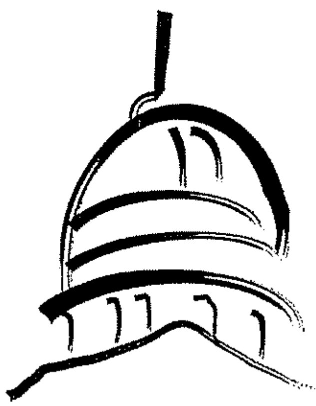
COMPARATIVE SUMMARY OF BUDGET PROVISIONS

Enacted as 2003 Act 33



Legislative Fiscal Bureau
September, 2003

2003-05 Wisconsin State Budget

2003-05 WISCONSIN STATE BUDGET

Comparative Summary of Budget Provisions

Enacted as 2003 Act 33

LEGISLATIVE FISCAL BUREAU

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INTRODUCTION

This document, prepared by Wisconsin's Legislative Fiscal Bureau, is the final edition of the cumulative summary of executive and legislative action on the 2003-05 Wisconsin state biennial budget. The budget was enacted into law as 2003 Wisconsin Act 33 on July 24, 2003. This document describes each of the provisions of Act 33 (hereafter referred to as "the budget"), including all fiscal and policy modifications recommended by the Governor, Joint Committee on Finance and Legislature.

The document is organized into five basic sections, the first of which contains a Table of Contents, History of the 2003-05 Budget, Brief Chronology of the 2003-05 Budget, Key to Abbreviations, User's Guide, and a listing of the 2003-05 Biennial Budget Issue Papers prepared by the Legislative Fiscal Bureau.

This is followed by an "overview" section which provides a series of summary tables and charts which display 2003-05 revenues, appropriations, and authorized position levels. Information is presented for all fund sources, the general fund, transportation fund, and the state's lottery program.

The next section contains budget and policy summaries for each state agency and program. The agencies appear in alphabetical order. For each agency, comparative tables are presented which depict funding and authorized position levels. This is followed by a narrative description and fiscal effect, if any, of each budget change item. In this section, the author of each change is identified.

The fourth section of the document lists the various reports and studies which are required in 2003 Act 33.

The final section provides a description of the non-fiscal, policy items contained within the Governor's original budget recommendations. These items were not considered as a part of budget deliberations by the Joint Committee on Finance.

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

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

- Department of Agriculture, Trade, and Consumer Protection;
- Department of Commerce;
- Department of Electronic Government;
- Department of Employee Trust Funds;
- Department of Financial Institutions;
- Department of Justice;
- Legislature;
- Department of Military Affairs;
- Department of Natural Resources;
- Office of the Governor;
- Office of the Lieutenant Governor;
- Department of Public Instruction;
- Department of Regulation and Licensing;
- Department of Revenue;

- State Fair Park Board;
- Technical College System;
- Department of Tourism;
- Department of Veterans Affairs; and
- Department of Workforce Development.

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

Governor-elect Doyle held six listening sessions in December, 2002, on ways to reduce state spending. These public sessions were in Wausau and Appleton on December 11, in Racine on December 12, in Superior on December 13, and in Eau Claire and La Crosse on December 16. On January 7, 2003, newly-inaugurated Governor Doyle directed state agencies to re-submit their budget requests such that the request used fewer GPR dollars than the agencies' current budgeted GPR amount.

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

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

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

On February 20, 2003, the Joint Committee on Finance, at the request of the Governor, introduced the biennial budget bill in the Senate. The bill, formally introduced as Senate Bill 44 (SB 44) was read for the first time and referred to the Joint Committee on Finance for further consideration. The Governor subsequently submitted the recommendations of the State Building Commission constituting the capital budget and the state building programs to the Joint Committee on Finance on March 31. These recommendations were taken up by the Joint Committee on Finance as modifications to the budget bill.

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

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

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

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

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

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

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

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

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

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

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

Act 33 was published on July 25, and except as otherwise specifically provided, became effective the following day.

On August 12, the Senate convened to vote on overriding two of the Governor's partial vetoes that related to limiting local property tax levels. The override failed, on a vote of 21 to 12; a two-thirds majority of 22 votes were needed to override a veto. The Legislature did not act on any other of the Governor's partial vetoes. Therefore, none of the Governor's partial vetoes have been overturned by the Legislature.

In addition to SB 44, the Legislature passed a budget trailer bill, SB 206, which modified the municipal levy limits proposed in SB 44. SB 206 was introduced in the Senate on June 23 and was referred to the Committee on Senate Organization. On the same day, the Committee on Senate Organization held an executive session and recommended passage of the bill on a vote of 5-0. On June 24, the Senate considered SB 206 and passed it on a 22-11 vote. The bill was immediately messaged to the Assembly where it was concurred in on June 25 on an 81-11 vote. SB 206 was enrolled on June 30 and presented to the Governor on July 21. The Governor vetoed the bill in its entirety on July 24.

BRIEF CHRONOLOGY OF THE 2003-05 BUDGET

GOVERNOR/ADMINISTRATION

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

JOINT COMMITTEE ON FINANCE

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

LEGISLATURE

• June 3	Report of the Joint Survey Committee on Retirement Systems received
• June 12	Briefing for a combined session of the Legislature on SSA 1 to SB 44
• June 13	Briefing for the Senate Democratic Caucus
• June 18	Briefing for the Assembly Democratic Caucus

• June 18	Senate adopted Senate Amendment 1 to Senate Amendment 119 to Senate Substitute Amendment 1 and Senate Amendment 121 to Senate Substitute Amendment 1 and the bill as amended on a vote of 17-16
• June 19	SB 44, as amended, received by Assembly; Assembly adopted Assembly Amendment 55 to amended SB 44 and concurred in SB 44, as amended, on a vote of 58-37 (with two votes paired)
• June 20	Senate received concurred bill from Assembly
• June 24	Senate voted concurrence

ENACTMENT

• July 21	Enrolled SB 44 presented to Governor
• July 24	Governor approved bill, with partial vetoes, as 2003 Wisconsin Act 33
• July 25	Act 33 published
• July 26	Act 33 became generally effective

KEY TO ABBREVIATIONS

REVENUES

BR	Bond revenues which are available from the contracting of public debt (general obligation bonding) or from the contracting of debt which is to be repaid from project revenues and does not constitute debt of the state (revenue bonding).
GPR-Earned	Departmental revenues which are collected by individual state agencies and deposited in the general fund.
REV	Revenue

APPROPRIATIONS

GPR	Appropriations financed from general purpose revenues available in the state's general fund.
FED	Appropriations financed from federal revenues.
PR	Appropriations financed from program revenues, such as user fees or product sales.
PR-S	Program Revenue-Service. Appropriations financed from funds transferred between or within state agencies for the purpose of reimbursement for services or materials.
SEG	Appropriations financed from segregated revenues.
SEG-Local	Appropriations financed from local revenues which are administered through a state segregated fund.
SEG-S	Segregated Revenue-Service. Segregated appropriations financed from funds transferred between or within state agencies for the purpose of reimbursement for services or materials.

OTHER

2001 Wisconsin Act 16	The 2001-03 biennial budget act.
2001 Wisconsin Act 109	The 2001-03 budget adjustment act.
2001 Wisconsin Act 1	The 2002-03 budget adjustment act.
SB 44	2003 Senate Bill 44, the Governor's 2003-05 budget recommendations.
SSA 1 to SB 44	Senate Substitute Amendment 1 to Senate Bill 44, the 2003-05 budget recommendations of the Joint Committee on Finance.
Enrolled SB 44	The 2003-05 budget bill as passed by the Legislature.
CY	Calendar year.
FY	Fiscal year.
FTE	Full-time equivalent position.
LTE	Limited-term employment position for which employment is limited to 1,044 hours per appointment in a 12-month period.
2002-03 Base	The 2002-03 authorized funding level for an agency or program. It is this base that serves as the beginning point for calculating budget changes for 2003-05.
2002-03 Base Year Doubled	The 2002-03 base multiplied by two. This produces the biennial base level against which 2003-05 budget levels may be compared.
Lapse	Budgeted amounts that are unspent at the end of a fiscal period which revert back to the fund from which they were appropriated.

USER'S GUIDE

The following explanation of entries is keyed to the accompany sample entry (page 11).

1. The funding source for the amounts shown in columns 2 through 4. Only the funding sources which are included in the agency's budget are shown.

2. The 2002-03 base represents authorized appropriation and position levels for 2002-03. The base is doubled in the budget column to provide a two-year to two-year comparison.

3. Appropriation and position levels recommended by the Governor, Joint Committee on Finance, Legislature, and as authorized by 2003 Wisconsin Act 33 (includes the impact of any gubernatorial vetoes).

4. These columns indicate the change of the budget level contained in 2003 Wisconsin Act 33 to the 2002-03 base year doubled. For positions, the increase or decrease is based on the 2004-05 authorized level compared to the 2002-03 level.

5. This uniform entry, "Standard Budget Adjustments," includes such things as full funding of continuing positions, turnover reductions and removal of one-time items. The box highlights the funding and position change to the agency's base as a result of the item. For every item which has a fiscal and/or position change, a box with that information will be presented.

6. Title of the budget change item. Immediately following the title, if applicable, "[ ]" shows the number of the Legislative Fiscal Bureau issue paper prepared on this item. In this example, paper [600] pertains to Public Defender funding. A complete listing of all Fiscal Bureau issue papers begins on page 12 of this document.

7. Funding and position change to the agency's base budget. If the entry is entitled, "GOVERNOR/LEGISLATURE," the recommendations proposed by the Governor were adopted by the Joint Committee on Finance and the Legislature. For those budget items where the recommendations of the Governor, Joint Finance Committee or Legislature differ, the fiscal and position effect shown at each step is the change to the previous recommendation.

8. Narrative description of the various budget change items, for each entry, as recommended by the Governor, Joint Committee on Finance and Legislature.

9. Narrative description of partial vetoes by the Governor. At the beginning of the veto entry in the "[ ]" is the number (in this example C-34) of the veto from the Governor's veto message (July 24, 2003).

10. Bill sections relating to the budget change item. "Act 33 Sections" lists the sections which remain in the act. "Act 33 Vetoed Sections" lists those sections which were partially or entirely vetoed.

PUBLIC DEFENDER

Budget Summary

1	2	3	3	3	3	4	
						Act 33 Change Over Base Year Doubled	
Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Amount	Percent
GPR	$146,176,400	$129,620,000	$129,138,500	$129,138,500	$129,138,500	- $17,037,900	- 11.7%
PR	2,574,800	2,588,500	2,578,600	2,578,600	2,578,600	3,800	0.1
TOTAL	$148,751,200	$132,208,500	$131,717,100	$131,717,100	$131,717,100	- $17,034,100	- 11.5%

FTE Position Summary

1	2	3	3	3	3	4
Fund	2002-03 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 33	Act 33 Change Over 2002-03 Base
GPR	523.55	507.55	523.55	523.55	523.55	0.00
PR	4.00	4.00	4.00	4.00	4.00	0.00
TOTAL	527.55	511.55	527.55	527.55	527.55	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

5

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $15,377,800	- $481,500	- $15,859,300
PR	13,700	- 1,300	12,400
Total	- $15,364,100	- $482,800	- $15,846,900

Governor: Provide standard adjustments to the base budget totaling -$7,704,400 GPR and $6,800 PR in 2003-04 and -$7,673,400 GPR and $6,900 PR in 2004-05. Adjustments are for: ...

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$228,400 GPR and -$600 PR in 2003-04 and -$253,100 GPR and -$700 PR in 2004-05). Require the agency ...

[Act 33 Section: 9160(3f)]

2. BASE BUDGET PRIVATE BAR REDUCTIONS [LFB Paper 600] 6

7

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $5,358,800	- 0.75	- $1,641,200	0.75	- $7,000,000	0.00

Governor: Reduce the agency's GPR state operations appropriation for private bar and investigator reimbursement by $2,648,700 annually and the private bar and ...

8 **Joint Finance/Legislature:** Shift $851,300 annually from the private bar and investigator reimbursement appropriation to the agency's trial representation, ...

9 **Veto by Governor [C-34]:** Delete the requirement that the SPD submit monthly reports to the Joint Committee on Finance during the 2003-05 biennium regarding expenditures from, encumbrances against, and unencumbered balances in the private bar and investigator reimbursement appropriation.

