorporate as a metropolitan village when the territory proposed for incorporation is within ten miles of a first class city or five miles of a second or third class city from four square miles to three square miles, effective upon passage of the bill. Current law requires circuit courts to apply the minimum area requirement before an incorporation petition can be referred to DOA. A metropolitan village is an existing or proposed village that is entirely or partially within a metropolitan community (the area with a density of 100 or more people per square mile that includes a city of 25,000 or more people or includes two incorporated municipalities within five miles of each other that have a combined population of 25,000 or more).

#### **45. INTERPRETATION OF CONTRACTS AND OTHER LEGAL INSTRUMENTS -- EUROPEAN CURRENCY**

Provide that, unless otherwise required, if a subject or medium of payment of a contract or other legal instrument entered into or executed in Wisconsin is the European currency unit (ECU) or a currency that has been replaced by the euro, the euro would be a commercially reasonable substitute for the ECU or other currency. The valuation of the ECU or other currency would be determined in accordance with any applicable regulations adopted by the council of the European Union. European currency unit (ECU) would be defined as the currency basket that is the monetary unit of account of the European Economic Community. Euro would mean the currency of participating members of the European Union who have adopted a single

currency in accordance with the provisions of the 1992 Treaty on European Union. No person could discharge or otherwise excuse performance under any contract or other legal instrument, nor unilaterally alter the terms of, or terminate, any contract or other legal instrument as a result of the requirement. These provisions would only apply to a contract or other legal instrument entered into or executed in Wisconsin or to a contract or other legal instrument that contained provisions requiring the contract or legal instrument to be interpreted according to Wisconsin law.

**46. AUTHORITY TO WITHHOLD ACCESS TO HOME ADDRESSES AND TELEPHONE NUMBERS OF PUBLIC EMPLOYEES**

Authorize any state or local public body ("authority") subject to the open records law to withhold from inspection and copying any information on a record maintained by the body relating to the home address or home telephone number of its employees.

Under current law, a public body may not prohibit a person from inspecting, copying or receiving a copy of a public record, unless the record is specifically exempted or authorized to be withheld from access under state or federal law or the custodian of the record can demonstrate that the harm done by providing access would outweigh the strong public interest of providing the access. A recent Court of Appeals ruling [*State ex rel. Journal/Sentinel, Inc. v. Arreola*] has held that access to some personnel records of public employees, such as access to the home addresses of law enforcement officers, may be denied.

**47. LIMITATIONS ON GOVERNMENTAL LIABILITY FOR YEAR 2000 COMPUTER PROBLEMS**

Create statutory language specifying that no person may bring a lawsuit against a state authority or local governmental unit, or an officer, employe or agent of a state or local governmental unit acting within the scope of his or her employment or agency, for the alleged failure of the authority, unit, officer, employe or agent to plan for, test, detect, disclose, prevent, report, reprogram, remediate or otherwise deal with the effects of the failure of a computer system to handle correctly and consistently any date, or the inability of a computer system to correctly interpret, produce, calculate, generate, utilize, manipulate, represent or account for any date, before, during or after the year 2000 or for any act or omission related to such an alleged failure for which there would otherwise be liability, if the authority, unit, officer, employe or agent made a good faith effort to address the alleged failure. Specify that any contract entered into on or after the effective date of the bill that contains a contrary provision is void. Further, specify that the state and local governments are not required to pay interest to vendors on late payments arising from a computational date error failure.



## HEALTH AND FAMILY SERVICES -- MEDICAL ASSISTANCE

### 48. HEALTH INSURANCE INFORMATION

Authorize DHFS to provide health insurance information it collects on behalf of MA recipients to the Department of Workforce Development (DWD). Require DHFS and DWD to agree on procedures and methods to protect the confidentiality of this information.

## HEALTH AND FAMILY SERVICES -- PUBLIC HEALTH

### 49. OFFICE OF HEALTH CARE INFORMATION

Require DHFS to issue a request for proposal by January 1, 2000 to determine whether an entity would be interested in purchasing Office of Health Care Information data in order to analyze the data and prepare reports to sell to interested organizations.

### 50. BIRTH DEFECT PREVENTION SURVEILLANCE

Create a birth defect prevention surveillance system and repeal all current statutory provisions relating to the birth and developmental and outcome monitoring program.

*Definitions.* Define a "birth defect" as any of the following conditions affecting an infant or child that occurs prior to or at birth and that requires medical or surgical intervention or interferes with normal growth and development: (a) a structural deformation, disruption or dysplasia; and (b) a genetic, inherited or biochemical disease. Define a "pediatric specialty clinic" as a clinic with the primary purpose of providing pediatric specialty diagnostic, counseling and medical management services to persons with birth defects by physician subspecialists. Define "infant or child" as a human being from birth to two years of age. Define "physician" as an individual possessing the degree of doctor of medicine or doctor of osteopathy or an equivalent degree as determined by the medical examining board, and holding a license granted by the Medical Examining Board.

*Reporting.* Require the following individuals to report a birth defect in an infant or child to DHFS, unless that person knows that another person has already reported this information to DHFS: (a) a hospital or pediatric specialty clinic in which the birth defect is diagnosed in an infant or child or treatment for the birth defect is provided to the infant or child; (b) a physician who diagnoses the birth defect or provides treatment to the infant or child for the birth defect;

and (c) a clinical laboratory that identifies a birth defect in the infant or child as the result of a laboratory analysis.

Require physicians, hospitals and pediatric specialty clinics to provide DHFS, within 10 working days of receiving a request, information contained in the medical records of patients who have a confirmed or suspected birth defect diagnosis.

*Department Duties and Powers.* Require DHFS to establish and maintain an up-to-date registry that documents the diagnosis of any infant or child who has a birth defect that was diagnosed or treated in the state, regardless of the residence of the infant or child. Require DHFS to include information in the registry that would facilitate: (a) identification of risk factors for birth defects; (b) investigation of the incidence, prevalence and trends of birth defects using epidemiological surveys; and (c) development of preventive strategies that would decrease the occurrence of birth defects.

Require DHFS to promulgate rules that would: (a) specify the birth defects which would require a report to DHFS; and (b) specify the content, format and procedures for reporting birth defect information to DHFS. Authorize DHFS to monitor the data contained in birth defect reports in order to ensure the quality of the data and to make improvements in reporting methods.

*Confidentiality.* Specify that any information contained in a birth defect report made to DHFS that could specifically identify the subject of the report would be confidential. Prohibit DHFS from releasing this confidential information except to: (a) the parent or guardian of an infant or child for whom a birth defect report is made; (b) a local health officer (LHO), upon receipt of a written request and informed written consent from the parent or guardian of the infant or child; (c) a physician, hospital or pediatric specialty clinic for the purpose of information verification; and (d) a representative of a federal or state agency, upon written request if the information is necessary to perform a legally authorized function of that agency, including investigation of causes, mortality, methods of prevention, treatment or care of birth defects, associated diseases or disabilities.

Specify that a LHO could only disclose this information to the extent necessary to provide and coordinate follow-up care for the infant or child or to conduct a health, demographic or epidemiological investigation. Require a LHO to destroy all information within one year after receiving it.

Specify that information released to a representative of a federal or state agency could not contain the name or address of the infant or child. Require DHFS to notify the parent or guardian of the release of information to a state or federal agency. Authorize the representative of the state or federal agency to disclose this information only as necessary to perform the legally authorized function of the agency for which the information was requested.

*Release of Information to Researchers.* Authorize DHFS to release confidential information to a person proposing to conduct research if: (a) the person proposing to do the research submits a

written application that includes a written protocol for the proposed research, the requestor's professional qualifications and any other information requested by DHFS; (b) the purpose of the research is to study birth defect surveillance and prevention; (c) DHFS determines that, if the research involves direct contact with a subject or with a member of the subject's family, the contact is necessary for meeting the research objectives, the research is in response to a public health need or is in connection with birth defect surveillance or investigation sponsored and conducted by public health officials, the research had been approved by a certified institutional review board or committee for the protection of human subjects in accordance with federal regulations and the contact between researchers and infants, children or their families is to be conducted in a manner approved by DHFS.; (d) the person agrees in writing that the information would only be used for research approved by DHFS; (e) the person agrees in writing that the information provided would not be released to anyone except other persons involved in the research; (f) the person agrees in writing that the final product of the research would not reveal information that could specifically identify the subject of a birth defect report; and (g) the person agrees in writing to any other conditions imposed by DHFS.

*Council on Birth Defect Prevention and Surveillance.* Create a Council on Birth Defect Prevention and Surveillance to make recommendations regarding the establishment of a birth defect registry and rules for the reporting of birth defect information.

Attach the Council to DHFS and specify that the Council would include (a) a representative of the University of Wisconsin Medical School who has technical expertise in birth defects epidemiology; (b) a representative of the Medical College of Wisconsin who has technical expertise in birth defects epidemiology; (c) a representative from the DHFS Division of Public Health; (d) a representative of the DHFS Division of Health Care Financing; (e) a representative of the DHCF Bureau of Health Information; (f) a representative of the State Medical Society; (g) a representative of the Wisconsin Chapter of the American Academy of Pediatrics; (h) a representative of a nonprofit organization whose primary purpose is the prevention of birth defects; and (i) a parent or guardian of a child with a birth defect.

## **51. TUBERCULOSIS**

Make numerous changes to provisions relating to state and local responsibilities relating to the detection and treatment of tuberculosis (TB).

*Repeal Obsolete References.* Delete all current references to private, county and joint county home and county TB sanatoriums and hospitals. In addition, delete all references to TB acute treatment centers and community based residential facilities that provide care to TB patients.

*Definitions.* Delete the current definition of TB. Instead, define "infectious tuberculosis" as a disease of the respiratory tract, capable of producing infection or disease in others as demonstrated by the presence of acid-fast bacilli in the sputum or bronchial secretion or by chest radiograph and clinical findings. Define "suspect tuberculosis" as an illness marked by

symptoms and laboratory tests that may be indicative of tuberculosis, such as a prolonged cough, prolonged fever, hemoptysis, compatible roentgenographic findings or other appropriate medical imaging findings. Define "isolate" as a population of mycobacterium tuberculosis bacteria that has been obtained in pure culture medium. Define "isolation" as the separation from other persons of a person with infectious TB in a place and under conditions that prevent the transmission of the infection.