10 [Act 33 Vetoed Section: 9140(1z)]

LEGISLATIVE FISCAL BUREAU

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OVERVIEW

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Summary of 2003-05 Appropriations and Authorizations

Fund Source	2003-04	2004-05	Total	% of Total
General Purpose Revenue (GPR)	**$10,960,990,700**	**$11,937,472,100**	**$22,898,462,800**	**43.9%**
Appropriations	10,851,837,800	11,774,452,500	22,626,290,300	
Compensation Reserves	109,152,900	163,019,600	272,172,500	
Federal Revenue (FED)	**6,369,092,400**	**6,140,219,700**	**12,509,312,100**	**24.0**
Appropriations	6,341,233,000	6,098,611,900	12,439,844,900	
Compensation Reserves	27,859,400	41,607,800	69,467,200	
Program Revenue (PR)	**3,469,763,600**	**3,654,325,100**	**7,124,088,700**	**13.7**
Appropriations	3,385,952,400	3,529,154,200	6,915,106,600	
Compensation Reserves	83,811,200	125,170,900	208,982,100	
Segregated Revenue (SEG)	**3,204,211,600**	**2,841,028,800**	**6,045,240,400**	**11.6**
Appropriations	3,187,386,300	2,815,900,300	6,003,286,600	
Compensation Reserves	16,825,300	25,128,500	41,953,800	
Subtotal	**$24,004,058,300**	**$24,573,045,700**	**$48,577,104,000**	**93.2%**
Appropriations	23,766,409,500	24,218,118,900	47,984,528,400	
Compensation Reserves	237,648,800	354,926,800	592,575,600	
Bond Revenue			**$3,573,720,500**	**6.8**
General Obligation Bonding			1,569,604,100	
Revenue Bonding			2,004,116,400	
TOTAL			**$52,150,824,500**	**100.0%**

TABLE 2

2003-05 Comparative Summary of Appropriations and Authorizations

Fund Source	Governor	Jt. Finance	Legislature	Act 33
General Purpose Revenue	$22,754,779,600	$22,898,541,000	$22,905,341,000	$22,898,462,800
Federal Revenue	12,175,856,000	12,650,924,500	12,658,880,600	12,509,312,100
Program Revenue	7,091,762,200	7,129,059,700	7,127,059,700	7,124,088,700
Segregated Revenue	7,408,682,400	6,179,404,500	6,193,596,900	6,045,240,400
Subtotal	$49,431,080,200	$48,857,929,700	$48,884,878,200	$48,577,104,000
Bonding				
General Obligation	$1,050,102,100	$780,186,200	$783,186,200	$1,569,604,100
Revenue	3,888,005,500	2,004,116,400	2,004,116,400	2,004,116,400
Subtotal	$4,938,107,600*	$2,784,302,600	$2,787,302,600	$3,573,720,500
TOTAL	$54,369,187,800	$51,642,232,300	$51,672,180,800	$52,150,824,500

*Includes Building Commission's recommendations.

TABLE 3

Summary of Total All Funds Appropriations by Agency

Agency	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	2003-05 Act 33 Change Over Base Amount	Percent
Administration	$767,540,000	$964,699,100	$1,001,076,700	$1,001,076,700	$1,000,616,100	$233,076,100	30.4%
Adolescent Pregnancy Prevention Board	1,110,600	0	0	0	0	- 1,110,600	- 100.0
Agriculture, Trade and Consumer Protection	152,280,800	145,804,400	150,966,900	150,966,900	146,966,900	- 5,313,900	- 3.5
Arts Board	6,209,400	6,977,200	6,924,600	6,924,600	6,924,600	715,200	11.5
Board of Commissioners of Public Lands	2,848,200	2,920,800	2,915,800	2,915,800	2,915,800	67,600	2.4
Board on Aging and Long-Term Care	3,195,800	3,279,000	3,310,000	3,310,000	3,310,000	114,200	3.6
Building Commission	88,109,000	92,467,200	78,277,100	78,277,100	78,277,100	- 9,831,900	- 11.2
Child Abuse and Neglect Prevention Board	5,122,000	5,452,000	5,452,000	5,452,000	5,452,000	330,000	6.4
Circuit Courts	148,167,800	157,841,300	156,955,500	156,955,500	156,955,500	8,787,700	5.9
Commerce	368,365,600	435,844,300	443,931,300	443,931,300	443,731,300	75,365,700	20.5
Compensation Reserves	347,731,200	636,125,600	592,575,600	592,575,600	592,575,600	244,844,400	70.4
Corrections	1,974,698,400	2,019,421,700	1,985,727,200	1,985,727,200	1,985,727,200	11,028,800	0.6
Court of Appeals	15,319,400	16,469,800	16,434,200	16,434,200	16,434,200	1,114,800	7.3
District Attorneys	76,083,400	77,141,800	77,429,200	77,429,200	76,109,200	25,800	0.0
Educational Communications Board	33,497,800	33,597,400	33,431,300	33,431,300	33,431,300	- 66,500	- 0.2
Elections Board	3,413,000	2,901,000	2,759,600	2,759,600	2,759,600	- 653,400	- 19.1
Electronic Government	264,976,600	0	0	0	0	- 264,976,600	- 100.0
Employee Trust Funds	40,565,400	43,376,800	44,229,000	44,229,000	44,229,000	3,663,600	9.0
Employment Relations	14,341,000	0	0	0	0	- 14,341,000	- 100.0
Employment Relations Commission	5,414,600	4,829,200	5,245,400	5,245,400	5,245,400	- 169,200	- 3.1
Environmental Improvement Fund	72,858,000	87,102,500	84,263,900	84,263,900	84,263,900	11,405,900	15.7
Ethics Board	1,219,200	1,291,200	1,219,600	1,219,600	1,219,600	400	0.0
Financial Institutions	30,868,000	30,819,400	30,606,500	30,606,500	30,606,500	- 261,500	- 0.8
Fox River Navigational System Authority	253,400	0	61,400	61,400	61,400	- 192,000	- 75.8
Governor	7,176,200	6,274,400	7,608,000	7,608,000	7,608,000	431,800	6.0
Health and Family Services	11,091,657,000	12,543,078,100	12,411,941,400	12,425,568,200	12,385,954,500	1,294,297,500	11.7
Higher Educational Aids Board	145,671,800	77,910,400	164,719,800	164,719,800	164,719,800	19,048,000	13.1
Historical Society	36,753,000	34,939,200	36,372,100	36,372,100	36,372,100	- 380,900	- 1.0
Insurance	188,540,000	405,396,100	203,461,400	203,461,400	203,461,400	14,921,400	7.9
Investment Board	35,441,000	35,441,000	35,441,000	35,441,000	35,441,000	0	0.0

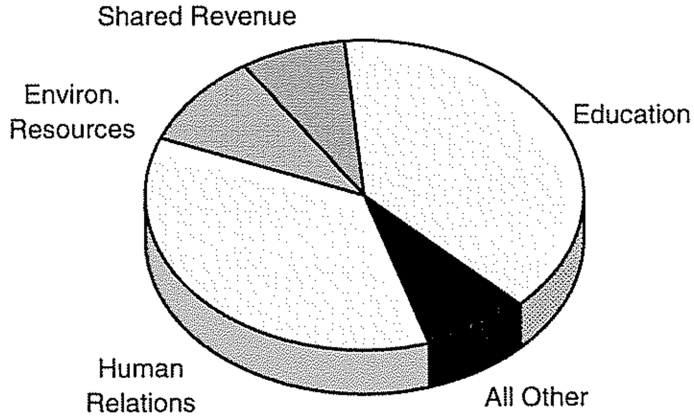
TABLE 3 (continued)

Summary of Total All Funds Appropriations by Agency

Agency	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	2003-05 Act 33 Change Over Base Amount	Percent
Judicial Commission	$426,400	$454,600	$434,600	$434,600	$434,600	$8,200	1.9%
Justice	154,885,600	144,891,000	143,561,300	143,561,300	143,561,300	- 11,324,300	- 7.3
Legislature	121,376,400	113,204,900	124,948,100	124,948,100	124,948,100	3,571,700	2.9
Lieutenant Governor	1,053,400	694,400	694,400	694,400	694,400	- 359,000	- 34.1
Lower-WI State Riverway Board	308,200	303,600	303,600	303,600	303,600	- 4,600	- 1.5
Medical College of Wisconsin	16,271,400	13,572,000	13,482,900	13,482,900	13,482,900	- 2,788,500	- 17.1
Military Affairs	109,484,200	114,313,600	113,971,000	113,971,000	113,971,000	4,486,800	4.1
Miscellaneous Appropriations	1,779,558,600	277,514,300	264,467,900	270,789,600	270,789,600	- 1,508,769,000	- 84.8
Natural Resources	981,686,200	982,857,700	956,146,500	956,146,500	957,101,200	- 24,585,000	- 2.5
Office of State Employment Relations	0	0	11,555,600	11,555,600	11,555,600	11,555,600	N.A.
Personnel Commission	1,625,600	0	0	0	0	- 1,625,600	- 100.0
Program Supplements	96,411,800	18,575,200	34,071,300	34,071,300	17,613,400	- 78,798,400	- 81.7
Public Defender	148,751,200	132,208,500	131,717,100	131,717,100	131,717,100	- 17,034,100	- 11.5
Public Instruction	10,618,874,400	11,095,374,900	11,115,543,800	11,115,543,800	11,118,724,200	499,849,800	4.7
Public Service Commission	45,269,000	42,130,700	43,169,900	43,169,900	43,169,900	- 2,099,100	- 4.6
Regulation and Licensing	23,320,400	23,961,800	22,197,800	22,197,800	22,197,800	- 1,122,600	- 4.8
Revenue	308,037,000	309,526,300	313,715,100	313,715,100	313,715,100	5,678,100	1.8
Secretary of State	1,419,000	1,503,300	1,318,300	1,318,300	1,318,300	- 100,700	- 7.1
Shared Revenue and Tax Relief	2,610,362,000	3,701,731,600	3,688,507,400	3,695,107,400	3,738,807,400	1,128,445,400	43.2
State Fair Park Board	36,018,600	40,024,600	36,113,000	36,113,000	36,113,000	94,400	0.3
State Treasurer	4,300,400	4,980,300	4,719,900	4,719,900	4,719,900	419,500	9.8
Supreme Court	47,976,000	49,609,200	49,536,200	49,536,200	49,536,200	1,560,200	3.3
TEACH Board	129,514,800	0	0	0	0	- 129,514,800	- 100.0
Tobacco Control Board	30,690,200	0	0	0	0	- 30,690,200	-100.0
Tourism	31,450,000	27,287,800	28,271,200	28,271,200	27,271,200	- 4,178,800	- 13.3
Transportation	4,455,653,000	4,252,850,400	4,029,784,400	4,029,784,400	3,738,209,300	- 717,443,700	- 16.1
University of Wisconsin System	6,797,624,800	7,187,628,100	7,099,675,700	7,099,675,700	7,099,093,700	301,468,900	4.4
UW Hospitals and Clinics Board	165,414,600	202,621,000	202,621,000	202,621,000	202,621,000	37,206,400	22.5
Veterans Affairs	336,967,800	335,679,300	339,874,100	339,874,100	339,874,100	2,906,300	0.9
Wisconsin Technical College System	354,568,800	353,592,800	360,068,800	360,068,800	354,699,400	130,600	0.0
Workforce Development	2,275,260,200	2,132,587,400	2,144,122,300	2,144,522,300	2,149,491,700	- 125,768,500	- 5.5
TOTAL	$47,613,987,600	$49,431,080,200	$48,857,929,700	$48,884,878,200	$48,577,104,000	$963,116,400	2.0%
Bond Revenue		4,938,107,600	2,784,302,600	2,787,302,600	3,573,720,500		
		$54,369,187,800	$51,642,232,300	$51,672,180,800	$52,150,824,500		

FIGURE 1

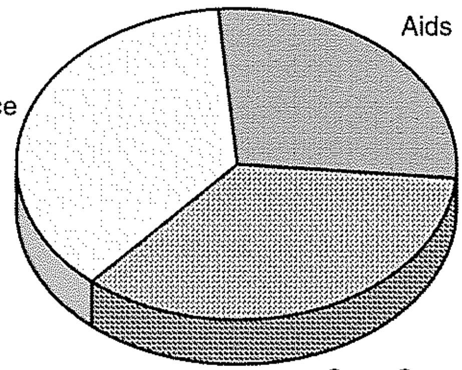
2003-05 All Funds Appropriations By Functional Area



Functional Area	Amount	Percent of Total
Education	$18,827,448,000	38.8%
Human Relations and Resources	17,411,317,400	35.8
Environmental Resources	4,807,210,600	9.9
Shared Revenue and Tax Relief	3,738,807,400	7.7
All Other		
General Executive	1,558,509,500	3.2
Commerce	926,246,800	1.9
Compensation Reserves	592,575,600	1.2
General Appropriations	366,680,100	0.7
Judicial	223,360,500	0.5
Legislative	124,948,100	0.3
TOTAL	$48,577,104,000	100.0%

FIGURE 2

2003-05 All Funds Appropriations
By Purpose



Purpose	Amount	Percent of Total
Local Assistance	$18,119,797,900	37.3%
State Operations	(17,024,320,400)	(35.0)
UW System	6,621,916,700	13.6
Other Programs	9,809,828,100	20.2
Compensation Reserves	592,575,600	1.2
Aids to Individuals and Organizations	13,432,985,700	27.7
TOTAL	$48,577,104,000	100.0%

TABLE 4

Summary of All Funds Full-Time Equivalent Positions by Agency

	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change to Base
Administration	900.08	1,103.73	981.38	981.38	981.38	81.30
Adolescent Pregnancy Prevention Board	1.50	0.00	0.00	0.00	0.00	- 1.50
Agriculture, Trade and Consumer Protection	649.47	564.94	603.94	603.94	603.94	- 45.53
Arts Board	12.00	11.00	11.00	11.00	11.00	- 1.00
Board of Commissioners of Public Lands	10.00	7.50	7.50	7.50	7.50	- 2.50
Board on Aging and Long-Term Care	25.18	23.00	24.00	24.00	24.00	- 1.18
Child Abuse and Neglect Prevention Board	4.00	4.00	4.00	4.00	4.00	0.00
Circuit Courts	511.00	511.00	511.00	511.00	511.00	0.00
Commerce	483.25	437.50	441.00	441.00	441.00	- 42.25
Corrections	10,220.16	10,041.54	10,414.48	10,414.48	10,414.48	194.32
Court of Appeals	75.50	75.50	75.50	75.50	75.50	0.00
District Attorneys	427.15	401.90	408.90	408.90	397.90	- 29.25
Educational Communications Board	89.00	71.00	71.00	71.00	71.00	- 18.00
Elections Board	15.00	11.00	11.00	11.00	11.00	- 4.00
Electronic Government	230.30	0.00	0.00	0.00	0.00	- 230.30
Employee Trust Funds	213.35	197.35	198.35	198.35	198.35	- 15.00
Employment Relations	78.00	0.00	0.00	0.00	0.00	- 78.00
Employment Relations Commission	25.50	21.50	23.50	23.50	23.50	- 2.00
Ethics Board	6.50	6.00	5.75	5.75	5.75	- 0.75
Financial Institutions	168.50	148.00	154.00	154.00	154.00	- 14.50
Governor	48.05	39.75	39.75	39.75	39.75	- 8.30
Health and Family Services	6,790.88	6,138.97	6,175.64	6,175.64	6,175.64	- 615.24
Higher Educational Aids Board	12.00	0.00	11.00	11.00	11.00	- 1.00
Historical Society	158.82	127.29	142.29	142.29	142.29	- 16.53
Insurance	135.00	127.00	131.00	131.00	131.00	- 4.00
Investment Board	104.50	104.50	104.50	104.50	104.50	0.00
Judicial Commission	2.00	2.00	2.00	2.00	2.00	0.00
Justice	557.85	546.35	530.85	530.85	530.85	- 27.00
Legislature	830.97	770.97	770.97	770.97	770.97	- 60.00
Lieutenant Governor	7.75	4.00	4.00	4.00	4.00	- 3.75
Lower-WI State Riverway Board	2.00	2.00	2.00	2.00	2.00	0.00
Military Affairs	382.91	376.16	377.16	377.16	377.16	- 5.75
Natural Resources	2,974.66	2,804.85	2,817.75	2,817.75	2,814.75	- 159.91
Office of State Employment Relations	0.00	0.00	58.50	58.50	58.50	58.50
Personnel Commission	9.00	0.00	0.00	0.00	0.00	- 9.00
Public Defender	527.55	511.55	527.55	527.55	527.55	0.00
Public Instruction	641.88	613.53	613.53	613.53	613.53	- 28.35
Public Service Commission	191.50	173.50	180.50	180.50	180.50	- 11.00
Regulation and Licensing	135.50	125.50	125.50	125.50	125.50	- 10.00
Revenue	1,212.65	1,060.65	1,193.85	1,193.85	1,193.85	- 18.80

TABLE 4 (continued)

Summary of All Funds Full-Time Equivalent Positions by Agency

	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change to Base
Secretary of State	8.50	8.50	7.50	7.50	8.50	0.00
State Fair Park Board	45.20	30.20	30.20	30.20	30.20	- 15.00
State Treasurer	18.50	12.50	11.00	11.00	11.00	- 7.50
Supreme Court	210.50	210.50	210.50	210.50	210.50	0.00
TEACH Board	9.00	0.00	0.00	0.00	0.00	- 9.00
Tobacco Control Board	4.00	0.00	0.00	0.00	0.00	- 4.00
Tourism	59.25	51.45	53.45	53.45	53.45	- 5.80
Transportation	3,942.33	3,635.83	3,639.83	3,639.83	3,639.83	- 302.50
University of Wisconsin System	29,634.07	29,571.71	29,574.71	29,574.71	29,569.71	- 64.36
UW Hospitals and Clinics Board	1,887.22	2,240.10	2,240.10	2,240.10	2,240.10	352.88
Veterans Affairs	945.80	922.80	979.60	979.60	979.60	33.80
Wisconsin Technical College System	75.90	73.50	84.55	84.55	74.50	- 1.40
Workforce Development	2,380.74	2,166.55	2,151.80	2,151.80	2,161.85	- 218.89
TOTAL	68,091.92	66,088.67	66,737.88	66,737.88	66,719.88	- 1,372.04

Full-Time Equivalent Positions Summary by Funding Source

	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change to Base
GPR	35,835.26	34,708.92	35,175.26	35,175.26	35,170.26	- 665.00
FED	9,068.37	8,864.50	8,797.30	8,797.30	8,794.90	- 273.47
PR	17,618.31	17,474.46	17,514.75	17,514.75	17,506.15	- 112.16
SEG	5,569.98	5,040.79	5,250.57	5,250.57	5,248.57	- 321.41
TOTAL	68,091.92	66,088.67	66,737.88	66,737.88	66,719.88	- 1,372.04

TABLE 5

Comparative Summary of Full-Time Equivalent Positions

All Funds Comparison

	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33
Authorized Positions	68,091.92	66,088.67	66,737.88	66,737.88	66,719.88
Change to Base		-2,003.25	-1,354.04	-1,354.04	-1,372.04
Change to Governor			649.21	649.21	631.21
Change to Jt. Finance				0.00	-18.00
Change to Legislature					-18.00

General Fund Comparison

	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33
Authorized Positions	35,835.26	34,708.92	35,175.26	35,175.26	35,170.26
Change to Base		-1,126.34	-660.00	-660.00	-665.00
Change to Governor			466.34	466.34	461.34
Change to Jt. Finance				0.00	-5.00
Change to Legislature					-5.00

OVERVIEW

GENERAL FUND BUDGET AND POSITION SUMMARIES

TABLE 6

2003-05 General Fund Condition Statement

	2003-04	2004-05
Revenues		
Opening Balance, July 1	-$283,633,300	$144,469,900
Estimated Taxes	10,742,450,000	11,346,150,000
Departmental Revenues		
Tribal Gaming Revenues	78,305,500	79,172,100
Other	331,285,900	329,447,800
Total Available	$10,868,408,100	$11,899,239,800
Appropriations and Reserves		
Gross Appropriations	$10,851,837,800	$11,774,452,500
Compensation Reserves	109,152,900	163,019,600
Less Estimated Lapses	-237,052,500	-224,586,700
Total Expenditures	$10,723,938,200	$11,712,885,400
Balances		
Gross Balance	$144,469,900	$186,354,400
Less Required Statutory Balance	-35,000,000	-40,000,000
Net Balance, June 30	$109,469,900	$146,354,400

TABLE 7

Estimated 2003-05 General Fund Taxes

Tax Source	2003-04	2004-05	Total	% of Total
Individual Income	$5,405,800,000	$5,795,900,000	$11,201,700,000	50.7%
Sales and Use	3,915,400,000	4,107,200,000	8,022,600,000	36.3
Corporate Income and Franchise	539,750,000	554,350,000	1,094,100,000	5.0
Public Utility	268,000,000	278,000,000	546,000,000	2.5
Excise				
Cigarette	288,400,000	284,700,000	573,100,000	2.6
Liquor and Wine	37,200,000	38,500,000	75,700,000	0.3
Tobacco Products	16,800,000	17,900,000	34,700,000	0.2
Beer	9,800,000	9,900,000	19,700,000	0.1
Insurance Company	105,000,000	95,000,000	200,000,000	0.9
Estate	85,000,000	90,000,000	175,000,000	0.8
Miscellaneous	71,300,000	74,700,000	146,000,000	0.7
TOTAL	$10,742,450,000	$11,346,150,000	$22,088,600,000	100.0%

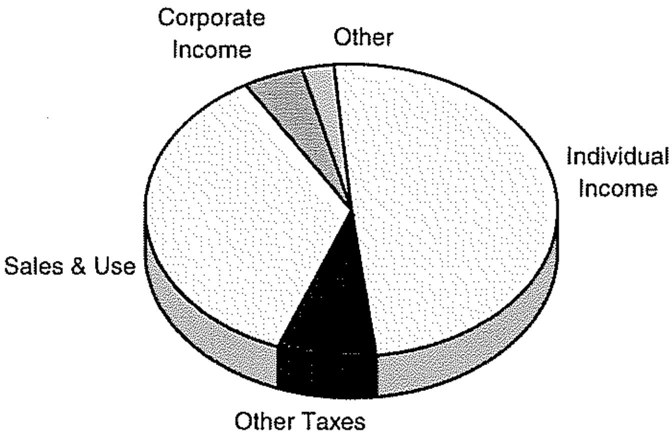
TABLE 8

Estimated 2003-05 Departmental Revenues (GPR-Earned Amounts)

	2003-04	2004-05	2003-05
Administration	$6,634,000	$7,385,900	$14,019,900
Agriculture, Trade and Consumer Protection	1,543,500	1,543,500	3,087,000
Agencywide			
Fifth Week Vacation Pay	926,300	931,300	1,857,600
Health Insurance for Part-Time Employees	3,365,800	6,731,600	10,097,400
Lapse to the General Fund	15,913,900	15,913,900	31,827,800
Board on Commissioners of Public Lands	200,000	200,000	400,000
Child Abuse and Neglect Prevention Board	16,400	16,400	32,800
Circuit Courts	45,212,800	47,130,700	92,343,500
Commerce	24,600,900	3,750,100	28,351,000
Corrections	5,462,900	5,462,900	10,925,800
Court of Appeals	293,300	306,700	600,000
District Attorneys	110,100	146,800	256,900
Educational Communications Board	10,000	10,000	20,000
Employment Relations Commission	3,000	3,000	6,000
Financial Institutions	9,822,100	44,132,200	53,954,300
Health and Family Services	37,915,900	34,686,600	72,602,500
Higher Educational Aids Board	1,000,000	0	1,000,000
Insurance	3,107,400	2,981,300	6,088,700
Interest Earnings	12,000,000	20,000,000	32,000,000
Justice	983,500	983,500	1,967,000
Miscellaneous Appropriations	1,500,000	1,500,000	3,000,000
Natural Resources	17,316,200	17,866,200	35,182,400
Public Instruction	2,122,600	2,228,700	4,351,300
Public Service Commission	1,776,200	1,753,900	3,530,100
Regulation and Licensing	3,401,800	3,193,900	6,595,700
Revenue	12,060,000	12,219,200	24,279,200
Secretary of State	134,900	115,800	250,700
Shared Revenue and Tax Relief	10,068,900	10,068,900	20,137,800
State Treasurer	2,979,100	3,029,100	6,008,200
Supreme Court	582,300	585,900	1,168,200
Transportation	100,000,000	75,000,000	175,000,000
Tribal Gaming	78,305,500	79,172,100	157,477,600
UW System	4,783,700	4,883,700	9,667,400
Veterans Affairs	1,436,200	1,436,200	2,872,400
WHEDA	2,623,700	2,125,000	4,748,700
WI Technical College System	2,000	2,000	4,000
Workforce Development	1,376,500	1,122,900	2,499,400
TOTAL	$409,591,400	$408,619,900	$818,211,300

FIGURE 3

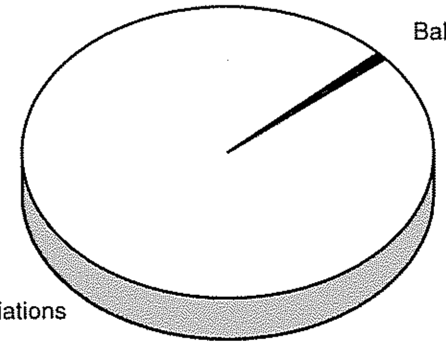
Estimated 2003-05 General Fund Revenues



Tax Source	Amount	Percent of Total
Individual Income	$11,201,700,000	49.5%
Sales and Use	8,022,600,000	35.5
Corporate Income and Franchise	1,094,100,000	4.8
Public Utility	546,000,000	2.4
Excise		
Cigarette	573,100,000	2.5
Liquor and Wine	75,700,000	0.3
Tobacco Products	34,700,000	0.2
Beer	19,700,000	0.1
Insurance	200,000,000	0.9
Estate	175,000,000	0.8
Miscellaneous	146,000,000	0.6
Total--Taxes	$22,088,600,000	97.6%
Other		
Opening Balance, July 1, 2003	-$283,633,300	-1.2%
Departmental Revenues	818,211,300	3.6
Total--Other	$534,578,000	2.4
GRAND TOTAL	$22,623,178,000	100.0%

FIGURE 4

Use of 2003-05 General Fund Revenues



Use	Amount	Percent of Total
Appropriations	($22,898,462,800)	(99.2%)
Gross Appropriations	22,626,290,300	98.0
Compensation Reserves	272,172,500	1.2
Balances	(186,354,400)	(0.8)
Statutory Balance	40,000,000	0.2
Net Balance	146,354,400	0.6
GROSS TOTAL	$23,084,817,200	100.0%
Less Lapses	-461,639,200	
NET TOTAL	$22,623,178,000	