*Laboratory Requirements.* Require any laboratory that receives a specimen for TB testing to report all positive results obtained by any appropriate procedure, including a procedure performed by an out-of-state laboratory, to a local health officer (LHO) and DHFS. Require any laboratory that performs primary culture for mycobacterium to also perform organism identification for mycobacterium TB complex using an approved rapid testing procedure as specified by DHFS by rule. Require any laboratory that identifies mycobacterium TB to ensure that antimicrobial drug susceptibility tests are performed on the initial isolate. The laboratory would be required to report the results of these tests to the LHO and DHFS.

If a person who has been reported by a laboratory as having TB does not comply with any order made by a public health officer, the LHO or DHFS could order a medical evaluation, directly observed therapy or home isolation of the person.

*TB Screening.* Delete the authority for DHFS to promulgate rules that require screening of members of specific groups that are at risk for contracting or transmitting mycobacterium, if it is necessary to prevent or control the transmission of mycobacterium TB. DHFS would retain the authority to identify groups at risk of contracting or transmitting TB and to recommend a protocol for screening members of those groups.

*TB Confinement.* Delete current provisions that authorize any court of record to commit an individual infected with mycobacterium TB under specified circumstances. Instead, DHFS or a LHO would be authorized to order an individual who has a confirmed diagnosis of infectious TB or suspect TB to confinement to a facility, if the following conditions are met: (a) DHFS or a LHO notifies a court in writing of the confinement; (b) DHFS or a LHO provides to the court a written statement from a physician stating that the individual has infectious or suspect TB; (c) DHFS or a LHO provides to a court evidence that the individual has refused to follow a prescribed treatment regimen, or for an individual with suspect TB, has refused to undergo a medical examination to confirm infectious TB; and (d) in the case of an individual with confirmed infectious TB, DHFS or a local health officer determines that the individual poses an imminent and substantial threat to themselves or to the public health. DHFS or the LHO would be required to provide a written statement of this determination to the court.

Delete current statutory provisions that provide police powers to individuals in charge of common carrier transportation for the purposes of transporting individuals with TB. Instead, specify that if DHFS or a LHO orders the confinement of an individual infected with TB, a law enforcement officer, or other person authorized by the local public health officer, would

transport the individual, if necessary, to a facility that DHFS or a LHO determines would meet the individual's need for medical evaluation, isolation and treatment.

Specify that no individual could be confined for more than 72 hours, excluding Saturdays, Sundays and legal holidays, without a court hearing to determine whether the confinement should continue. If a court orders confinement, an individual would remain confined until DHFS or a LHO, with the agreement of a treating physician, determines that treatment is complete or that the individual is no longer a substantial threat to themselves or to the public health. If the individual is confined for more than six months, the court would review the confinement every six months.

*Rights and Responsibilities.* Specify that DHFS or a LHO could petition any court for a hearing to determine whether an individual with suspect or infectious TB should be confined for more than 72 hours in a facility where proper care and treatment would be provided and spread of TB would be prevented. DHFS or an LHO would be required to demonstrate all of the following: (a) the individual named in the petition has infectious TB, suspect TB or has noninfectious TB, but is at high risk of developing infectious TB; (b) the individual has not complied with the prescribed treatment regimen or with rules promulgated by DHFS or the disease is resistant to medication prescribed to the individual; (c) all methods for achieving voluntary compliance with treatment have been exhausted and no less restrictive alternative exists, or that no other medication to treat the disease is available; and (d) the individual poses an imminent and substantial threat to themselves or to the public health.

Require DHFS or the LHO to give the individual written notice of a hearing at least 48 hours before a scheduled hearing is to be held. Notice of the hearing would include the following information: (a) the date, time and place of the hearing; (b) the grounds and underlying facts upon which confinement is being sought; (c) and explanation of the individual's rights; and (d) the proposed action to be taken and the reasons for each action.

Specify that an individual who is the subject of a petition for a hearing has the right to appear at the hearing, present evidence, cross-examine witnesses and be represented by an adversary counsel. At the time of the filing of the petition, the court would ensure that the individual is represented by adversary counsel. If the individual claims or appears to be indigent, the court would refer the individual for an indigency determination. If the individual is a child, the state public defender would appoint counsel for the child. Unless good cause is demonstrated, hearings could be conducted by telephone or live audiovisual means if available.

Specify that court orders could be appealed as a matter of right. Appeals would be heard within 30 days after the appeal is filed. Specify that an appeal does not stay the court order.

*Rule Making Authority.* Authorize DHFS to promulgate any rules necessary for the administration and enforcement of TB regulations, including rules that require screening of members of specific groups that are at risk for contracting or transmitting mycobacterium TB.

*TB Drugs.* Delete statutory provisions that authorize certain health care providers to dispense drugs necessary for the treatment of TB. Authorize local health departments, physicians or advanced practice nurse prescribers to dispense such drugs, effective June 1, 1999 or the day after publication of the biennial budget bill, whichever is later.

*Medical Assistance and County General Relief Block Grant.* Specify that individuals with tuberculosis would be exempt from the 60-day residency requirement for county general relief block grant program eligibility. Correct a statutory reference to the subchapter of the medical assistance program.

*Definition of a Medical Care Institution.* Delete references to TB sanatoriums in the definition of a medical care institution, effective June 1, 1999 or on the day after publication of the biennial budget bill, whichever is later.

## HEALTH AND FAMILY SERVICES -- CARE AND TREATMENT FACILITIES

### 52. REPEAL SUNSET OF FIFTH STANDARD FOR INVOLUNTARY CIVIL COMMITMENTS AND EMERGENCY DETENTIONS

Repeal the December 1, 2001, sunset date for the "fifth standard" of dangerousness for involuntary civil commitments and emergency detentions that was created under 1995 Wisconsin Act 292.

Under current law, a person may be involuntarily committed for treatment of a mental disorder if it is determined, through a hearing or jury trial, that a person is mentally ill, drug dependent or developmentally disabled and is a proper subject for treatment and is dangerous. These same criteria can be used for an emergency detention to provide the opportunity to prevent the person from harming himself or herself or other person, to assess the individual and to proceed with an involuntary civil commitment if necessary.

The "dangerousness" standard may be met if the person evidences one or more of the following:

1. A substantial probability of physical harm to the person, as manifested by evidence of recent threats of or attempts at suicide or serious bodily harm;
2. A substantial probability of physical harm to other persons, as manifested by evidence of recent homicidal or other violent behavior, or by evidence that others are placed in reasonable fear of violent behavior and serious physical harm to them, as evidenced by a recent overt act, attempt or threat to do serious physical harm;

3. Such impaired judgment, manifested by evidence of a pattern of recent acts or omissions, that there is a substantial probability of physical impairment or injury to the person;

4. Behavior, as manifested by recent acts or omissions that, due to mental illness, the person is unable to satisfy basic needs for nourishment, medical care, shelter or safety without prompt and adequate treatment so that a substantial probability exists that death, serious physical injury, serious physical debilitation or serious physical disease will imminently ensue unless the individual receives prompt and adequate treatment for the mental illness.

5. For an individual, other than an individual who is believed to be drug dependent or developmentally disabled, all of the following:

a. After the advantages and disadvantages of and alternatives to accepting a particular medication or treatment have been explained to him or her and because of mental illness, the individual shows either incapability of expressing an understanding of the advantages and disadvantages of accepting medication or treatment and the alternatives, or substantial incapability of applying an understanding of the advantages, disadvantages and alternatives to his or her mental illness in order to make an informed choice as to whether to accept or refuse medication treatment.

b. A substantial probability, as demonstrated by both the individual's treatment history and recent acts or omissions, that the individual needs care or treatment to prevent further disability or deterioration and a substantial probability that the person will, if left untreated, lack services necessary for his or her health or safety and will suffer severe mental, emotional or physical harm that will result in the loss of the individual's ability to function independently in the community or the loss of cognitive or volitional control over his or her thoughts or actions.

The dangerousness standard described under (5) is scheduled to sunset on December 1, 2001 under current law.

### **53. INVOLUNTARY COMMITMENTS OF PRISON INMATES**

Specify that a prison inmate who is subject to a certain type of petition used to begin an involuntary commitment proceeding could be committed for a period of up to one year, rather than the a maximum of six months in any 365-day period, as provided under current law. Specify that these changes would first apply to proceedings in which a petition is filed on the general effective date of the bill.

This type of petition must allege that: (a) the inmate is mentally ill, is a proper subject for treatment and is in need of treatment; (b) the inmate has been fully informed about, and has had the opportunity to discuss, his or her treatment needs and the mental health services available to him or her; and (b) appropriate, less restrictive forms of treatment have been attempted and have been unsuccessful. These changes would only apply to inmates of state prisons; the bill

would not modify current time restrictions that apply for involuntary civil commitments of inmates from county jails and houses of corrections.

## **HEALTH AND FAMILY SERVICES -- CHILDREN AND FAMILY SERVICES**

### **54. MILWAUKEE COUNTY COURT INTAKE SERVICES FOR JUVENILES**

Prohibit the chief judge of Milwaukee County's juvenile court from directing DHFS to provide intake and court services in any case in which the intake referral information indicates that a juvenile should be referred to the court as delinquent, in need of protection or services or in violation of a civil law or ordinance, unless that information indicates that the juvenile should also be referred to the juvenile court for child welfare services under Chapter 48 (the Children's Code). Require the chief judge to direct DHFS and the Milwaukee County Department of Human Services to coordinate the provision of services in cases in which the intake worker, providing services under Chapter 938 (the Juvenile Justice Code), determines that prima facie jurisdiction exists under Chapter 48 instead of or in addition to, Chapter 938 and vice versa.

Under current law, the chief judge of Milwaukee County's juvenile court is required to formulate written judicial policy governing intake and court services for juvenile matters under Chapter 938 and a director of the juvenile court is charged with executing that policy. In February, 1998, based on an order from the chief judge of Milwaukee County's juvenile court, DHFS began providing intake and court services for cases referred to the juvenile court alleging the juvenile is in need of protection and services. This provision would eliminate the chief judge's authority to make such an order so that DHFS would not be required to provide intake and court services for any case under the jurisdiction of Chapter 938, unless a case also appears to fall under the jurisdiction of Chapter 48. In which case, Milwaukee County and DHFS would coordinate the provision of services under both chapters.

### **55. PUBLIC DISCLOSURE OF CHILD ABUSE AND NEGLECT INFORMATION**

Subject to standards established by DHFS, authorize a county department of human services or social services, DHFS or a licensed child welfare agency under contract with the county or DHFS to perform child abuse and neglect investigations, disclose to the news media and the general public information from its records concerning a case in which a child died or was placed in serious or critical condition, as certified by a physician, as a result of abuse or neglect. Authorize any individual that receives such information to disclose that information to anyone. Prohibit an agency from disclosing any information that would identify an individual that reported the abuse or neglect to authorities.