TABLE 9

Summary of General Fund Appropriations by Agency

Agency	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	2003-05 Act 33 Change Over Base Amount	Percent
Administration	$38,891,200	$30,625,600	$30,346,600	$30,346,600	$30,336,600	- $8,554,600	- 22.0%
Adolescent Pregnancy Prevention Board	211,200	0	0	0	0	- 211,200	- 100.0
Agriculture, Trade and Consumer Protection	56,767,600	52,240,000	55,147,300	55,147,300	53,147,300	- 3,620,300	- 6.4
Arts Board	4,860,000	4,741,800	4,739,600	4,739,600	4,739,600	- 120,400	- 2.5
Board on Aging and Long-Term Care	1,563,000	1,571,800	1,571,800	1,571,800	1,571,800	8,800	0.6
Building Commission	86,060,600	90,082,300	75,892,200	75,892,200	75,892,200	- 10,168,400	- 11.8
Circuit Courts	148,167,800	157,841,300	156,955,500	156,955,500	156,955,500	8,787,700	5.9
Commerce	36,637,200	42,892,600	40,910,900	40,910,900	40,910,900	4,273,700	11.7
Compensation Reserves	159,631,000	292,172,500	272,172,500	272,172,500	272,172,500	112,541,500	70.5
Corrections	1,649,059,200	1,728,363,400	1,702,971,700	1,702,971,700	1,702,971,700	53,912,500	3.3
Court of Appeals	15,319,400	16,469,800	16,434,200	16,434,200	16,434,200	1,114,800	7.3
District Attorneys	72,791,800	72,836,600	72,569,000	72,569,000	72,569,000	- 222,800	- 0.3
Educational Communications Board	13,551,400	13,447,700	13,290,500	13,290,500	13,290,500	- 260,900	- 1.9
Elections Board	1,912,400	1,989,000	1,847,600	1,847,600	1,847,600	- 64,800	- 3.4
Employee Trust Funds	6,839,600	5,892,000	5,442,100	5,442,100	5,442,100	- 1,397,500	- 20.4
Employment Relations	11,212,600	0	0	0	0	- 11,212,600	- 100.0
Employment Relations Commission	4,958,200	4,325,400	4,266,000	4,266,000	4,266,000	- 692,200	- 14.0
Environmental Improvement Fund	60,858,000	75,102,500	72,263,900	72,263,900	72,263,900	11,405,900	18.7
Ethics Board	465,400	474,200	470,000	470,000	470,000	4,600	1.0
Governor	7,074,200	6,274,400	7,608,000	7,608,000	7,608,000	533,800	7.5
Health and Family Services	3,951,460,800	3,695,784,400	4,028,514,000	4,028,514,000	4,011,976,900	60,516,100	1.5
Higher Educational Aids Board	141,382,000	68,790,900	137,901,700	137,901,700	137,901,700	- 3,480,300	- 2.5
Historical Society	22,446,600	20,149,100	21,584,400	21,584,400	21,584,400	- 862,200	- 3.8
Judicial Commission	426,400	454,600	434,600	434,600	434,600	8,200	1.9
Justice	73,742,200	66,407,600	63,249,700	63,249,700	63,249,700	- 10,492,500	- 14.2
Legislature	118,392,200	109,873,400	121,616,600	121,616,600	121,616,600	3,224,400	2.7
Lieutenant Governor	1,053,400	694,400	694,400	694,400	694,400	- 359,000	- 34.1
Medical College of Wisconsin	15,271,400	12,572,000	12,482,900	12,482,900	12,482,900	- 2,788,500	- 18.3
Military Affairs	36,149,400	39,098,900	38,773,900	38,773,900	38,773,900	2,624,500	7.3
Miscellaneous Appropriations	217,053,400	238,594,200	224,644,700	224,644,700	224,644,700	7,591,300	3.5

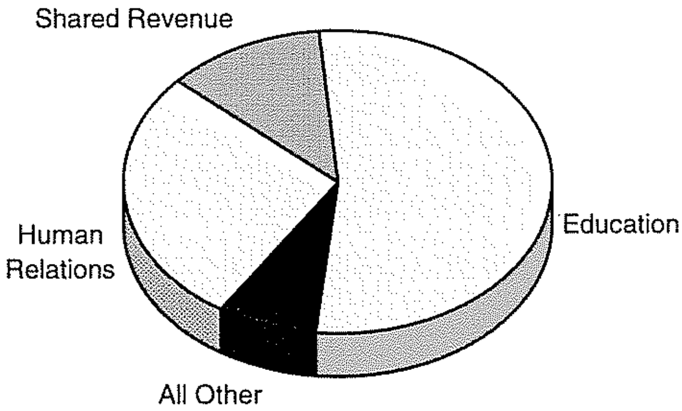
TABLE 9 (continued)

Summary of General Fund Appropriations by Agency

Agency	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	2003-05 Act 33 Change Over Base Amount	Percent
Natural Resources	$321,972,200	$296,810,900	$289,557,600	$289,557,600	$292,479,300	- $29,492,900	- 9.2%
Office of State Employment Relations	0	0	9,036,200	9,036,200	9,036,200	9,036,200	N.A.
Personnel Commission	1,619,600	0	0	0	0	- 1,619,600	- 100.0
Program Supplements	87,160,200	18,575,200	18,117,800	18,117,800	17,613,400	- 69,546,800	- 79.8
Public Defender	146,176,400	129,620,000	129,138,500	129,138,500	129,138,500	- 17,037,900	- 11.7
Public Instruction	9,638,365,000	9,684,568,500	9,754,978,900	9,754,978,900	9,759,659,300	121,294,300	1.3
Revenue	162,118,400	159,710,600	161,981,600	161,981,600	161,981,600	- 136,800	- 0.1
Shared Revenue and Tax Relief	2,272,327,200	2,933,239,600	2,709,574,600	2,716,174,600	2,759,874,600	487,547,400	21.5
State Fair Park Board	2,406,400	3,438,500	3,674,200	3,674,200	3,674,200	1,267,800	52.7
State Treasurer	93,400	0	0	0	0	- 93,400	- 100.0
Supreme Court	22,198,800	23,628,200	23,558,400	23,558,400	23,558,400	1,359,600	6.1
TEACH Board	85,088,600	0	0	0	0	- 85,088,600	- 100.0
Tourism	22,021,200	17,545,200	18,497,200	18,497,200	17,497,200	- 4,524,000	- 20.5
Transportation	119,400	337,800	37,788,100	37,788,100	237,600	118,200	99.0
University of Wisconsin System	2,079,442,400	1,984,671,200	1,908,884,600	1,908,884,600	1,908,506,300	- 170,936,100	- 8.2
Veterans Affairs	4,147,400	4,185,700	2,965,500	2,965,500	2,965,500	- 1,181,900	- 28.5
Wisconsin Technical College System	280,155,600	278,875,600	279,409,400	279,409,400	279,409,400	- 746,200	- 0.3
Workforce Development	387,533,000	369,810,200	366,582,100	366,782,100	366,582,100	- 20,950,900	- 5.4
TOTAL	$22,467,154,800	$22,754,779,600	$22,898,541,000	$22,905,341,000	$22,898,462,800	$431,308,000	1.9%

FIGURE 5

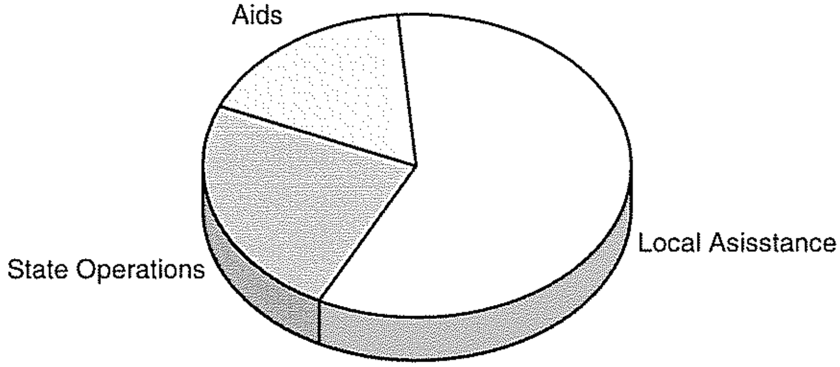
2003-05 General Fund Appropriations By Functional Area



Functional Area	Amount	Percent of Total
Education	$12,137,574,100	53.0%
Human Relations and Resources	6,264,926,600	27.4
Shared Revenue and Tax Relief	2,759,874,600	12.0
All Other		
Environmental Resources	382,478,000	1.7
General Executive	346,555,000	1.5
General Appropriations	318,150,300	1.4
Compensation Reserves	272,172,500	1.2
Judicial	197,382,700	0.9
Legislative	121,616,600	0.5
Commerce	97,732,400	0.4
TOTAL	$22,898,462,800	100.0%

FIGURE 6

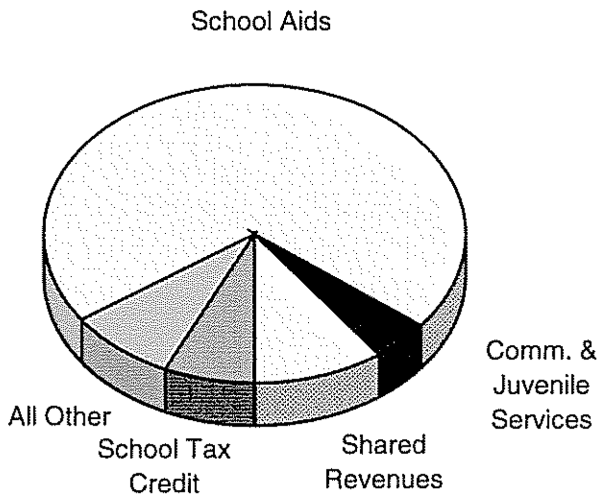
2003-05 General Fund Appropriations
By Purpose



Purpose	Amount	Percent of Total
Local Assistance	$13,466,228,600	58.8%
State Operations	(5,474,953,600)	(23.9)
UW System	1,885,427,300	8.2
Other Programs	3,317,353,800	14.5
Compensation Reserves	272,172,500	1.2
Aids to Individuals and Organizations	3,957,280,600	17.3
TOTAL	$22,898,462,800	100.0%

FIGURE 7

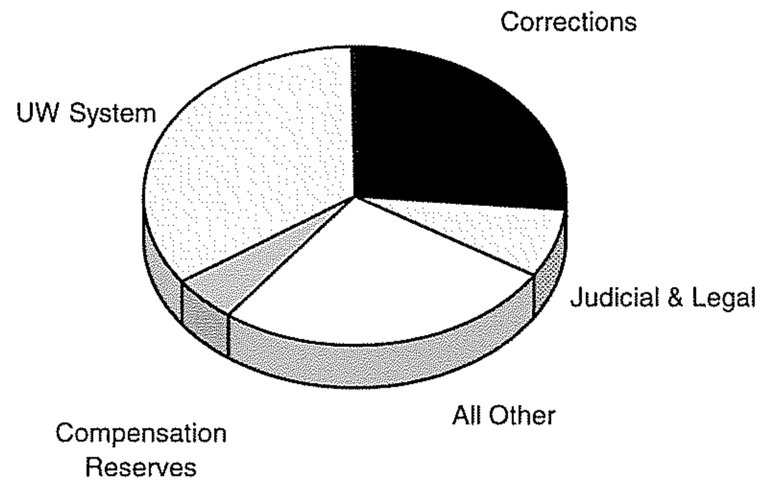
2003-05 General Fund Appropriations
Local Assistance



Program	Amount	Percent of Total
Elementary & Secondary School Aids	$9,472,106,400	70.3%
Shared Revenues	1,350,627,800	10.0
School Levy Tax Credit	938,610,000	7.0
Community & Juvenile Correctional Services	609,085,600	4.5
Technical College System Aids	272,451,200	2.0
Environmental Aid	249,963,300	1.9
Community Options Program	187,846,400	1.4
Other	385,537,900	2.9
TOTAL	$13,466,228,600	100.0%

FIGURE 8

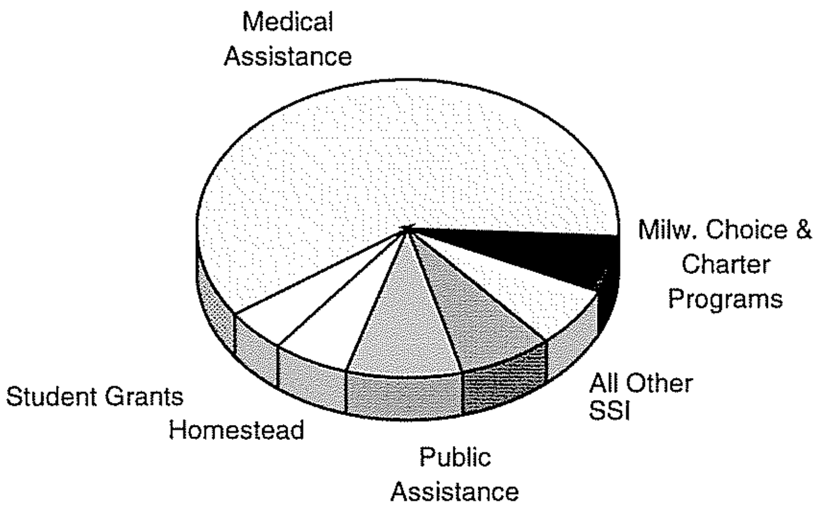
2003-05 General Fund Appropriations
State Operations