Further, make technical modifications to current statutes regarding DHFS access to county and licensed child welfare agency records regarding cases of child abuse or neglect and an agency's authority to disclose information from child abuse and neglect cases for purposes of obtaining certain types of restraining orders.

This item is intended to ensure that state statute conforms to requirements under federal law enacted in the 1996 reauthorization of the federal Child Abuse Prevention and Treatment Act.

#### **56. APPEAL OF CHILD ABUSE AND NEGLECT FINDINGS**

Permit an individual to appeal a finding made by DHFS, a county department or a licensed child welfare agency that he or she has abused or neglected a child, under procedures established by DHFS. Require an agency that makes such a finding to notify the individual that is found to have abused or neglected a child, in writing, that he or she has the right to appeal that finding and the method by which the individual may appeal.

Under current law, there is no specific provision which allows an individual to appeal a finding that he or she has abused or neglected a child. However, an individual can appeal a finding under procedures established in Chapter 227, which outlines a general right of individuals to appeal decisions made by public agencies.

This item is intended to ensure that state statute conforms to requirements under federal law enacted in the 1996 reauthorization of the federal Child Abuse Prevention and Treatment Act.

#### **57. CHILD ABUSE AND NEGLECT CITIZEN REVIEW PANELS -- ACCESS TO INFORMATION**

Authorize the disclosure of reports and records of child abuse and neglect allegations by agencies responsible for investigating child abuse and neglect allegations to a child abuse and neglect citizen review panel established by DHFS or a county department of human services or social services if that panel determines that access to the agency's records is necessary for the panel to carry out its functions. The citizen review panel would be required to maintain the confidentiality of the records disclosed to it and only disclose the information contained in the records to individuals authorized to access to such records as provided under current law.

This item is intended to ensure that state statute conforms to requirements under federal law enacted in the 1996 reauthorization of the federal Child Abuse Prevention and Treatment Act.

## **58. FOSTER PARENT RECORDS**

Prohibit DHFS, a county department, a licensed child welfare agency, a licensed day care center or a licensed maternity hospital from making available for inspection or disclosing the contents of any records kept or information received relating to a foster parent, treatment foster parent or family-operated group home, a parent or family member of any of the above without first receiving the written permission of the foster parent, treatment foster parent or family-operated group home parent. This provision would not apply to situations involving: (a) the confidential exchange of information between one of these agencies and another social welfare agency; (b) inspection or disclosure of the contents of a record as currently allowed for allegations of child abuse or neglect; (c) the disclosure of the name and address of a foster parent, treatment foster parent or family-operated group home parent in certain situations and for certain court reports as required under current law.

Current law requires certain information about the foster parent or treatment foster parent be disclosed to a child or juvenile's parent or guardian when: (a) a court intake worker takes a child into custody; and (b) a child is residing in a licensed runaway home. Current law does not require the information be provided to the parent or guardian if doing so would result in imminent danger for the child or the foster parent or treatment foster parent. Further, current law requires that certain information about a foster parent or treatment foster parent be included as part of certain court orders or reports, including: (a) court reports and dispositional orders for a child or juvenile; (b) orders for a change in placement for a child or juvenile; and (c) permanency plan for a child or juvenile. This provision would prohibit the disclosure or inspection of the foster parent record in cases other than allowed under current law as described above.

This provision would apply to records of foster parents, treatment foster parents and family-operated group home parents providing services under Chapters 48 (the Children's Code) and 938 (the Juvenile Justice Code).

## **HEALTH AND FAMILY SERVICES -- FAMILY CARE**

### **59. BOARD OF AGING AND LONG-TERM CARE -- SIZE AND COMPOSITION**

Increase from seven to nine the number of members on the Board on Aging and Long-Term Care. Specify that the initial terms of the new members would expire on May 1, 2005 and May 1, 2006. Require that all Board members be public members with no interest or affiliation with any nursing home. Currently, at least four Board members must meet this requirement. Establish a new requirement that at least five Board members be 65 years or older, persons with physical or developmental disabilities or their family members, guardians or other advocates.

## INSURANCE

### 60. HEALTH MAINTENANCE ORGANIZATION POINT-OF-SERVICE COVERAGE

Require managed care plans to offer enrollees at least one point-of-service coverage option in each geographic service area of the managed care plan. Define a "point-of-service coverage option" as a health care plan coverage option under which all of the following apply: (a) an insured may obtain health care services from a provider of his or her choice; (b) the selected provider is not necessarily a participating provider of the health care plan or a member of the health care plan's network of providers; and (c) the health care plan reimburses the selected provider for the cost of services provided to the insured if the provider is appropriately licensed and the services provided are covered under the health plan.

Specify that the new requirement would initially apply to managed care plans that are issued or renewed on the first day of the sixth month beginning after the bill's publication, or, for managed care plans that are affected by collective bargaining agreements that are inconsistent with the new requirement, no earlier than the first day of the sixth month beginning after the bill's publication but after that date, the earlier of: (a) the day on which the collective bargaining agreement expires; or (b) the day on which the collective bargaining agreement is extended, modified or renewed.

## MILITARY AFFAIRS

### 61. GOVERNOR'S AUTHORITY TO ACTIVATE THE NATIONAL GUARD

Expand the Governor's authority to activate the Wisconsin National Guard to provide that a Governor may order such activation whenever he or she considers such action to be necessary for the protection of persons or property. Under current law, the Governor may activate the National Guard for the following purposes: (a) in case of war, insurrection, rebellion, riot, invasion, or resistance to the execution of the laws of this state, or of the United States; (b) in the event of public disaster resulting from flood, conflagration or tornado; or (c) upon request of any U.S. marshal, village president, city mayor, town board chairperson, or state sheriff.

## NATURAL RESOURCES -- DEPARTMENTWIDE

### 62. CONDEMNATION OF LAND

Delete the Department's limited authority to acquire land by condemnation. Grant authority to the Building Commission to condemn land at the request of the Department for any public purpose. Further, DNR would not be required to pay relocation benefits for properties DNR acquires by voluntary sale with state funds. Under current law, in general, DNR is either prohibited from acquiring land through condemnation, or can only do so after receiving the approval of the appropriate standing committees of the Legislature.

### 63. ACQUISITION OF NATURAL RESOURCE AREAS

Allow the Department to designate, acquire, develop, operate and maintain state natural resources areas for the purpose of conserving the state's natural resources. Allow the Department to permit various resource management and recreational uses, including hunting and fishing, within the boundaries of these areas. DNR properties such as the Chippewa, Turtle-Flambeau and Willow Flowages could be designated natural resource areas.

## NATURAL RESOURCES -- FISH AND WILDLIFE

### 64. REGULATION OF WILDLIFE REHABILITATORS

Allow the Department to promulgate administrative rules to regulate the rehabilitation of wild animals by persons not employed by DNR. Allow the rules to include a system for issuing approvals to rehabilitators and requirements for rehabilitators who apply for and who hold the approvals. Prohibit any person from possessing a game bird or animal (except to control an animal temporarily) or carcass of any game bird or animal unless authorized by the Department under these provisions or other regulatory provisions in current law.

### 65. LICENSING DATABASE USE AND FEES

Allow the Department to reveal the names, addresses and demographic information (including age and gender) of fish and game license approval holders, but prohibit the Department from revealing the name, address or demographic information of: (a) an approval holder who requests that such information not be revealed; and (b) persons under the age of 18. In addition, prohibit DNR from revealing any other identifying information (information collected by DNR for issuing approvals, including a person's telephone number, driver's license

number and the identification number issued by the Department for the purpose of issuing approvals).

Allow DNR to produce and charge a fee for lists of the names, addresses and demographic information of approval holders. Require the fee charged to be at least equal to the amount necessary to cover the actual costs of producing, collecting, storing, handling and distributing the lists. Prohibit a person who obtains or uses information on such lists provided by DNR from referring to the Department as the source of the information unless the person clearly states that the provision of, or the permission to use, the information in no way indicates: (a) the Department's involvement or connection with the person or the person's activities; and (b) the Department's knowledge, approval or authorization of the person's activities.

Require that any fees collected from the approval holder lists be deposited in the conservation fund appropriation for the costs of producing the lists. Beginning with fiscal year 1999-00, require the Department to submit an annual report to the appropriate standing committees of the Legislature concerning the activities, receipts and disbursements related to these lists for each fiscal year.

#### **66. NATURAL RESOURCES LAW VIOLATION HOTLINE AND REWARDS**

Require the Department to establish and administer a program to pay rewards to individuals who provide reports to the Department of any violation of conservation laws enforced or administered by DNR. Allow the Department to offer and pay rewards to informants who provide information that results in a finding by a court that a violation was committed. Provide that if an informant claims a reward, that the Natural Resources Board evaluate the claim to determine if the Department will pay a reward and what the amount of the reward will be. Allow the Board to apportion a reward among two or more individuals. Prohibit the Department from paying a reward greater than \$1,000 for each violation committed by any one person without the consent of the Governor.

Provide that the offer of a reward does not create any liability on the Department, the Natural Resources Board or the state. Provide that if a report leads to a finding by a court that a violation was committed by the person reported, that the court may order the violator to reimburse DNR in an amount equal to any reward paid, or in any other amount determined by the court. Allow the Department to withhold any record related to the hotline from inspection or copying under the open records law.

Allow the Department to solicit funds to support the reward program. Create an appropriation within the conservation fund for all moneys received from gifts, grants and bequests to pay rewards to individuals who provide information to DNR. Provide that the toll-free hotline established by the Department to receive reports of violations need not be maintained at DNR headquarters.

## NATURAL RESOURCES -- RECREATIONAL PROGRAMS

### 67. RECREATIONAL VEHICLE ODOMETER AND HOUR METER TAMPERING

Prohibit any person from removing, replacing, disconnecting, resetting, tampering with, altering or failing to connect an odometer attached to an all-terrain vehicle (ATV) or snowmobile with the intent to change or affect the number of miles indicated on the odometer. Prohibit any person from operating an ATV or snowmobile with the knowledge that the odometer is removed, disconnected or nonfunctional. Prohibit any person from conspiring with any other person to violate these provisions. Provide that any person violating these provisions may be fined not more than \$5,000 or imprisoned for not more than one year in the county jail, or both, for each violation.

Prohibit any person, either personally or through an agent, from removing, replacing, disconnecting, resetting, tampering with, altering or failing to connect an hour meter attached to an ATV, boat or snowmobile with the intent to defraud by changing or affecting the number of hours of operation indicated on the hour meter. Extend the current provisions relating to the service, repair or replacement of an hour meter attached to farm equipment to cover ATVs, boats and snowmobiles. Provide that any person who violates these provisions may be fined not more than \$5,000 or imprisoned for not more than one year in the county jail, or both, for each violation.

### 68. SNOWMOBILE INSPECTION

Require the operator of a snowmobile, when directed by any law enforcement officer, to stop and submit the snowmobile to an inspection and such tests as are necessary to determine whether its required equipment is in proper adjustment or repair and is in compliance with statutory requirements related to head lamps, tail lamps, breaks, mufflers and other equipment requirements for snowmobiles. Allow a law enforcement officer to issue a citation, a repair order, or both, to the owner or operator of any snowmobile that is found to be unsafe for operation or in violation of statutory equipment requirements. Require the owner or operator to obtain such repairs as are required. Provide that a law enforcement officer may order the snowmobile removed from the highway and not operated, except for purposes of removal and repair, until it has been repaired in accordance with a repair order.

In addition, prohibit the Department or a federally-recognized Indian tribe or band from issuing a registration for the snowmobile if the most recent inspection by a law enforcement officer under these provisions indicates that the snowmobile's required equipment is not in proper adjustment or repair or is in violation of statutory equipment requirements.

#### **69. SNOWMOBILE AND ATV USE AS EMERGENCY VEHICLE**

Specify that snowmobiles operated by DNR employees who are authorized to exercise the authority of the Department and that snowmobiles and all-terrain vehicles operated by conservation wardens are considered to be authorized emergency vehicles if the operator of the vehicle is exercising due regard under the circumstances for the safety of all persons and is giving a visual or audible signal. Under current law, the operator of authorized emergency vehicles are exempt from certain traffic regulations (such as stopping, directional and speed restrictions) when responding to emergency calls, when in pursuit of an actual or suspected violator or when responding to a fire alarm.

#### **70. SNOWMOBILE ACCIDENTS IN A SANCTIONED RACE OR DERBY**

Provide that the statutory requirements related to snowmobile operators rendering aid after accidents, snowmobile operators reporting accidents to law enforcement and Department investigations of snowmobile accidents do not apply to snowmobile accidents that occur during a sanctioned race or derby.

#### **71. SNOWMOBILE SPEED LIMITS ON ROADWAYS**

Require a person operating a snowmobile on a roadway to observe roadway speed limits.

### **NATURAL RESOURCES --WATER QUALITY**

#### **72. WATER REGULATION AND ZONING -- HEARINGS, NOTICES AND DECISIONS**

Delete the general provisions related to hearing and notice for navigable water permits and contracts effective September 1, 2001. Instead, require the following procedures in determining whether to issue a permit or to enter a contract if any of the following apply: (a) a preliminary decision is specifically required; (b) the Department determines that a substantial public right or public interest in navigable waters may be adversely affected by the Department's decision; and (c) DNR determines that a riparian right of a person other than the applicant for the permit or contract may be adversely affected by the DNR's decision.

*Preliminary Decision.* Upon receipt of a complete application for a permit or before entering into a contract, require the Department to evaluate the application or proposed contract and issue a preliminary decision on whether to grant the permit or to enter into the contract. Specify that a preliminary decision becomes final on the 30th day following the date

of the transmittal of the preliminary decision or the date of publication of the notice unless the Department receives a written objection to the preliminary decision before that date.

*Notice.* Require DNR to issue a notice of its preliminary decision, which shall contain the preliminary decision and information on the conditions under which the decision becomes final, and transmit a copy of the notice to all of the following within seven days after its issuance: (a) the applicant for the permit or contract; (b) any person who owns riparian property adjacent to the property of the applicant; (c) the clerk of each municipality in which the project will be located; (d) any public inland lake protection and rehabilitation district established for the lake, if the body of water relevant to the permit application or proposed contract is a lake; (e) any property owner's association that is established for the body of water; (f) any town sanitary district or other special purpose district that has been established for the management of the body of water; (g) a newspaper designated by the Department that is likely to provide notice in the area in which the project is located (with the notice being published only if required under public notice requirements); and (h) the Great Lakes Indian Fish and Wildlife Commission, if the body of water is located within an area where federally-recognized American Indian tribes or bands domiciled in this state hold treaty-based, off-reservation rights to fish.

Require that public notice of the preliminary decision be provided, if DNR determines that an environmental impact assessment is required for the project or if a person is applying for a permit or to enter a contract under which: (a) any natural or artificially constructed waterway is being connected with an existing body of navigable water; (b) the course of a stream or part of a stream more than 500 feet in length is being changed or straightened; (c) a municipality seeks the enclosure of a navigable water; or (d) 3,000 cubic yards or more of material is being removed from the bed of a navigable water. Require the public notice to contain the preliminary decision whether to grant the permit or the contract, and information on the conditions under which the decision becomes final. Require the Department to provide a copy of this public notice to the applicant for the permit or contract. Require the applicant to publish the notice as a class 1 legal notice in a newspaper designated by the Department that is likely to give notice in the area in which the project is located within 15 days after the receipt of the copy of the notice. Require the applicant shall provide proof of publication to the Department.

*Substantive Written Objections.* Require DNR to determine whether timely written objections to a preliminary decision issued are substantive written objections (defined as a written statement giving specific reasons why a proposed navigable waters project may violate the statutory provisions applicable to the project and specifying that the person making the objection will appear and present information supporting the objection). Require the Department to inform the applicant that an objection has been received and that receipt of the objection stays the preliminary decision until the required resolution procedures detailed below have been completed. Require DNR, within 30 days after the receipt of the objection, to either complete the Department's determination or request more information to support the



objection from the person making the objection. If DNR requests more information, require the Department to complete its determination within 30 days after the receipt of the additional information. Require DNR to issue a determination that an objection is a substantive written objection if the Department fails to act within the required time periods.

*Objection where Public Rights are Affected.* Provide that if DNR does not receive any timely written objections to a preliminary decision, the Department shall enter the preliminary decision as its final decision on issuing the permit or entering the contract.

Require the Department to notify an applicant if the Department makes a determination that an objection is a substantive written objection to a preliminary decision and that the project proposed under the permit or contract affects a public right or public interest in a navigable waterway. Require the Department to allow the person making the substantive written objection to choose any of the following methods as a means to resolve the dispute: (a) an informal hearing before Department staff; (b) a public hearing; or (c) a dispute resolution proceeding, if such a proceeding is agreeable to the applicant for the permit or contract, DNR and the person making the objection.

Specify that if the Department determines that there is more than one substantive written objection to a preliminary decision, a public hearing be held to resolve the dispute unless all of the persons making the substantive written objections agree to an informal hearing before DNR staff or unless all of the persons making the objections and the applicant for the permit or contract agree to a dispute resolution proceeding.

Require the parties to any dispute resolution proceeding in which an agreement is reached to submit the agreement to DNR for approval. In approving the decision, allow the Department to amend the agreement in order to protect the public rights or interests in the navigable waterway affected by the agreement. Require DNR to order a public hearing if an agreement is not reached or if the Department does not approve the agreement.

*Objections where Public Rights are Not Affected.* Provide that, if the Department determines that an objection to a preliminary decision is a substantive written objection but that the project proposed under the permit or contract does not affect a public right or public interest in a navigable waterway, DNR is required to notify the applicant of its determination and allow the person making the substantive written objection to choose any of the following methods as a means to resolve the dispute: (a) an informal hearing before DNR staff; or (b) a dispute resolution proceeding, if agreeable to the applicant and the person making the objection.

Specify that if the Department determines that there is more than one substantive written objection to a preliminary decision, the Department is required to conduct an informal hearing to resolve the dispute, unless all of the persons making the objections and the applicant agree to a dispute resolution proceeding.

Require the parties to any dispute resolution proceeding in which an agreement is reached to submit the agreement to DNR for approval. In approving the decision, allow the Department to amend the agreement in order to protect the public rights or interests in the navigable waterway affected by the agreement. Require DNR to conduct an informal hearing before Department staff if an agreement is not reached or if the Department does not approve the agreement.

*Nonsubstantive Objections.* Require the Department to enter the preliminary decision as its final decision on issuing the permit or entering the contract if the Department determines that an objection to a preliminary decision is not a substantive written objection. Specify that if the final decision is to issue the permit or enter the contract, the stay resulting from receipt of the written objection is automatically extended for 10 days after the decision becomes final.

*Administrative Rules.* Require DNR to promulgate rules to establish requirements and procedures for the informal hearings and dispute resolution proceedings. Require that the rules for dispute resolution proceedings include processes for mediation and binding arbitration.

*Hearings.* Require DNR to order a public hearing if it is to be conducted and require the Division of Hearings and Appeals in the Department of Administration to transmit copies of the written notice of hearing to each person who received a notice of the preliminary decision and to each person who submitted a substantive written objection to the preliminary decision. Require the Division of Hearings and Appeals to transmit these copies at least 20 days before the hearing. Require the applicant to publish the notice as a class 1 legal notice in a newspaper designated by DNR that is likely to give notice in the area affected. Require the applicant to file proof of publication with the hearing examiner at or prior to the hearing.

*Judicial Review.* Provide that any navigable waters permitting decision issued by DNR staff, any navigable waters permitting agreement approved by the Department or any decision by a hearing examiner in a public hearing is an administrative decision subject to judicial review.

*Amended Decisions.* Require the Department to amend or reverse a preliminary decision instead of entering it as the final decision in cases where, after issuing its preliminary decision, DNR receives information concerning the permit or contract that causes the Department to determine that it is necessary to amend or reverse its decision. Specify that if the Department amends or reverses the preliminary decision, that the general procedures for notices, hearings and decisions also apply to the amended or reversed preliminary decision.

*Enlargement of Waterways.* Require the Department to transmit a copy of a preliminary decision for permits for the enlargement of waterways to the secretary of any property owners' association pertaining to the bodies of water affected by the project or, if there is no such association, at least five people who own real property adjacent to the bodies of water, or of each property owner if fewer than five people own property adjacent to the bodies of water.

(This information is required to be furnished by the applicant for such a permit.) Require DNR to transmit a copy of a preliminary decision for permits for the enlargement of waterways to the Milwaukee Metropolitan Sewerage District if the permit affects the Milwaukee River, the Menominee River, the Kinnickinnic River, the Root River, or any tributaries of those rivers.

### **73. WATER REGULATION AND ZONING -- GENERAL PERMIT PROGRAM**

Effective September 1, 2001, delete the five-year general permit pilot program created in 1997 Act 174 for the Wolf River and Fox River basin area consisting of all of Winnebago County and parts of Waushara, Calumet, Fond du Lac, Outagamie and Waupaca Counties. Provide that any permit issued under the pilot program continue, subject to the validity, revocation and termination provisions of the general permit program. In addition, make the following changes to the current general permit program.