Program	Amount	Percent of Total
UW System	$1,885,427,300	34.4%
Correctional Services	1,469,152,200	26.8
Judicial and Legal Services	408,695,200	7.5
Compensation Reserves	272,172,500	5.0
State Residential Institutions	260,781,800	4.8
H&FS/Workforce Development	243,747,700	4.4
Tax Administration	161,981,600	3.0
Natural Resources	125,343,700	2.3
Legislature	121,616,600	2.2
Other	526,035,000	9.6
TOTAL	$5,474,953,600	100.0%

FIGURE 9

2003-05 General Fund Appropriations
Aids to Individuals and Organizations



Program	Amount	Percent of Total
Medical Assistance	$2,145,808,200	54.2%
Public Assistance	311,127,800	7.9
Supplemental Security Income	256,563,200	6.5
Milw. Parental Choice & Charter School Programs	215,906,800	5.5
Homestead Tax Credit	203,200,000	5.1
Student Grants and Aids	171,751,900	4.3
BadgerCare	134,191,000	3.4
Milwaukee Child Welfare	77,577,300	2.0
Foster Care and Adoptions Services	75,340,700	1.9
Prescription Drugs Assistance for Elderly	72,434,000	1.8
Farmland Preservation Tax Credit	28,700,000	0.7
Earned Income Tax Credit	25,539,200	0.7
Other	239,140,500	6.0
TOTAL	$3,957,280,600	100.0%

TABLE 10

Distribution of 2003-05 General Fund Appropriations

	2003-04			2004-05			Total		
	Amount	% of Category	% of Total	Amount	% of Category	% of Total	Amount	% of Category	% of Total
LOCAL ASSISTANCE									
Elementary & Secondary School Aids	$4,722,968,000	71.1%	43.1%	$4,749,138,400	69.6%	39.8%	$9,472,106,400	70.3%	41.4%
Shared Revenues	599,709,900	9.0	5.5	750,917,900	11.0	6.3	1,350,627,800	10.0	5.9
School Levy Tax Credit	469,305,000	7.1	4.3	469,305,000	6.9	3.9	938,610,000	7.0	4.1
Community & Juvenile Correctional Services	304,542,800	4.6	2.8	304,542,800	4.5	2.6	609,085,600	4.5	2.7
Technical College System Aids	135,670,600	2.0	1.2	136,780,600	2.0	1.1	272,451,200	2.0	1.2
Environmental Aids	125,315,300	1.9	1.1	124,648,000	1.8	1.0	249,963,300	1.9	1.1
Community Options Program	93,923,200	1.4	0.9	93,923,200	1.4	0.8	187,846,400	1.4	0.8
Other	193,709,200	2.9	1.8	191,828,700	2.8	1.6	385,537,900	2.9	1.7
TOTAL--LOCAL ASSISTANCE	$6,645,144,000	100.0%	60.7%	$6,821,084,600	100.0%	57.1%	$13,466,228,600	100.0%	58.9%
STATE OPERATIONS									
UW System	$958,291,700	35.3%	8.7%	$927,135,600	33.6%	7.8%	$1,885,427,300	34.4%	8.2%
Correctional Operations	739,060,400	27.3	6.7	730,091,800	26.4	6.1	1,469,152,200	26.8	6.4
Judicial and Legal Services	202,843,700	7.5	1.9	205,851,500	7.4	1.7	408,695,200	7.5	1.8
Compensation Reserves	109,152,900	4.0	1.0	163,019,600	5.9	1.4	272,172,500	5.0	1.2
State Residential Institutions	130,240,300	4.8	1.2	130,541,500	4.7	1.1	260,781,800	4.8	1.1
H&FS/Workforce Development	123,438,600	4.6	1.1	120,309,100	4.4	1.0	243,747,700	4.4	1.1
Tax Administration	80,990,800	3.0	0.7	80,990,800	2.9	0.7	161,981,600	3.0	0.7
Natural Resources	62,986,200	2.3	0.6	62,357,500	2.3	0.5	125,343,700	2.3	0.5
Legislature	60,806,500	2.2	0.6	60,810,100	2.2	0.5	121,616,600	2.2	0.5
Other	244,361,100	9.0	2.2	281,673,900	10.2	2.4	526,035,000	9.6	2.3
TOTAL--STATE OPERATIONS	$2,712,172,200	100.0%	24.7%	$2,762,781,400	100.0%	23.2%	$5,474,953,600	100.0%	23.8%
AIDS TO INDIVIDUALS AND ORGANIZATIONS									
Medical Assistance	$711,214,400	44.3%	6.5%	$1,434,593,800	61.0%	12.0%	$2,145,808,200	54.2%	9.4%
Public Assistance	155,563,900	9.7	1.4	155,563,900	6.6	1.3	311,127,800	7.9	1.4
Supplemental Security Income	128,281,600	8.0	1.2	128,281,600	5.5	1.1	256,563,200	6.5	1.1
Milw. Parental Choice & Charter School Programs	101,978,400	6.4	0.9	113,928,400	4.8	1.0	215,906,800	5.5	1.0
Homestead Tax Credit	102,500,000	6.4	0.9	100,700,000	4.3	0.9	203,200,000	5.1	0.9
Student Grants and Aids	85,871,000	5.3	0.8	85,880,900	3.6	0.7	171,751,900	4.3	0.8
BadgerCare	65,854,200	4.1	0.6	68,336,800	2.9	0.6	134,191,000	3.4	0.6
Milwaukee Child Welfare	37,992,500	2.4	0.4	39,584,800	1.7	0.3	77,577,300	2.0	0.3
Foster Care and Adoption Assistance	35,608,100	2.2	0.3	39,732,600	1.7	0.3	75,340,700	1.9	0.3
Prescription Drugs Assistance for Elderly	33,109,600	2.1	0.3	39,324,400	1.7	0.3	72,434,000	1.8	0.3
Farmland Preservation Tax Credit	14,000,000	0.9	0.1	14,700,000	0.6	0.1	28,700,000	0.7	0.1
Earned Income Tax Credit	12,708,000	0.8	0.1	12,831,200	0.5	0.1	25,539,200	0.7	0.1
Other	118,992,800	7.4	1.1	120,147,700	5.1	1.0	239,140,500	6.0	1.0
TOTAL--AIDS	$1,603,674,500	100.0%	14.6%	$2,353,606,100	100.0%	19.7%	$3,957,280,600	100.0%	17.3%
GRAND TOTAL	$10,960,990,700		100.0%	$11,937,472,100		100.0%	$22,898,462,800		100.0%

TABLE 11

Ten Largest General Fund Programs for 2003-05

	2003-04			2004-05			Total		
	Amount	% of Total	Cumulative % of Total	Amount	% of Total	Cumulative % of Total	Amount	% of Total	Cumulative % of Total
Elementary & Secondary School Aids	4,722,968,000	43.1%	43.1%	$4,749,138,400	39.8%	39.8%	$9,472,106,400	41.4%	41.4%
Medical Assistance	711,214,400	6.5	49.6	1,434,593,800	12.0	51.8	2,145,808,200	9.4	50.8
UW System	958,291,700	8.7	58.3	927,135,600	7.8	59.6	1,885,427,300	8.2	59.0
Correctional Operations	739,060,400	6.7	65.0	730,091,800	6.1	65.7	1,469,152,200	6.4	65.4
Shared Revenues	599,709,900	5.5	70.5	750,917,900	6.3	72.0	1,350,627,800	5.9	71.3
School Levy Tax Credit	469,305,000	4.3	74.8	469,305,000	3.9	75.9	938,610,000	4.1	75.4
Community & Juvenile Correctional Services	304,542,800	2.8	77.6	304,542,800	2.6	78.5	609,085,600	2.6	78.0
Judicial and Legal Services	202,843,700	1.9	79.5	205,851,500	1.7	80.2	408,695,200	1.8	79.8
Public Assistance	155,563,900	1.4	80.9	155,563,900	1.3	81.5	311,127,800	1.4	81.2
Technical College System Aids	135,670,600	1.2	82.1	136,780,600	1.1	82.6	272,451,200	1.2	82.4
Subtotal	$8,999,170,400	82.1%		$9,863,921,300	82.6%		$18,863,091,700	82.4%	
All Other Programs	1,961,820,300	17.9	100.0%	2,073,550,800	17.4	100.0	4,035,371,100	17.6	100.0
GRAND TOTAL	$10,960,990,700	100.0%		$11,937,472,100	100.0%		$22,898,462,800	100.0%	

TABLE 12

Summary of General Fund Full-Time Equivalent Positions by Agency

	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change to Base
Administration	127.91	145.11	96.21	96.21	96.21	- 31.70
Adolescent Pregnancy Prevention Board	0.30	0.00	0.00	0.00	0.00	- 0.30
Agriculture, Trade and Consumer Protection	260.33	205.88	236.73	236.73	236.73	- 23.60
Arts Board	5.00	4.00	4.00	4.00	4.00	- 1.00
Board on Aging and Long-Term Care	13.33	12.53	12.53	12.53	12.53	- 0.80
Circuit Courts	511.00	511.00	511.00	511.00	511.00	0.00
Commerce	73.00	68.00	68.00	68.00	68.00	- 5.00
Corrections	8,784.06	8,916.23	9,311.67	9,311.67	9,311.67	527.61
Court of Appeals	75.50	75.50	75.50	75.50	75.50	0.00
District Attorneys	390.40	375.40	375.40	375.40	375.40	- 15.00
Educational Communications Board	57.25	45.60	45.60	45.60	45.60	- 11.65
Elections Board	15.00	11.00	11.00	11.00	11.00	- 4.00
Employee Trust Funds	3.50	3.50	3.50	3.50	3.50	0.00
Employment Relations	71.50	0.00	0.00	0.00	0.00	- 71.50
Employment Relations Commission	22.50	18.50	18.50	18.50	18.50	- 4.00
Ethics Board	3.00	2.50	2.30	2.30	2.30	- 0.70
Governor	47.75	39.75	39.75	39.75	39.75	- 8.00
Health and Family Services	2,224.20	2,144.10	2,145.15	2,145.15	2,145.15	- 79.05
Higher Educational Aids Board	11.36	0.00	10.36	10.36	10.36	- 1.00
Historical Society	125.50	94.90	109.90	109.90	109.90	- 15.60
Judicial Commission	2.00	2.00	2.00	2.00	2.00	0.00
Justice	381.70	367.70	341.70	341.70	341.70	- 40.00
Legislature	811.17	751.17	751.17	751.17	751.17	- 60.00
Lieutenant Governor	7.75	4.00	4.00	4.00	4.00	- 3.75
Military Affairs	103.35	99.85	100.35	100.35	100.35	- 3.00
Natural Resources	447.53	376.72	373.12	373.12	373.12	- 74.41
Office of State Employment Relations	0.00	0.00	52.00	52.00	52.00	52.00
Personnel Commission	9.00	0.00	0.00	0.00	0.00	- 9.00
Public Defender	523.55	507.55	523.55	523.55	523.55	0.00
Public Instruction	290.72	271.52	271.72	271.72	271.72	- 19.00
Revenue	1,000.00	942.50	970.00	970.00	970.00	- 30.00
Supreme Court	111.50	111.50	111.50	111.50	111.50	0.00
TEACH Board	5.00	0.00	0.00	0.00	0.00	- 5.00
Tourism	55.25	47.45	48.45	48.45	48.45	- 6.80
University of Wisconsin System	18,965.13	18,316.49	18,320.13	18,320.13	18,315.13	- 650.00
Veterans Affairs	9.30	6.80	0.00	0.00	0.00	- 9.30
Wisconsin Technical College System	34.25	31.25	32.25	32.25	32.25	- 2.00
Workforce Development	255.67	198.92	196.22	196.22	196.22	- 59.45
TOTAL	35,835.26	34,708.92	35,175.26	35,175.26	35,170.26	- 665.00

OVERVIEW

TRANSPORTATION FUND BUDGET

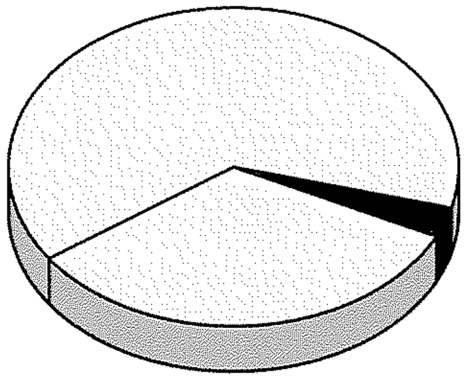
TABLE 13

2003-05 Transportation Fund Condition Statement

	2003-04	2004-05
Unappropriated Balance, July 1	$22,211,700	$1,431,900
Revenues		
Motor Fuel Tax	$926,000,600	$984,196,600
Vehicle Registration Fees	429,079,400	448,542,100
Less Revenue Bond Debt Service	-127,229,000	-141,067,800
Driver's License Fees	29,458,100	29,757,700
Miscellaneous Motor Vehicle Fees	21,830,000	22,229,500
Aeronautical Fees, Taxes, and General Fund Transfer	7,464,400	10,179,600
Railroad Property Taxes	12,863,300	13,573,800
Motor Carrier Fees	3,000,000	3,000,000
Investment Earnings	5,346,300	8,100,400
Miscellaneous Departmental Revenues	15,215,800	22,615,800
Total Annual Revenues	$1,323,028,900	$1,401,127,700
Total Available	$1,345,240,600	$1,402,559,600
Appropriations, Reserves, and Fund Transfers		
DOT Appropriations	$943,831,800	$1,056,881,200
Other Agency Appropriations	20,594,300	21,357,800
Shared Revenue Payments	230,000,000	170,000,000
K-12 Equalization Aids	40,000,000	60,000,000
Less Estimated Lapses	-1,000,000	-1,000,000
Compensation and Other Reserves	10,247,600	19,813,700
Transfer to the General Fund	100,135,000	75,135,000
Net Appropriations, Reserves, and Transfers	$1,343,808,700	$1,402,187,700
Unappropriated Balance, June 30	$1,431,900	$371,900

FIGURE 10

Estimated 2003-05 Transportation Fund Revenues



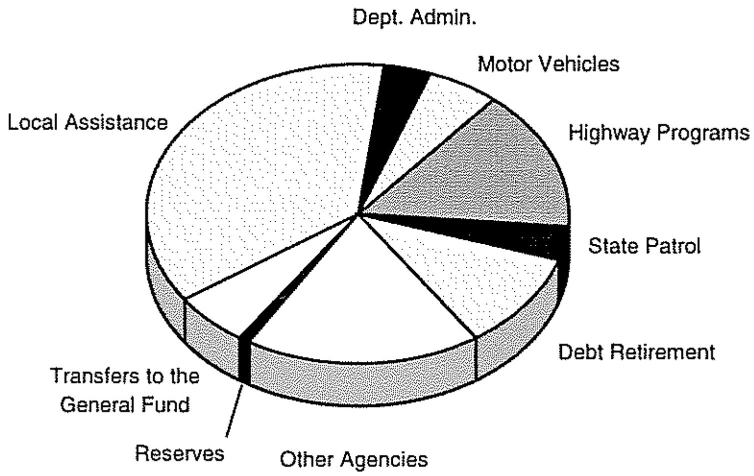
Source	Amount	Percent of Total
Motor Fuel Taxes	$1,910,197,200	63.8%
Gross Motor Vehicle and Driver Fees*	986,896,800	33.0
Railroad Taxes	26,437,100	0.9
Aeronautics Taxes and Fees	17,644,000	0.6
Miscellaneous Revenues	51,278,300	1.7
TOTAL	$2,992,453,400	100.0%

*Total motor vehicle fees before revenue bond debt service is subtracted and deposited to a separate debt service trust fund.

NOTE: The estimated July 1, 2003, unappropriated balance of the transportation fund was $22,211,700. Therefore, the total amount available in the transportation fund for the 2003-05 biennium is estimated to be $3,014,665,100.

FIGURE 11

2003-05 Transportation Fund Appropriations
By Category



Category	Amount	Percent of Total
Local Assistance	$1,103,175,900	36.6%
Highway Programs	463,307,900	15.4
Debt Retirement*	318,797,900	10.6
Division of Motor Vehicles	169,912,200	5.6
Departmental Administration	112,420,100	3.7
Division of State Patrol	101,395,800	3.4
Other Agencies**	541,952,100	18.0
Reserves	30,061,300	1.0
Transfers to the General Fund	175,270,000	5.8
TOTAL	$3,016,293,200	100.0%

*Includes debt service on revenue bonds, which is subtracted from vehicle registration revenues prior to deposit in the transportation fund.

**Includes newly created transportation fund appropriations for shared revenue ($230,000,000 in 2003-04 and $170,000,000 in 2004-05) and for K-12 education aids ($40,000,000 in 2003-04 and $60,000,000 in 2004-05).

NOTE: Lapses to the transportation fund from the appropriations above are estimated to be $2,000,000 in 2003-05. Therefore, expenditures in the 2003-05 biennium are estimated to be $3,014,293,200.

OVERVIEW

LOTTERY FUND BUDGET

TABLE 14

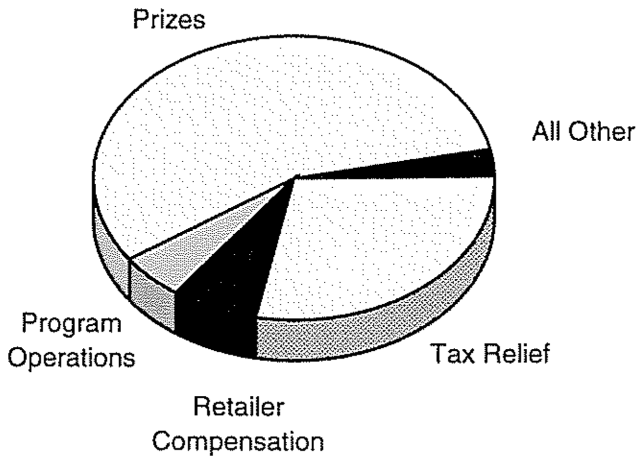
2003-05 Lottery Fund Condition Statement

	2003-04	2004-05
Fiscal Year Opening Balance	$16,871,100	$8,346,000
Operating Revenues		
Ticket Sales	$417,198,100	$418,049,000
Retailer Fees and Miscellaneous	100,600	100,600
Gross Revenues	$417,298,700	$418,149,600
Expenditures		
Prizes	$238,113,600	$238,701,200
Retailer Compensation	29,387,700	29,452,100
General Program Operations	21,924,800	21,924,800
Vendor Payments	12,814,500	12,926,700
Appropriation to Department of Justice	299,200	302,100
Appropriation to Department of Revenue	274,300	276,300
Program Reserves	242,500	379,600
Total Expenditures	$303,056,600	$303,962,800
Net Proceeds	$114,242,100	$114,186,800
Interest Earnings	$1,045,000	$1,290,000
Gaming-Related Revenue	$1,000,000	$1,000,000
Total Available for Tax Relief *	$133,158,200	$124,822,800
Appropriations for Tax Relief		
Lottery and Gaming Tax Credit	$109,662,200	$101,309,800
Farmland Tax Relief Credit	15,000,000	15,000,000
Lottery and Gaming Credit: Late Applications	150,000	150,000
Total Appropriations for Tax Relief	$124,812,200	$116,459,800
Gross Closing Balance	$8,346,000	$8,363,000
Reserve (2% of Gross Revenues)	$8,346,000	$8,363,000
Net Closing Balance	$0	$0

*Opening balance, net proceeds, interest earnings and gaming-related revenue.

FIGURE 12

2003-05 Lottery Fund Expenditures



	Amount	Percent of Total
Operating Expenditures	($607,019,400)	(71.6%)
Prizes	476,814,800	56.2
Retailer Compensation	58,839,800	7.0
General Program Operations	43,849,600	5.2
Vendor Payments	25,741,200	3.0
Appropriations to Departments of Justice and Revenue	1,151,900	0.1
Program Reserves	622,100	0.1
Appropriations for Tax Relief	(241,272,000)	(28.4)
Lottery and Gaming Tax Credit	211,272,000	24.9
Farmland Tax Relief Credit	30,000,000	3.5
TOTAL	$848,291,400	100.0%

STATE AGENCY BUDGET SUMMARIES

ADMINISTRATION

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$38,891,200	$30,625,600	$30,346,600	$30,346,600	$30,336,600	- $8,554,600	- 22.0%
FED	300,460,600	227,849,500	236,679,500	236,679,500	236,679,500	- 63,781,100	- 21.2
PR	325,546,000	602,936,200	598,980,100	598,980,100	598,529,500	272,983,500	83.9
SEG	102,642,200	103,287,800	135,070,500	135,070,500	135,070,500	32,428,300	31.6
TOTAL	$767,540,000	$964,699,100	$1,001,076,700	$1,001,076,700	$1,000,616,100	$233,076,100	30.4%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	127.91	145.11	96.21	96.21	96.21	- 31.70
FED	92.11	70.01	70.51	70.51	70.51	- 21.60
PR	663.96	874.51	798.56	798.56	798.56	134.60
SEG	16.10	14.10	16.10	16.10	16.10	0.00
TOTAL	900.08	1,103.73	981.38	981.38	981.38	81.30

Budget Change Items

General Programs

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$0		$47,400		$47,400	
GPR	$863,100	0.00	- $42,400	0.00	$820,700	0.00
FED	- 621,500	- 7.00	0	0.00	- 621,500	- 7.00
PR	- 1,679,000	- 8.00	- 51,000	0.00	- 1,730,000	- 8.00
SEG	830,200	0.00	- 3,800	0.00	826,400	0.00
Total	- $607,200	- 15.00	- $97,200	0.00	- $704,400	- 15.00

Governor: Provide standard adjustments to the base budget totaling $429,700 GPR, -$253,800 FED, -$667,100 PR, $415,100 SEG and -5.0 FED positions in 2003-04 and $433,400 GPR, -$367,700 FED, -$1,011,900 PR, $415,100 SEG and -7.0 FED and -8.0 PR positions in 2004-05. Adjustments are for: (a) turnover reduction (-$109,400 GPR and -$624,100 PR annually); (b) removal of noncontinuing elements from the base (-$199,200 GPR, -$1,140,500 FED, -$2,644,900 PR and -5.0 FED positions in 2003-04 and -$199,200 GPR, -$1,254,400 FED, -$2,989,700 PR and -7.0 FED and -8.0 PR positions in 2004-05); (c) full funding of continuing salaries and fringe benefits ($707,700 GPR, $886,700 FED, $1,991,000 PR, and $413,200 SEG annually); (d) reclassifications ($9,900 GPR and $5,800 PR in 2003-04 and $13,600 GPR and $5,800 PR in 2004-05); (e) overtime ($551,000 PR annually); (f) night and weekend differential ($28,600 PR annually); (g) fifth week of vacation as cash ($21,200 GPR, $25,500 PR, and $1,900 SEG annually); (h) full funding of lease costs and directed moves to correctly allocate lease costs for the Division of Hearings and Appeals appropriation; and (i) transfer $170,000 FED, $150,900 PR, and $3,973,600 SEG annually from unallotted reserve to supplies and services under minor offsetting transfers within the same appropriation.

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash ($21,200 GPR, $25,500 PR, and $1,900 SEG annually). Require the agency to lapse to the general fund $23,700 annually from those PR accounts which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $23,700 annually. Specify that the agency is not required to lapse to the general fund any PR or SEG amount that is from federal funds or that is from another fund source whose lapse to the general fund would be prohibited by state or federal laws or the state or federal constitution.

[Act 33 Section: 9160(3f)]

2. BASE BUDGET REDUCTIONS

	Funding	Positions
GPR	- $2,814,200	- 17.90
FED	- 785,600	- 8.85
PR	- 8,533,600	- 62.50
SEG	- 184,600	- 1.00
Total	- $12,318,000	- 90.25

Governor/Legislature: Reduce the Department's base budget operations by -$1,407,100 GPR, -$392,800 FED, -$4,266,800 PR, and -$92,300 SEG and -17.9 GPR, -8.85 FED, -62.5 PR, and -1.0 SEG positions annually for the following activities. The GPR changes represent a 12.8% reduction to the agency's state operations appropriations.

	Amount 2003-04	Amount 2004-05	Positions	Fund Source
Housing Operations	-$179,000	-$179,000	-2.25	GPR
Justice Assistance Operations	-131,000	-131,000	-3.00	GPR
Supervision and Management Operations	-1,009,100	-1,009,100	-10.65	GPR
Hearings and Appeals Operations	-88,000	-88,000	-2.00	GPR
GPR Total	-$1,407,100	-$1,407,100	-17.90	

	Amount 2003-04	2004-05	Positions	Fund Source
Federal Aid for Housing Operations	-$233,100	-$233,100	-5.35	FED
Federal Aid for Justice Operations	-137,800	-137,800	-3.00	FED
Federal Aid for State Programs	-21,900	-21,900	-0.50	FED
FED Total	-$392,800	-$392,800	-8.85	
Facility Operations and Maintenance	-$2,501,200	-$2,501,200	-32.00	PR
Financial Services	-395,700	-395,700	-6.00	PR
Procurement Services	-226,400	-226,400	-5.00	PR
Capital Planning and Construction Services	-864,200	-864,200	-11.50	PR
Transportation, Records, and Document Services	-245,500	-245,500	-7.00	PR
Material and Services to Agencies	-33,800	-33,800	-1.00	PR
PR Total	-$4,266,800	-$4,266,800	-62.50	
Public Benefit Operations	-$92,300	-$92,300	-1.00	SEG
All Funds Total	-$6,159,000	-$6,159,000	-90.25	

3. PROGRAM REVENUE LAPSES

GPR-REV	$7,200,000
PR-Lapse	$7,200,000

Governor/Legislature: Direct the Secretary of the Department of Administration (DOA) to lapse or transfer program revenues in the amount of $3,600,000 annually to the general fund from the following appropriation accounts. Generally prohibit the Secretary from lapsing or transferring any funds if the proposed lapse or transfer would violate a condition imposed by the federal government on the expenditure of the funds, or if the lapse or transfer would violate the federal or state constitutions.