Allow the Department to issue a general permit authorizing a class of activities statewide or in a region of the state for any activity for which a navigable waters permit is required. Allow any municipality, public inland lake protection and rehabilitation district or town sanitary district to submit an application to DNR for a general permit authorizing one or more activities statewide or in a region in which the municipality or district is located. Allow any group of at least ten riparian owners to submit an application for a general permit authorizing one or more activities statewide or in a region where the riparian owners will be affected. Set the fee for a general permit at \$2,000 (the fee currently charged under the pilot program).

Upon receipt of an application for a general permit, require DNR to either order a public hearing or provide notice stating that it will proceed on the application without a hearing if, within 30 days after the publication of the notice, no request for a hearing concerning the application is received. Require DNR to provide a copy of the notice to the applicant for the permit, the clerk of each municipality in which the general permit will apply and any other person required by law to receive notice. Allow the Department to provide notice to other persons as it considers appropriate. Require the applicant to publish the notice as a class 1 legal notice in any newspaper designated by the Department that is likely to give notice in any area to be affected. Require the applicant to file proof of publication with the Department.

Require that if DNR orders a public hearing, the DOA Division of Hearings and Appeals mail a written notice at least ten days before the hearing to each person given a copy of the notice and to each person requesting the hearing. Require the applicant for the permit to publish a class 1 legal notice of the public hearing in any newspaper designated by DNR that is likely to give notice in any area to be affected. Require the applicant to file proof of publication with the hearing examiner at or prior to the hearing.

Require DNR to respond to the application in writing within 90 business days after receiving the application. In the response, require the Department to either deny the application and specify the reason for denial or specify the Department's plans for proceeding

on the application. Require DNR to refund half of the fee if the Department denies an application for a general permit. (Similar provisions exist under the pilot program.)

Require a person who wishes to conduct an activity for which DNR has issued a general permit to submit a notice to the Department at least 15 days before beginning the activity and to pay a \$100 fee, as is currently required under the pilot program. Require that the notice describe the activity, state the name of the person who will be conducting the activity and specify the location where the activity will be conducted. Require that the notice also contain a statement signed by the person conducting the activity that the person will act in conformance with the standards contained in the general permit.

Upon receipt of a notice that complies with these standards, allow the Department to inform the person that the activity may not be conducted under the general permit if the activity would injure public rights and public interests in navigable waters. Require a person conducting an activity that is authorized by a general permit to comply with any standard contained in an applicable local ordinance that is at least as restrictive as the standards contained in the general permit.

As under the current pilot program, specify that if an applicant applies for a general permit or submits a notice after a project is begun or after it is completed, the Department is required to charge an amount equal to twice the amount of the fee that would otherwise have been charged.

Specify that a general permit is valid for the period of time specified by DNR on the permit, but may not be valid for longer than five years from the date of issuance. Allow the Department to revoke a general permit if it determines that any of the activities authorized under the general permit injures the public rights or public interests in the navigable waters. Allow a person to maintain a structure or deposit that was placed in a body of water or otherwise continue an activity under the authority of a general permit after a general permit expires or is revoked unless the Department determines that the structure, deposit or activity injures the public rights or public interests in navigable waters and orders it removed or terminated.

Allow DNR, in rule, to increase the \$2,000 application fee or the \$100 notice fee, but only if the increase is necessary to meet the costs incurred by DNR in acting on general permits or on notices submitted under the program. The Department has similar authority under the current pilot program.

Delete the provision allowing a person proposing an activity for which a general permit has been issued to request an individual permit related to dams and bridges on navigable waters rather than seeking authorization under the general permit.

#### **74. WATER REGULATION AND ZONING -- DNR ACCESS TO PROPERTY**

Specify that an employe or agent of the Department would have free access during reasonable hours to inspect any site where a project or activity is proposed to be, is or has been undertaken pursuant to a permit, approval or contract related to navigable waters for the purposes of administering and enforcing statutes and rules related to navigable waters permitting.

#### **75. TREMPEALEAU COUNTY WETLANDS EXEMPTION**

Provide that an activity shall be considered in compliance with state water quality standards that are applicable to wetlands and be exempt from any state fees, requirements, restrictions, permits, authorizations, procedures or penalties specified under statutory provisions, rules, orders and ordinances dealing with deleterious substances, navigable waters, water or sewage, pollution discharge elimination, solid waste, hazardous waste, remedial action or other general environmental provisions, if the activity meets all of the following requirements: (a) the wetland area that will be affected by the activity is less than 15 acres in size; (b) the site of the activity is zoned for industrial use and is in the vicinity of a manufacturing facility; (c) the site of the activity is within the corporate limits of a city on January 1, 1999; (d) the governing body of the city adopts a resolution stating that the exemption under this section is necessary to protect jobs that exist in the city on the date of the adoption of the resolution or is necessary to promote job creation; (e) the site of the activity is located in Trempealeau County.

Prohibit the Department from proceeding with zoning review procedures for an amendment to a local shoreland or floodplain zoning ordinance enacted that affects an activity that meets all of the above requirements to determine whether the ordinance, as amended, fails to meet the applicable standards. The provision is intended to apply to the City of Arcadia.

#### **76. LABORATORY ACCREDITATION PROGRAM**

Authorize DNR to apply to be approved as an accrediting authority under the national environmental laboratory accreditation program of the U.S. Environmental Protection Agency. The program oversees the implementation of national performance standards established by the National Environmental Laboratory Accreditation Conference and determines whether to approve state and federal agencies as accrediting authorities for environmental laboratories. Currently, DNR may require tests related to programs administered by DNR to be conducted by laboratories certified or registered by DNR or DATCP or certified or registered by another state or a federal agency that recognizes laboratory certification by DNR and that uses standards equivalent to Wisconsin's standards.

Under the bill, if DNR receives approval to accredit laboratories under the national program, DNR would be required to promulgate, after considering recommendations by the

existing Certification Standards Review Council, an administrative rule prescribing criteria to be used to evaluate laboratories for accreditation and the procedures for accrediting laboratories. The criteria in the rule would be required to be consistent with the standards established by the National Environmental Laboratory Accreditation Conference. An accredited laboratory would be allowed to conduct tests that currently must be conducted by a certified or registered laboratory and would be subject to the same fees as certified and registered laboratories. The Certification Standards Review Council would be required to review the accreditation program in addition to the certification and registration program, and any recommendations by the Council concerning accreditations would be required to be consistent with the standards established by the National Environmental Laboratory Accreditation Conference.

The bill would also provide for reciprocity with other labs that have received the national accreditation.

## **NATURAL RESOURCES -- AIR, WASTE AND CONTAMINATED LAND**

### **77. AIR MANAGEMENT -- CONSTRUCTION PERMITS**

Authorize DNR to promulgate administrative rules that specify the types of stationary sources of air emissions that may obtain general construction permits. A general construction permit may cover several similar stationary sources. It would be used instead of issuing an individual construction permit for each source covered by the general construction permit. Examples of categories for which a general construction permit might be created would include crushers, package boilers, degreasing units, dry cleaners and hot-mix asphalt plants.

### **78. MEMORANDUM OF UNDERSTANDING FOR REMEDIATION ON DOT-OWNED PROPERTY**

Require the Secretaries of DNR and DOT to submit to the Secretary of DOA, by January 1, 2000, a memorandum of understanding (MOU) which establishes the respective responsibilities of DNR and DOT for hazardous substances discovered on any property under the jurisdiction of DOT. Specify that any actions to restore the environment or to minimize the harmful effects of the hazardous substances on the property shall be based on the risk to public health and the environment and shall, to the greatest extent practicable, rely on natural processes of attenuation without human intervention. Require the MOU to establish a means of resolving disputes between the agencies arising under the MOU. Specify that the MOU does not take effect unless the Secretary of DOA approves it in writing to the Secretaries of DOT and DNR.

## **79. INDEMNIFICATION AGREEMENT FOR PCB DISPOSAL**

Authorize DNR to enter into an agreement with Winnebago County under which the state would indemnify (make compensation to protect from damage, loss or injury) the County and its agencies, officials, employes and agents against any liability or damage resulting from the County's acceptance for disposal of sediments contaminated with polychlorinated biphenyls (PCBs), if the sediments are disposed of in a manner approved by DNR. In addition, authorize DNR to enter into an agreement with the City of Oshkosh under which the state would indemnify the City and its agencies, officials, employes and agents against any liability or damage resulting from the City's acceptance for treatment of leachate that is contaminated with PCBs and that is from a landfill that accepts sediments contaminated with PCBs, if the leachate is treated in a manner approved by DNR. If Winnebago County or the City of Oshkosh files a claim under the agreement, DNR would review the claim to determine if it is valid. DNR would be required to pay a valid claim from a sum sufficient appropriation created by the bill from the environmental management account of the environmental fund to provide indemnification under the agreements.

## **80. LANDFILL SITING COMMITTEE MEMBERSHIP**

Under the current negotiation and arbitration process between a person who wants to construct a solid or hazardous waste facility (generally a landfill) and a committee representing the affected municipalities and counties that choose to participate in the process, change the provisions for membership on the local committee. Under the bill, a town, city or village in which all or part of the landfill is proposed to be located may (instead of shall, currently) appoint four members to a committee or the number of members appointed by the county, other affected municipalities and any municipalities added by agreement of the parties plus two, whichever is greater. Currently, the members appointed by the municipalities added by agreement are not included in the calculation of the number of members that may be appointed by the town, city or village in which the landfill is proposed to be located.

## **81. DRY CLEANERS -- REMEDIAL OPTIONS REPORT**

Change the name of the remedial action plan to a remedial action options report under the dry cleaner environmental response program. Currently, applicants must submit a remedial action plan that proposes specific remedial action activities to cleanup the dry cleaning solvent discharge. The DNR administrative rule series NR 700 uses the term "remedial action options report" to mean "a report which identifies and evaluates various remedial options with the goal of selecting an option in compliance with the requirements of s. NR 722.11."

## **PUBLIC INSTRUCTION -- CHOICE AND CHARTER SCHOOLS**

### **82. CHARTER SCHOOLS -- PROHIBITED SUBJECTS OF BARGAINING**

Prohibit any school district employer from bargaining over matters relating to: (a) the reassignment of its employees, with or without regard to seniority, as a result of a decision to contract with anyone to operate a charter school or to convert a school to a charter school; or (b) the impact of any such reassignment on the wages, hours or condition of employment of the employees who perform the services. Under current law, these provisions only apply to the Board of School Directors of MPS. For more information on the Governor's recommendations related to prohibited subjects of bargaining applicable to school districts see "Employment Relations Commission."