The following appropriation accounts would be subject to the lapse or transfer requirements under DOA:

Appropriation		2003-04	2004-05
(1)(ka)	Materials and services charges	$700,000	$700,000
(1)(kb)	Transportation, records, and document services	695,000	695,000
(1)(kc)	Capital planning and building construction services	555,000	555,000
(1)(ke)	Telecommunication services	750,000	750,000
(1)(kj)	Financial services	850,000	850,000
(8)(j)	Raffles and crane game operations	50,000	50,000
	Total	$3,600,000	$3,600,000

Veto by Governor [D-3]: Authorize the agency to submit an alternative plan to the Secretary of DOA for the allocation of the lapse amounts. After reviewing any submitted plan, the Secretary would have the authority to implement the plan.

[Act 33 Section: 9260(1)]

[Act 33 Vetoed Section: 9260(1)]

4. DEBT SERVICE REESTIMATE [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$157,600	- $115,400	$42,200
PR	8,722,100	0	8,722,100
Total	$8,879,700	- $115,400	$8,764,300

Governor: Reestimate the agency's debt service costs by $45,000 GPR and $4,334,200 PR in 2003-04 and $112,600 GPR and $4,387,900 PR in 2004-05 for the following programs: (a) principal repayment and interest at the Black Point Estate ($45,000 GPR in 2003-04 and $112,600 GPR in 2004-05); (b) principal repayment of parking facilities in Madison ($509,700 PR in 2003-04 and $511,200 PR in 2004-05); and (c) principal repayment and interest for buildings used to house state agencies ($3,824,500 PR in 2003-04 and $3,876,700 PR in 2004-05).

Joint Finance/Legislature: Reestimate the agency's debt service costs associated with the Black Point Estate by -$45,000 GPR in 2003-04 and -$70,400 GPR in 2004-05.

5. RISK MANAGEMENT CLAIMS PAYMENTS AND REINSURANCE REESTIMATES [LFB Paper 100]

PR	$9,353,500

Governor: Provide increased expenditure authority for risk management claims payment and reinsurance costs of $3,824,100 in 2003-04 and $5,529,400 in 2004-05. The claims payment adjustments reflect the following individual risk management program funding changes: (a) $144,800 in 2003-04 and $295,400 in 2004-05 to increase total estimated property claims payments to $3,764,800 in 2003-04 and $3,915,400 in 2004-05; (b) -$550,000 in 2003-04 and -$150,000 in 2004-05 to decrease total estimated liability claims payments to $5,250,000 in 2003-04 and $5,650,000 in 2004-05; and (c) $2,262,000 in 2003-04 and $3,069,700 in 2004-05 to increase total estimated worker's compensation claims payments to $13,462,000 in 2003-04 and $14,269,700 in 2004-05. No change is proposed to the current base level expenditure authority of $275,000 annually for claims payments associated with hazardous waste cleanups.

As part of the total increase in expenditure authority, provide an additional $1,967,300 in 2003-04 and $2,314,300 in 2004-05 for excess insurance premiums due to the increased value of insured state properties and higher reinsurance market premium costs (includes $1,588,000 in 2003-04 and $1,935,000 in 2004-05 in unallotted reserve for potential increases in the insurance market) increasing the total amount budgeted for excess loss insurance to $5,538,400 in 2003-04 and $5,885,400 in 2004-05.

The increased funding associated with these recommended increases would be provided from charges assessed to state agencies for the operation of the state's self-funded risk management program.

Joint Finance/Legislature: Stipulate that if DOA makes any payments from the existing GPR-supported sum sufficient risk management appropriation to fund losses in excess of the amounts available from premium assessments and reinsurance payments, DOA would be required to lapse amounts to the general fund from the Department's PR-supported risk management costs appropriation. Specify that the total payments must equal the amount of the GPR expenditure plus interest equal to the average interest rate earned by the state investment fund between the period in which the GPR funds were expended until they are repaid. Require these repayments to be made within six years of the date of the original payment from the sum sufficient appropriation.

Veto by Governor [D-5]: Delete the provision requiring the payment of interest on amounts repaid to the general fund from the Department's PR-supported risk management costs appropriation.

[Act 33 Sections: 222m and 583m]

[Act 33 Vetoed Section: 222m]

6. LAND PROGRAMS -- COMPREHENSIVE PLANNING GRANTS FUNDING SHIFT [LFB Paper 101]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $3,000,000	$0	- $3,000,000
PR	3,000,000	0	3,000,000
SEG	0	- 2,000,000	- 2,000,000
Total	$0	- $2,000,000	- $2,000,000

Governor: Delete $1,500,000 GPR annually and provide increased expenditure authority of $1,500,000 PR annually under an existing PR-funded comprehensive planning grants appropriation to reflect the conversion of all GPR-funded grants to PR funding. The PR-funded grants would be supported through the proposed extension in the bill (to September 1, 2005) of the $2 land record fee assessed on the first page of documents filed or recorded with county registers of deeds. These amounts are remitted to the state and fund Land Information Board activities, grants to counties for land records modernization, and comprehensive planning grants. The current adjusted base funding level for comprehensive planning grants is $3,000,000 ($1,500,000 GPR, $500,000 PR and $1,000,000 SEG). Under the bill, total funding for comprehensive planning grants would remain at $3,000,000 annually, but with a different funding allocation ($2,000,000 PR and $1,000,000 SEG).

Joint Finance/Legislature: Delete $1,000,000 SEG annually for grants related to the transportation element of local governments' comprehensive plans. The reduction reflects the elimination of federal highway aid funds under DOT that have previously been transferred to DOA to support these grants.

Specify that proposals funded from the $2,000,000 PR annually appropriated for comprehensive planning grants supported from the $2 land record fee amounts remitted to the state must include the following planning elements in order to be funded: (a) expediting and integrating the use of preexisting, locally created and maintained Wisconsin land information program data; (b) utilizing digital data that is consistent with Wisconsin land information program interests, modernization, and public access standards; and (c) maximizing public participation through access to planning support tools.

Under current law, applications for comprehensive planning grant funds made by local governments must contain a complete statement explaining how the funding would be used. In determining whether to approve a proposed grant, current law requires that preference be given to applications that contain all of the following planning elements: (a) addressing the interests of overlapping or neighboring jurisdictions; (b) promoting the redevelopment of lands with existing infrastructure and public services; (c) encouraging a range of neighborhood transportation choices; (d) protecting natural areas; (e) protecting economically productive areas; (f) encouraging land uses, densities, and regulations that promote efficient development patterns; (g) preserving cultural, historic and archaeological sites; (h) encouraging coordination among nearby units of government; (i) building community identity; (j) providing an adequate supply of affordable housing; (k) providing adequate infrastructure and public services to meet existing and future market demand; (l) promoting the expansion or stabilization of the current economic base; (m) balancing individual property rights with community interests; (n) planning land uses that create varied and unique communities; (o) providing an integrated transportation system; (p) planning efforts that identify smart growth areas; (q) planning efforts, including subsequent updates and amendments; (r) planning efforts for which completion is contemplated within 30 months of the grant award; and (s) planning efforts that provide opportunities for public participation.

Veto by Governor [B-15]: Delete the provision specifying that comprehensive planning grants funded from the $2,000,000 PR annually appropriated from the $2 land record fee received by the state would have to include the following planning elements in order to be funded: (a) expediting and integrating the use of preexisting, locally created and maintained Wisconsin land information program data; (b) utilizing digital data that is consistent with Wisconsin land information program interests, modernization, and public access standards; and (c) maximizing public participation through access to planning support tools.

[Act 33 Section: 2811]

[Act 33 Vetoed Sections: 230b and 230c]

7. **LAND PROGRAMS -- EXTENSION OF SUNSET OF THE LAND INFORMATION BOARD AND THE LAND COUNCIL** [LFB Paper 101]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$0	0.00	$1,626,000	0.00	$1,626,000	0.00
GPR	- $100,000	- 1.00	$0	0.00	- $100,000	- 1.00
PR	374,600	3.00	1,999,900	0.00	2,374,500	3.00
Total	$274,600	2.00	$1,999,900	0.00	$2,274,500	2.00

Governor: Extend the scheduled sunset date for the Land Information Board, Land Council, related programs and appropriations from the current September 1, 2003, to September 1, 2005, and make the following modifications:

Land Information Board. Delete $50,000 GPR and 1.0 GPR position annually associated with comprehensive planning grant administration and provide increased expenditure authority of $50,000 PR and 1.0 PR position for this function. Provide an additional $137,300 PR annually and 2.0 PR positions in 2004-05 to continue two of the Board's four positions. These PR-funded positions would be supported through the proposed extension in the bill (to September 1, 2005) of the $2 land record fee assessed on the first page of documents filed or recorded with county registers of deeds. These amounts are remitted to the state and currently fund Land Information Board activities, grants to counties for land records modernization, and comprehensive planning grants.

Under current law, the Land Information Board was required to submit a report, in conjunction with the Land Council, on the continuation of the Board's functions and the feasibility of combining the functions of the two entities by September 1, 2002. Require a report of this nature to be submitted by September 1, 2004.

Land Council. In addition to the two-year extension of the Land Council's sunset date, delay the transfer of land information technology processing services and functions from the Council to DOA until September 1, 2005, rather than the current September 1, 2003. Require the Council, in conjunction with its working group, which includes state and local government officials and individuals from the private sector, to submit an evaluation of the Council's functions and activities by September 1, 2004, rather than September 1, 2002. The new report must include a recommendation on whether the Council should continue to operate and whether there should be any changes to its duties. Under the Governor's recommendation, no funding or position authority would be provided to the Land Council after August 31, 2003.

Under standard budget adjustments, the Governor has deleted base level funding and staffing associated with the Land Information Board and the Land Council for the period after August 31, 2003. These reductions total $1,723,800 PR in 2003-04 and $2,086,600 PR and 8.0 positions in 2004-05.

Joint Finance/Legislature: Provide $907,000 PR in 2003-04 and $1,092,900 PR in 2004-05, funded from land record fees, for the following purposes: (a) $123,900 PR annually for Board operations relating to the continuing implementation of the Wisconsin land information system; (b) $152,300 PR in 2003-04 and $269,000 PR in 2004-05 to provide sufficient funding to ensure that each county would receive a minimum of $35,000 annually from the combination of its own retained land record fees plus state grants for the purpose of county land information modernization efforts; and (c) $630,800 PR in 2003-04 and $700,000 PR in 2004-05 for the continuation of a soil survey and mapping contract with the U. S. Department of Agriculture's Natural Resources Conservation Service in 10 Wisconsin counties that have not had their soils completely surveyed and 38 counties that had not yet had all of their soil survey data computerized.

Lapse $1,101,600 in 2003-04 and $524,400 in 2004-05 to the general fund from the balances in the Board's aids to counties appropriation account, funded from the state's share of land record fees.

Specify that the Board, rather than DOA, would be responsible for approving expenditures relating to the development of Wisconsin land information systems to ensure that state agency information on the system is readily translatable, retrievable and geographically referenced to enable public use of the information on an internet-based system.

Correct two statutory references to sunset dates relating to the Land Council that were not extended to September 1, 2005, under the Governor's recommendations for: (a) a provision establishing the Council's statutory membership; and (b) a provision transferring the Council's responsibilities with respect to its review and approval of comprehensive planning grants to DOA.

Veto by Governor [D-8]: Delete provisions specifying that the Land Information Board, rather than DOA, would be responsible for approving expenditures relating to the development of Wisconsin land information systems to ensure that state agency information on the system is readily translatable, retrievable and geographically referenced to enable public use of the information on an internet-based system.

[Act 33 Sections: 98e, 147, 148, 1533d, 2809, 2811 thru 2813, and 9201(1q)]

[Act 33 Vetoed Sections: 230d, 230h, 230p, 230t, and 9401(2k)]

8. ELIMINATION OF THE TAX APPEALS COMMISSION [LFB Paper 352]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $635,400	- 4.00	$317,600	3.00	- $317,800	- 1.00

Governor: Eliminate the Tax Appeals Commission and replace it with an Office of the Commissioner of Tax Appeals (OCTA). Delete $317,700 and 4.0 positions annually (including two of the three unclassified commissioners). Provide that OCTA would also be attached to DOA for administrative purposes. Modify all statutory references to the Tax Appeals Commission and its commissioners to refer instead to the Office of the Commissioner of Tax Appeals and the Commissioner of Tax Appeals, respectively.