## **PUBLIC INSTRUCTION -- ASSESSMENTS AND LICENSING**

### **83. LICENSURE OF TEACHERS -- EDUCATION TECHNOLOGY INSTRUCTION**

Prohibit the State Superintendent from renewing a teacher's license unless the teacher has received instruction in education technology, as determined by the State Superintendent by rule. Provide that this provision would be effective on the first day of the 13<sup>th</sup> month after publication of the budget act.

### **84. LICENSURE OF TEACHERS -- WAIVER ALLOWED**

Allow school boards to request a waiver from DPI of the statutory teacher licensing requirements. Under current law, a school board may request that DPI waive school board requirements, except for requirements relating to: (a) the health or safety of pupils; (b) pupil discrimination; (c) the pupil assessment program and standardized reading test; (d) pupil records; (e) collection of data by DPI; (f) uniform financial fund accounting system and audits of district accounts; and (g) licensure of teachers or certification of nurses. Before requesting a waiver, a school board is required to hold a public hearing.



## PUBLIC INSTRUCTION -- SCHOOL DISTRICT OPERATIONS

### 85. SCHOOL CALENDAR

Prohibit a public school from commencing the school term prior to September 1, beginning in 2001. Specify that this provision would not prohibit a school board from: (a) holding athletic contests or practices before September 1; (b) scheduling in-service days or work days prior to September 1; or (c) holding school year-round. Provide that these provisions would also apply to MPS.

### 86. SCHOOL CLOSINGS

Allow school boards, by adoption of a resolution, to close any school that it determines is low in performance. Require a school district administrator who recommends that a school be closed for low performance to state the reasons for the recommendation in writing. Provide that if a school board closes or reopens a school the school district administrator may reassign the school's staff and may reassign other staff to the school without regard to seniority. Further prohibit any school district employer from bargaining over matters relating to the reassignment of its employees and the impact of any such reassignments. Under current law, these provisions apply only to the Board of School Directors of MPS. For more information on the Governor's recommendations related to prohibited subjects of bargaining applicable to school districts see "Employment Relations Commission."

## PUBLIC SERVICE COMMISSION -- AGENCYWIDE

### 87. OPEN RECORDS EXCEPTIONS

Change the PSC's current authority to withhold information from public inspection from a permissive authority to withhold ("may withhold") to a mandatory requirement to withhold ("shall withhold") for documents that the PSC determines may, if released, aid a competitor of a public utility. In addition, create a new requirement that the PSC shall also withhold from public inspection any information that is designated as confidential by a public utility, if the public utility has shown to the satisfaction of the Commission that it may aid a competitor of the public utility. These provisions would become effective on the first day of the sixth month after the general effective date of the bill.

## **88. MODIFY COMPLAINT PROCESS**

Modify current law relating to the PSC complaint process to: (a) newly establish criteria for determining whether a complaint is frivolous; (b) require a review by the PSC of all complaints to determine whether they are frivolous and providing for dismissal by the PSC of complaints found to be frivolous; (c) authorize the PSC to impose sanctions on individuals or utilities that file frivolous complaints. The provisions would affect complaints from consumers and other utilities regarding any utility regulated by the PSC. Further, the PSC would be required to determine that any investigations which are commenced on the PSC's own motion (termed "summary investigations") meet the test of involving non-frivolous matters as specified in the new criteria.

A frivolous complaint would be defined as one that fails to meet all of the following conditions: (a) the filing is reasonably supported by applicable law; (b) there is, or is likely to be, evidentiary support for the filing; (c) the filing is not intended to harass any other party to the proceeding; and (d) the filing is not intended to create a needless increase in the cost of litigation.

Further, provide that the PSC would have to determine within 60 days of the filing whether any complaint is frivolous. If, during the initial screening, the PSC determined that a complaint was frivolous, the Commission would be required to terminate the proceeding.

In addition, if a complaint were determined to be frivolous, the PSC would be required to order the person who filed the complaint to reimburse all other parties to the proceeding for their reasonable expenses incurred, including attorney fees. The Commission would also be authorized to assess a forfeiture of \$25 to \$5,000 against the filer of the complaint and the forfeiture would have to be paid within 10 days of the assessment. The individual could petition for judicial review of the forfeiture under the state's administrative procedures statute. The Attorney General would be authorized to take action to collect any unpaid forfeiture assessment and the only contestable issue in such an action would be whether or not the forfeiture had been paid. All forfeitures would be deposited in the common school fund.

## **89. PROVISION OF INFORMATION TO PSC BY TELECOMMUNICATIONS UTILITIES**

Modify current law to provide that the PSC meet certain additional statutory requirements before it may require telecommunications utilities to submit information to the PSC. A general requirement would be established that the PSC may request information of telecommunications utilities only to the extent it first reduces, to the extent practicable, the burden on the utility that would result from complying with the requirement to provide the information. Further, a telecommunications utility would not be required to provide any information to the PSC unless the PSC first certified that: (a) the information is necessary for it to enforce a statutory requirement; and (b) the information requested is not duplicative of information that is already in its possession. The PSC would be required to promulgate rules

establishing the requirements and procedures for making the specified certifications and would have to submit proposed permanent rules to the Legislative Council Rules Clearinghouse by the effective date of these provisions. These provisions would take effect on the first day of the sixth month after the general effective date of the bill.

The PSC would be authorized to promulgate initial rules required for the certification process as emergency rules which would operate during the period prior to the promulgation of permanent rules governing the certification process. Such emergency rules would remain in effect for a period not exceeding the current statutory limit on emergency rules. (Emergency rules remain in effect only for a period of 150 days but may be extended upon petition to the Joint Committee for Review of Administrative Rules for a period of 60 days and any number of additional extensions may be granted except that the total period for all extensions may not exceed 120 days.)

Under current law, the PSC is generally empowered to obtain from any public utility any information necessary to enable the Commission to perform its duties, including the production of utility books, accounts, papers or records kept out-of-state.

#### **90. RESALE OF ELECTRICITY BY CERTAIN UTILITY CUSTOMERS**

Authorize the PSC to approve the filing of a tariff by an electric utility that would allow individual industrial and commercial customers with firm electric service to enter into contracts to resell their surplus firm electricity to other industrial or commercial customers that have interruptible service. The Commission could only approve such a tariff if it determined that such sales between firm and interruptible customers would contribute to energy conservation and load management which is designed to reduce the energy needs of the firm customers.

Electric utilities currently may provide some industrial and commercial customers interruptible electric service at a lower cost than the normal rate. Under the lower rate, if electricity demand surges, the utility will notify the interruptible customer to reduce their electricity use to the agreed upon level. The utilities' non-interruptible customers, who under this language would be termed "firm" electric service customers, are not required to reduce their electricity usage and are charged a non-discounted rate for electricity. Under the proposed language, firm service would be defined as retail electric service that a public utility could not interrupt on the basis of anticipated or actual shortages of electric capacity within a control area. Interruptible service would be defined as service that the utility has the authority to interrupt on the basis of actual or anticipated shortages of electric capacity.

Under the proposal, individual contracts for resale of electricity would be limited to regions that receive electricity from one or more electric power systems that have common automatic control schemes, termed a control area. The amount of firm electricity that could be sold would be limited to the difference between the estimated firm electric usage of the firm customer for a 12-month period and actual usage by that customer.

For any electric utility tariff for resale of firm electric service by firm customers approved by the PSC, those customers would be required to provide written notice to the utility regarding the terms of the contract with the interruptible customer, including the contract's duration. The electric utility would be required to replace each unit of firm electricity that the firm customer sells to the interruptible customer with an equal unit of interruptible electricity service. The utility would be limited to providing firm service to the interruptible customer equal to 80% of the units of firm electricity sold to that customer. The 20% reduction in firm units of electricity provided by the utility would represent the energy conservation and load management savings.

The Commission would be required to promulgate rules establishing requirements and procedures to implement this proposal. Since the contracts between firm and interruptible customers would alter the traditional pricing structure of electricity, the proposed language would also exempt the PSC, when approving firm increment contracts, from numerous statutes regarding rate setting and prohibitions on pricing when approving utility tariffs.

#### **91. ELECTRICAL UTILITIES DEREGULATION STUDY**

Require the PSC to submit to the Legislature, within twelve months of the effective date of the budget bill, a report on the results of a study by the PSC on implementing retail choice for consumers of electricity in Wisconsin. Retail choice is a form of a restructured electricity market under which more than one electric provider can sell to retail customers in the same service area, and retail customers are allowed to buy from more than one provider. In general, electricity is currently provided to retail customers by electric utilities that are monopolies regulated by the PSC.

The study would be required to include at least the following aspects:

- The cost and timing of any necessary infrastructure changes to implement retail choice;
- The benefits of retail choice for residential, commercial, and industrial customers;
- A schedule for implementing retail choice for residential, commercial and industrial customers;
- PSC recommendations for regulating new market entrants in an equitable manner, including any proposed licensing or certification requirements;
- The calculation and recovery of transitional costs incurred in implementing retail choice;
- The calculation and recovery of stranded costs, including securitization as a means of recovery (securitization is the aggregation of costs which are subsequently offered for sale in the investment market to diversify risk and cost);

- The taxation changes necessary to ensure the equitable distribution of the tax burden on producers, distributors, marketers, and transmitters of electricity in a manner that is revenue neutral;

- The equitable allocation of the costs of public benefits programs, including low-income energy assistance and energy efficiency programs, on all market participants including cooperatives;

- The development and use of renewable energy resources under retail choice; and

- The statutory changes that are necessary to implement retail choice.

## **92. TELECOMMUNICATIONS TARIFF FILINGS EFFECTIVE DATES**

Repeal the current ten-day minimum waiting period between the date of a rate tariff filing with the PSC and the effective date when a telecommunications utility can begin charging for new telecommunications services or commence the offering of promotional rates. Under current law, a telecommunications utility that chooses to offer a new telecommunications service or make a limited offering of promotional rates must first file a rate tariff with the PSC and wait a minimum of ten days before the rates can become effective. New telecommunications services are additional functions or features that were not part of any telecommunications services offered by the utility prior to January 1, 1994, such as caller identification or voice-mail. Promotional rates are time-limited, discounted rates for telecommunication services designed to encourage customer use of a service. Under current law, the PSC may, at the request of a telecommunications utility, direct that either of these special tariff filings be effective after a shorter time period than the ten day waiting period specified in the statute. Under this change, these tariff filings would become effective upon their filing with the PSC unless a later date is specified in the filing.

Under the proposed change, the PSC would retain its current authority to suspend either type of proposed tariff. In the case of new telecommunications services, the PSC would continue to be able to suspend rate tariff filings by providing written notice to the telecommunications utility within 10 days of the filing. If the PSC suspends a new telecommunications services tariff, it may modify the tariff if the PSC finds that the filing violates statutory requirements regarding: (a) the prohibition on subsidization of any activity of an affiliate of the utility; (b) privacy considerations; or (c) the protection of telecommunications consumers. The PSC has a maximum of 60 days (120 days if a public hearing on the matter is held) to issue a final order on the proposed tariff or the tariff as filed becomes effective. With regard to promotional rates, the PSC would continue to be able to suspend a rate tariff within 10 days of filing if the PSC finds that the rate would violate any of the statutory requirements cited above. If the PSC suspends a promotional tariff, it must investigate and resolve the matter within 60 days of the date of the filing.

## REGULATION AND LICENSING

### 93. REGISTRATION OF CEMETERY AUTHORITIES AND SALESPERSONS

Effective beginning the first calendar year after the general effective date of the budget bill, modify the registration requirements for cemetery authorities and cemetery salespersons as follows:

*Cemetery authorities.* Modify current law to provide that cemetery authorities that sell either 10 or more cemetery plots or 10 or more mausoleum spaces in a calendar year are required to register with the Department. Repeal the requirement that compensation must be paid by the cemetery authority to anyone selling or soliciting the sale of spaces available from a cemetery authority before registration of the cemetery authority is required. Further, require that cemetery authorities must separately register for each cemetery for which a registration requirement would be triggered.

Under current law, a cemetery authority must register if it sells or solicits the sale of 10 or more cemetery or mausoleum spaces (a combined total of 10) and compensation is paid to an individual person for selling or soliciting the sale of lots or spaces. Under this proposed change, up to nine cemetery spaces and up to nine mausoleum spaces could be sold or solicited for sale without triggering a registration requirement. Also under current law, there is no requirement for a cemetery authority to register by cemetery; an authority may own multiple cemeteries and only register once.

*Cemetery salespersons.* Modify current law to require cemetery salespersons to register if they sell either 10 or more cemetery lots or 10 or more mausoleum spaces. Modify current law to provide that every person (defined as either an individual or business entity), rather than every individual, who sells 10 or more cemetery or mausoleum spaces is required to register with the Department. Also, change the information required of cemetery salesperson registration applicants as follows: (a) specify that required registration information be filed before the registration is approved; (b) eliminate the specific requirement to provide information on educational qualifications and previous occupations; and (c) require any business entity that would be required to register as a cemetery salesperson to provide the name of each business representative (defined as director, manager, member, officer, owner or partner of the business entity).

Under current law, an individual who sells or solicits for sale or expects to solicit the sale of, 10 or more cemetery lots or mausoleum spaces (a combined total of 10) is required to register with R&L. The registrant must also have a cemetery authority provide written certification to R&L that the person is competent to act as a cemetery salesperson. Within 10 days of the certification, the cemetery salesperson applicant is required to submit all of the following information to the Department: (a) name and address; (b) educational qualifications; (c) prior occupations and (d) any other information R&L identifies as necessary to safeguard the public.

*Technical changes.* Repeal what R&L has indicated are substantially duplicative provisions in the following areas relative to the regulation of cemetery salespersons: (a) trust account requirements; (b) investigation and discipline of licensees; (3) ineligibility due to license revocation; (c) court review of board action; and (d) treatment of compensation and certification as evidence in judicial proceedings. These provisions were originally created when the Real Estate Board regulated cemetery salespersons (before 1990). Since that time, R&L states that similar provisions have been enacted specifically for cemetery salespersons or now fall within R&L's general regulatory authority.

#### **94. SUBMITTAL OF DRAFT LEGISLATION FOR REVIEW OF BOARDS**

Require R&L to submit draft legislation to the Governor and the Legislature, no later than August 1, 2000, that would establish a process by which: (a) one-quarter (at least 25%) of all of R&L's credentialing boards would be evaluated annually regarding the necessity for their continuance; and (b) any unnecessary boards would be eliminated. Under the statutes, a credentialing board includes all of the examining boards or affiliated credentialing boards authorized under R&L. In addition, require R&L to include in the draft legislation provisions that would lengthen the credential renewal time from every two years to every four years.

### **SHARED REVENUE AND TAX RELIEF -- DIRECT AID PAYMENTS**

#### **95. PENALTY FOR FAILING TO REPORT EXEMPT COMPUTER VALUE**

Reduce the penalty for failing to report the fair market value of computer property that is exempt from property taxation from \$10 for every \$100 of value, or major fraction thereof, to \$10 for every \$1,000 of value, or major fraction thereof, effective with forms reporting value exempt as of January 1, 1999. Owners of computer property are required to report the value of the exempt property so that state aid payments can be calculated. The aid payments are designed to hold local governments harmless from the effects of the exemption.

## SHARED REVENUE AND TAX RELIEF -- PROPERTY TAXATION

### 96. APPEAL OF REASSESSMENT AND REVALUATION DECISIONS OF DOR TO THE TAX APPEALS COMMISSION

Specify that the review of property reassessments made or ordered by DOR and the appeal of DOR determinations regarding requests for property revaluations shall be done by appeal to the Tax Appeals Commission. Provide that, subject to existing provisions of judicial review of Tax Appeals Commission decisions, the Commission shall be the final authority for the hearing and determination of all legal and factual questions related to these appeals. Specify that these provisions first apply to appeals of assessments made as of January 1, 2000.

State law authorizes taxpayers representing at least 5% of a municipality's value to petition DOR to reassess all or part of the municipality if DOR finds that the assessment is not in substantial compliance with the law and if the public interest would be promoted by a reassessment. State law also authorizes taxpayers to petition DOR to revalue one or more properties with a total value not exceeding \$1 million if DOR finds that the assessment of the property is radically out of proportion to the general level of assessment of other property. Under current law, an appeal of DOR's decision under these provisions is made to circuit court.

### 97. APPEAL OF EQUALIZED VALUES TO DOR

Modify the procedures by which municipalities and counties may appeal the equalized values determined by DOR by specifying that these appeals be made initially to DOR, rather than the Tax Appeals Commission. Replace references to the Tax Appeals Commission with references to DOR regarding the date for filing appeals, distributing certified copies of appeals, appearances in support of or opposition to appeals, procedures for hearing appeals, receiving testimony on appeals at hearings, procedures for redetermining equalized values after appeals, procedures for adjusting apportioned taxes after values have been redetermined and recovering expenses related to appeals through special charges. Authorize any two or more school districts located in the same county in which an equalized value is being appealed to join the appeal. Authorize appeals of DOR determinations made under these provisions to the Tax Appeals Commission. Modernize the statutory language relating to appeals of equalized values. Specify that these provisions first apply to appeals of assessments as of January 1, 2000.

### 98. RECERTIFICATION PROCEDURES FOR ASSESSORS

Delete the requirement that renewal applications submitted by property tax assessors seeking recertification be notarized. Delete the requirement that recertification applications be submitted at least 60 days before a current certificate expires. Instead, allow DOR to accept renewal applications up to one year after a certificate expires, upon a finding of good cause,



provided that the applicant has met the other requirements for recertification. Specify that these provisions would take effect retroactively to January 1, 1999.

#### **99. REPORTING DATE FOR REFUNDED OR RESCINDED PROPERTY TAXES**

Advance the reporting deadline, from October 1 to September 15, by which municipalities may submit a list to DOR of certain tax collections and refunds, as well as taxes that have been rescinded, effective with taxes levied on property assessed as of January 1, 1999. The listing must contain total taxes of at least \$5,000 or a tax of at least \$500 attributable to a single description of property. The tax amounts must be due to a clerical error in valuing or taxing the property or to an appeal related to the property's assessed value that was not determined until after the taxes on the property were paid. DOR uses the list to determine if an adjustment to the municipality's equalized valuation is warranted and to authorize the municipality to charge back the refunded or rescinded tax amounts to the other local governments that previously received a portion of the taxes through the property tax settlement process.

### **STATE TREASURER**

#### **100. UNCLAIMED PROPERTY ACT CHANGES**

Revise the current definition of "intangible property" subject to the provisions of the Unclaimed Property Act (Chapter 177 of the statutes) to specifically exclude a credit balance issued to a commercial customer account by a business association in the ordinary course of business. This exclusion would not apply to commercial credit balances deemed to be demand, savings or matured time deposits, ownership shares or mutual investment certificates (including associated interest and dividends on any of the foregoing) that are deposited at a banking or financial institution. These provisions would first apply to unclaimed property received by the State Treasurer after the general effective date of the biennial budget act.

Under current law, certain types of intangible property are presumed abandoned under the state's Unclaimed Property Act unless the owner of the property takes steps to show ownership within specified periods of time (ranging from five to 15 years, depending on the type of intangible property). When the property is deemed abandoned, the holder of the property must report and deliver it to the State Treasurer. As a result of the proposed change, a vendor that had issued a credit balance on a commercial account would no longer have to report and deliver to the State Treasurer an abandoned sales credit.

## TECHNOLOGY FOR EDUCATIONAL ACHIEVEMENT IN WISCONSIN BOARD

### 101. EDUCATIONAL TELECOMMUNICATIONS ACCESS SHARED SERVICE AGREEMENTS WITH LOCAL UNITS OF GOVERNMENT

Allow an educational agency, as defined under the bill, that is provided access to a data line through the educational telecommunications access program to enter into a shared service agreement with a political subdivision (city, village, town or county) that provides the political subdivision with access to any excess bandwidth on the data line that is not used by the educational agency. Specify that the shared service agreement would not be valid unless the agreement allows the educational agency to cancel the agreement at any time after providing notice to the political subdivision. Prohibit a political subdivision that obtains access to bandwidth under a shared service agreement to receive compensation for providing any other person with access to the bandwidth. Require an educational agency that enters into or modifies a shared service agreement to provide TEACH with written notice within 30 days after entering into or modifying an agreement. Specify that no funding from the universal service fund may be used to pay installation costs that are necessary for a political subdivision to obtain access to bandwidth under a shared service agreement. Prohibit an educational agency from: (a) providing access to the data line to any business entity; or (b) requesting access to an additional data line for the purpose of providing access to bandwidth to a political subdivision under a shared service agreement.

## TOURISM

### 102. EXEMPTION FROM OPEN RECORDS LAW

Allow Tourism to withhold mailing lists and other identifying information of persons who have requested tourism information from those seeking such information under the open records law. Also, allow the Department to charge a fee to cover the costs of compiling and supplying any such information it does provide and allow Tourism to reduce or waive the fee if the Department believes that the reduction or waiver is in the public interest.

## **TRANSPORTATION -- LOCAL TRANSPORTATION AID**

### **103. LOCAL HIGHWAY ASSESSMENTS**

Require that local governments, with the cooperation and assistance of DOT, conduct a biennial assessment of the physical condition of the highways within their jurisdiction and report the results to DOT. Require local governments to use a pavement rating system approved by DOT in making the assessments. Specify that the first assessment report would be required no later than December 15, 2001. Establish that the information collected as part of the local assessment is inadmissible as evidence, except as to show that the local government has complied with the assessment requirement.

Require DOT to assess the accuracy of the highway assessments reported by local governments. Allow DOT to use field investigations to verify a portion of the data that constitutes a valid random sample or a specialized sample considered appropriate by DOT.

## **TRANSPORTATION -- STATE HIGHWAY PROGRAM**

### **104. PROPERTY TAXES IN CONDEMNATION PROCEEDINGS**

Specify that a condemnor of property for a sewer or transportation facility who takes less than a 50% interest in the property may choose to not subtract the condemnee's prorated property taxes for the year in which the property is taken from the payment to the condemnee and may include in this payment the condemnor's prorated property taxes for the same year. Specify that this provision would first apply to jurisdictional offers served on the effective date of the bill. Under current law, a condemnor must always withhold the prorated share of the property taxes for the taken property in the award payment made to the owner of the property. The owner must later apply for reimbursement for the amount owed by the condemnor. This item would allow the condemnor to pay the amount in the initial award.

### **105. MEMORANDUM OF UNDERSTANDING FOR HAZARDOUS MATERIALS REMEDIATION ON DOT-OWNED PROPERTY**

Require the Secretaries of the Departments of Transportation and Natural Resources to submit to the Secretary of the Department of Administration, by January 1, 2000, a memorandum of understanding (MOU) establishing the respective responsibilities of the departments for hazardous substances discovered on any property under the jurisdiction of DOT. Specify that any actions to restore the environment or to minimize the harmful effects of

the hazardous substances on the property shall be based on the risk to public health and the environment and shall, to the greatest extent practicable, rely on natural processes of attenuation without human intervention. Require the MOU to establish a means of resolving disputes between the agencies arising under the MOU. Specify that the MOU does not take effect unless the Secretary of DOA approves it in writing to the Secretaries of DOT and DNR.

#### **106. PLACEMENT OF SPECIAL WEIGHT LIMITATION SIGNS**

Specify that highway signs that indicate the presence of seasonal or other special weight limitations on a highway must be placed sufficiently in advance of the highway to provide drivers of vehicles an opportunity to avoid the highway, beginning on July 1, 2000.

#### **107. CORRIDOR LAND USE PLANNING**

Specify that DOT may: (a) assist or coordinate highway corridor land use planning that identifies future land uses, use densities and site layouts that are appropriate to land adjacent to a highway and that maintain the safety and function of the highway; and (b) assist or coordinate informational activities related to highway project development. Specify that a study performed under the multimodal transportation study program may address land use issues related to transportation. These changes would codify current DOT practice.

### **TRANSPORTATION -- MOTOR VEHICLES**

#### **108. DISTINCTIVE DRIVER'S LICENSES FOR DRIVERS UNDER THE AGE OF 18**

Require DOT to give driver's licenses issued to persons who are under the age of 18 at the time of issuance a distinctive appearance that clearly identifies to the public that the person was under 18 years of age at the time of issuance. Specify that this requirement would first apply to licenses issued on January 1, 2000. Include the attaining of the age of 18 years as a reason for which a person may apply for a duplicate license, providing that the person provides proof of having attained that age. This provision would be in addition to the current law requirement that driver's licenses issued to persons who are under the legal drinking age must have a distinctive appearance. The Budget in Brief states that this provision is intended to enhance youth smoking prevention efforts.

## **109. SCHOOL BUS ENDORSEMENT QUALIFICATIONS**

Specify that DOT must require holders of school bus endorsements to provide proof that they passed an examination that is designed to determine whether the holder can safely operate a school bus, within the past four years. Require DOT to cancel the license of a person who fails to provide such proof. Under current law, a person who holds a school bus endorsement is required to pass a test to demonstrate that he or she can safely operate a school bus upon renewal of the endorsement, which is valid for eight years. This item would require such a test every four years.

Eliminate language, which ceased to be applicable after December 20, 1991, related to the licensing of school bus operators who are residents of Illinois, Iowa, Michigan or Minnesota.

## **110. DISCOVERY IN IMPLIED CONSENT HEARINGS**

Specify that neither party is entitled to prehearing discovery in a hearing for review of license revocation for an implied consent violation, except that written or voice recorded statements of a witness, if any, shall be given to the defendant at the time of the hearing, prior to the testimony of the witness. Specify that, for cause, the court may order the production of written or voice recorded statements of a witness prior to the hearing. Specify that this limit on discovery does not affect either party's right to discovery related to any criminal prosecution. Specify that these modifications would first apply to offenses committed on the effective date of the bill.

An implied consent violation is the refusal by a driver to provide a sample of breath, blood or urine, upon the request of a law enforcement officer, to be tested for the presence of alcohol or controlled substances. The limit on discovery would apply both to implied consent refusal hearings in cases where an officer requests a test following an arrest for an operating while intoxicated offense, and in cases where an officer makes a request prior to an arrest to test for the presence of alcohol or controlled substances in a commercial motor vehicle driver.

Although the statutes do not explicitly allow discovery in implied consent hearings, a recent Wisconsin Court of Appeals decision held that a person is entitled to discovery in such hearings. This item would state explicitly that the parties are not entitled to discovery.

## **111. MILK TRUCK WEIGHT LIMITS**

Modify a current law provision that allows vehicles or combinations of vehicles carrying exclusively milk from the point of production to the primary market or the return of dairy supplies and dairy products from the primary market to the farm, to carry heavier allowable loads than are normally allowed, by specifying that the normal allowable weights for such vehicles may be exceeded by 2,000 pounds for groups of three or more consecutive axles that are nine feet or more apart, rather than, under current law, more than nine feet apart. Specify

that this provision would first apply to vehicles operated on the effective date of the bill. Since current law specifies that axle distances be rounded to the nearest foot, the effect of this change would be to extend the 2,000 pound provision to those vehicles having three or more consecutive axles that are eight and one-half feet to just under nine and one-half feet apart.

**112. REVIEW OF ADMINISTRATIVE RULE REGARDING MOTOR VEHICLE DEALER CHARGES**

Require the Secretary of the Department of Transportation to review a section of the administrative code that prohibits motor vehicle dealers from charging a purchaser an additional service fee or charge for completing any sales-related vehicle inspection or any forms that are required by law or rule and to consider the effects of that rule on motor vehicle dealers and consumers. Require the Secretary to complete this review by January 1, 2000.

**TRANSPORTATION -- STATE PATROL**

**113. PORTABLE SCALE CERTIFICATION**

Modify current law provisions that require portable scales used for enforcement of highway weight limit laws to be certified for accuracy within 90 days prior to any weighing operation to, instead, require such certification within 190 days prior to any weighing operation. Allow certified portable testing devices to be used to test portable scales. Current law requires testing in comparison to certified stationary scales. Define a certified portable testing device as an instrument used to test portable scales which is tested and inspected periodically by the Department of Agriculture, Trade and Consumer Protection (DATCP) or an authorized testing agency in accordance with specifications, tolerances, standards and procedures established by the National Institute of Standards and Technology and DATCP. Specify that these provisions would first apply to offenses committed on the effective date of the bill, but would not preclude the counting of other convictions as prior convictions for purposes of imposing a penalty.

## UNIVERSITY OF WISCONSIN SYSTEM

### 114. EXEMPT UW FACULTY AND ACADEMIC STAFF FROM DUAL EMPLOYMENT STATUTE

Provide that a faculty or academic staff member who holds a full-time appointment at a UW System institution and who holds any other position or is retained in any other capacity by a different institution within the UW System would be exempt from current law governing dual employment for full-time state employees. Current law prohibits a full-time employee of an agency (including an institution of higher education) from holding any other position or being retained in any other capacity with an agency (including an institution of higher education) or authority if the individual receives more than \$12,000 from the agency or authority as compensation during the same year. Current law has been interpreted to prohibit the employment of a faculty member at more than one UW campus.

## VETERANS AFFAIRS -- GENERAL AGENCY PROVISIONS

### 115. VETERANS MUSEUM -- MISSION STATEMENT

Create statutory language specifying that the mission of the Veterans Museum is "to acknowledge, commemorate and affirm the role of Wisconsin veterans in the United States of America's military past by means of instructive exhibits and other educational programs."

## VETERANS AFFAIRS -- VETERANS HOME

### 116. COMMANDANT'S GUARDIAN POWERS

Delete current provisions that permit the Commandant of the Veterans Home to be a guardian of more than five unrelated wards at one time and that specify that the Commandant may act only for members of the Home and serve without a fee. Under current law, only counties with a population of 100,000 or more, a bank or trust company or the Commandant of the Veterans Home at King may serve as a guardian for more than five unrelated wards at one time.

## WORKFORCE DEVELOPMENT -- CHILD SUPPORT

### 117. HEALTH INSURANCE INFORMATION FROM INSURERS

Allow DHFS to provide DWD with any information obtained from insurance companies. The bill provision also specifies that the Departments must agree on procedures and methods to adequately safeguard the confidentiality of the information provided. Under current law, insurers must provide DHFS, upon the Department's request, information needed to identify medical assistance (MA) beneficiaries who are also eligible for disability insurance benefits or who would be eligible for insurance benefits if enrolled as a dependent of the person with insurance. Under this statutory provision, disability insurance means surgical, medical, hospital, major medical or other health service coverage. The insurance companies typically provide information to DHFS on all policy holders, regardless of whether the individual is an MA recipient or not.

An agreement currently exists that allows DHFS to share information obtained from insurance companies on MA recipients with DWD. This information enables DWD to identify spouses or children for whom there is a support order and who are eligible for benefits under an insurance policy of the obligor, but only when the spouse or child is an MA beneficiary. The bill provision would give DWD statutory authority to have access to all information obtained from insurance companies by DHFS, including information that would enable DWD to identify obligors with insurance when the spouse or child is not an MA recipient.