Transfer all assets, liabilities, remaining incumbent employees, tangible personal property, contracts, rules and orders, and all pending matters before the Tax Appeals Commission to OCTA. With respect to the transfer of employees, the bill would specify that: (a) all employees transferred would retain the same rights and employee status held prior to the transfer; and (b) no employee who had attained permanent status in a classified position would be required to serve a new probationary period.

Base level funding for the Tax Appeals Commission, including full funding of continuing salaries and reclassifications, totals $588,000 in 2003-04 and $591,700 in 2004-05 and 6.0 positions annually. This provision would reduce the amounts available to the newly created OCTA to $270,300 in 2003-04 and $274,000 in 2004-05 and 2.0 positions annually. [See "General Fund Taxes" for a more detailed description of this initiative.]

Joint Finance/Legislature: Delete provision. Retain the Commission and restore $158,800 and 3.0 positions annually but eliminate 1.0 base level support position. Include a non-statutory moratorium on appointing a commissioner to fill a current vacancy (for the term ending on March 1, 2009) until July 1, 2005. Specify that: (a) if only two commissioners are available to participate in a decision on a case requiring the concurrence of the majority of the Commission, and if they cannot reach an agreement, then the chairperson, or, if the chairperson is not participating in the decision, the commissioner with the most seniority, would be authorized to make the decision; and (b) in the event that only one commissioner is available to participate in a decision requiring the concurrence of a majority of the Commission, that commissioner would be authorized to make the decision. Under these provisions, total funding for the Tax Appeals Commission would be $429,100 in 2003-04 and $432,800 in 2004-05. These amounts are $158,900 less than base funding in each year.

Veto by Governor [D-12]: Delete the provision establishing a statutory moratorium until July 1, 2005, on appointing a commissioner to fill a current commissioner vacancy.

[Act 33 Sections: 1614b and 1614d]

[Act 33 Vetoed Section: 9145(1f)]

9. FEDERAL RESOURCE ACQUISITION SUPPORT GRANTS FUNDING ELIMINATION

GPR	-$200,000

Governor/Legislature: Delete $100,000 annually for grants to the Wisconsin Technical

College System Foundation, Inc., to support a portion of the Foundation's costs associated with operating a federal surplus property distribution program for government and corporate customers. The Governor's recommendation would fully eliminate base level funding for the grant program but does not repeal the appropriation.

10. WASTE FACILITIES SITING BOARD STAFFING ELIMINATION AND TRANSFER TO DNR

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $202,600	- 1.75	- $64,600	0.00	- $267,200	- 1.75

Governor: Delete $101,300 and 1.75 positions annually to eliminate all staff at the Waste Facilities Siting Board. Repeal the Board's authority to appoint an executive director and to employ such an individual in the unclassified service. Require the Division of Hearings and Appeals to provide staff to assist the Board in the performance of duties. Specify that the Board, rather than the executive director, may request the assistance from any state agency. Funding of $32,300 annually would remain available to the Board for this purpose. Under current law, the Board supervises mandated negotiation-arbitration procedures relating to the siting of solid or hazardous waste facilities.

Joint Finance/Legislature: Retain the authority of the Waste Facility Siting Board to appoint an unclassified executive director, and transfer the Board and the remaining base level funding under DOA ($32,300 annually for supplies and services) to the Department of Natural Resources (DNR). Delete the proposed changes to the executive director's and the Board's statutory duties and the requirement that the Division of Hearings and Appeals provide staff to assist the Board. [An additional $73,900 and 1.0 unclassified position annually would be provided under DNR to fund the executive director.]

On the effective date of the provision, transfer the assets, liabilities, and personal property of the Board, as determined by the Secretary of DOA, from DOA to DNR. Require DNR to carry out all contractual obligations of the Board until such contract is modified or rescinded, as allowed by the contract. [See "Natural Resources -- Air, Waste and Contaminated Land" for more information.]

Veto by Governor [D-13]: Delete the transfer of the Board to DNR. Delete the renumbering of the Board's appropriation from DOA to DNR, thereby deleting funding and position authority under DNR. As a result, the Board remains attached to DOA and the Board's operations appropriation in DOA is retained but is set at $0 with no associated position authority.

Under current law, the Board supervises mandated negotiation-arbitration procedures relating to the siting of solid or hazardous waste facilities. However, only the executive director is granted the explicit statutory authority to request the assistance of any state agency related to this responsibility. Further, while the Board would retain supervision of mandated negotiation-arbitration procedures authority and would retain statutory authority under s. 230.08(2)(x) to appoint an unclassified executive director, under Act 33 no funding or positions are authorized in DOA for the Board's operations.

[Act 33 Vetoed Sections: 92x, 286(as it relates to s. 20.370(2)(ei)), 402p, 587p, 2475g, and 9101(8c)]

11. MIDWEST LOW-LEVEL RADIOACTIVE WASTE FUNDING REDUCTION

PR	- $111,400

Governor/Legislature: Delete $55,700 annually budgeted for the actual and necessary meeting expenses of the state's commissioner to the Midwest Interstate Low-level Radioactive Waste Compact, for state agency costs incurred while assisting the commissioner, and for the associated advisory council's expenses. A total of $5,000 annually would remain for the actual and contingent costs incurred by the commissioner. Funds credited to this appropriation derive from fees paid by nuclear power plant operators and by generators of low-level radioactive wastes.

12. WOMEN'S COUNCIL DATA LINE COST INCREASES

GPR	$3,400

Governor/Legislature: Provide $1,700 annually to the attached Women's Council. Place these funds in unallotted reserve for possible release by DOA for increased costs for T1 data communication line access. Currently, the Council shares a T1 line with the Board on Aging and Long-Term Care and the Adolescent Pregnancy Prevention and Pregnancy Services Board, which is eliminated under Act 33. Consequently, it is anticipated that the Council's monthly share of T1 line costs will increase from the current one-third of total costs to one-half of total costs.

13. GPR-EARNED REESTIMATE [LFB Paper 316]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$13,400	- $13,400	$0

Governor: Reestimate agency GPR-Earned receipts by $6,700 annually to reflect projected increases due to the transfer of the Department of Employment Relations function to DOA.

Joint Finance/Legislature: Delete provision.

14. REPEAL OF OBSOLETE APPROPRIATIONS

Governor/Legislature: Repeal the following obsolete or unused GPR annual appropriations: (a) the sale of tobacco settlement payments appropriation; and (b) the Wisconsin Patients Safety Institute, Inc., grant appropriation. There is no base level funding associated with either appropriation.

The sale of tobacco settlement payments appropriation was created under 2001 Wisconsin Act 16 to support the costs incurred by the Secretary of DOA in any sale of the state's rights to receive any payments under the Attorneys General Master Tobacco Agreement. Those sales have now been completed. The appropriation was never funded and has not been used.

The Wisconsin Patients Safety Institute, Inc., grant appropriation was also created under Act 16 and was funded at $110,000 GPR annually. Subsequently, 2001 Wisconsin Act 109 repealed the grant program and deleted the grant funding for 2002-03. However, the appropriation itself was not repealed.

[Act 33 Sections: 568 and 569]

15. HOSPITAL AND AMBULATORY SURGERY CENTER DATA COLLECTION CONTRACT

PR	$750,000

Joint Finance/Legislature: Provide $750,000 in 2003-04 to the Department's services to nonstate governmental units appropriation, funded from a transfer from the health care information general program operations appropriation under the Department of Health and Family Services (DHFS), for the purpose of contracting for the collection of hospital and ambulatory surgery center data, and modify DOA's appropriation to incorporate this additional statutory purpose. By the first day of the second month following the general effective date of the biennial budget act, require DOA to contract with an entity that is: (a) a not-for-profit organization, as defined under section 501(c)(6) of the Internal Revenue Service Code; (b) a business membership organization that represents at least 70% of hospitals in Wisconsin; and (c) affiliated with a group that would oversee the entity's data program ("oversight group"). Specify that the current law requirement that DOA obtain certain services from work centers for severely handicapped individuals would not apply in this contract situation.

Provide that the purpose of the contract would be to: (a) collect the data and information that the Bureau of Health Information in DHFS currently collects from hospitals and ambulatory surgery centers, including claims data information from the fiscal survey and the American Hospital Association annual survey; (b) prepare and release the collected data and other information in the data sets and standard reports as required under current law by the Bureau; (c) develop standard reports on the hospital rate increases, the guide to Wisconsin hospitals, the patient-level data utilization and charges, and the uncompensated health care in Wisconsin hospitals; (d) protect patient confidentiality, as required under current law, for data collected from hospitals and ambulatory surgery centers; (e) release all claims data and provider survey information to DHFS for epidemiological purposes as required under current law; (f) assess fees as approved by the oversight group for the sale of data sets and standard reports; and (g) expand the current hospital outpatient database to include all outpatient hospital-based services within 18 months of the contract date.

Prohibit DOA from requiring the collection, analysis, or dissemination of health care information of hospitals and ambulatory surgery centers that is in addition to that required under current law. Stipulate that DOA may only include standard contract terms for this procurement.

Authorize the oversight group to recommend to DOA the issuance of a new request for proposals for the work performed under this contract, if the oversight group is not satisfied with the performance of the contracted entity. Require the hospital data and information collection and dissemination functions to transfer back to DHFS if no acceptable bids are received. [For additional information, see "Health and Family Services -- Health."]

Veto by Governor [C-20]: Delete references to the exact date by which DOA must contract with an entity so that the contract must be completed by the end of September, 2003, rather than by September 1, 2003. Delete the provision specifying that DOA may include only standard contract terms, as specified under Chapter 16 of the statutes, for this procurement.

[Act 33 Sections: 211, 214b, 215c, 570, 2092f, and 9224(3k)]

[Act 33 Vetoed Section: 2092f]

16. STATE GOVERNMENT MANAGEMENT SYSTEMS

Joint Finance/Legislature: Direct the Secretary of DOA to issue requests for proposals (RFPs) in 2003-05 for all of the following for executive branch agencies: (a) a performance-based budgeting system; (b) a single web-based accounting system; (c) a single web-based electronic procurement system that includes the capability for the purchase and distribution of facility maintenance supplies, including but not limited to laundry services for state provided uniforms, cleaning, custodial, and laundry supplies, as well as consumable janitorial supplies, such as paper towels and trash can liners; (d) a single human resource system that would process all personnel information and payroll transactions and provide information to all employee's regarding their benefits and services; and (e) an internet portal. Authorize the Legislature and the Courts to participate in any of these systems, if they are implemented, and the Legislature or the Courts choose to do so.

Direct the Secretary of DOA to establish a means of accurately measuring the cost savings and efficiencies that would be achieved through implementation of the RFPs. Authorize DOA to implement for executive branch agencies an enterprise-wide business intelligence and data warehouse strategy or system, supported by software tools. Direct the Secretary of DOA to provide information on the RFPs along with current estimated costs for these services to the Governor, and to the Legislature for distribution to the appropriate standing committees by July 1, 2004. Direct the Secretary of DOA to include funding requests based on the lowest acceptable bid or competitive proposal for each such system in the Department's 2005-07 budget request along with any required statutory change recommendations. If any of these proposals may be implemented without additional costs to the state during the 2003-05 biennium, direct the Secretary of DOA to immediately begin implementation of the lowest cost acceptable competitive sealed proposal.

Require the RFP for a single web-based electronic procurement system (that must include the capability for the purchase and distribution of facility maintenance supplies) to provide a customized-commerce portal that is uniquely designed for the needs of the state. Prohibit the system from having initial software customization costs to the state. Stipulate that any web-based procurement system have the following characteristics and capabilities: (a) centralized order processing; (b) invoice aggregation for each state agency; (c) budget management integrated system to identify and prevent budget overruns on a monthly basis; (d) online and on-site training; (e) on-site implementation training at all major state facilities; and (f) order entry accessibility by electronic data input, internet, fax or telephone.

Beginning on July 1, 2005, or as soon thereafter as the system is implemented, require all executive state agencies to purchase facility maintenance supplies and related consumable products through the web-based electronic procurement system established within DOA.

By July 1, 2004, require the Secretary of DOA to study the feasibility of consolidating all executive branch state agency procurement staff into the Department's Bureau of Procurement. Within six months of the implementation of a single web-based electronic procurement system, direct the Secretary of DOA to delete 88.0 FTE procurement-related executive branch state agency positions. Require each agency in which a non-FED funded procurement-related position is deleted to identify the salary and fringe benefits funding for the position and lapse or transfer those amounts to the general fund.

Direct DOA to request proposals for the provision of personal computer hardware and software for executive branch state agencies through a simple lease program with a private vendor whenever an existing master-lease agreement for these services expires. Require the Secretary of DOA to provide computer hardware and software by means of a simple lease, if it is more cost-effective than entering into a new master lease.

Veto by Governor [D-8]: Delete all provisions except those authorizing DOA to implement for executive branch agencies an enterprise-wide business intelligence and data warehouse strategy or system, supported by software tools.

[Act 33 Section: 141f]

[Act 33 Vetoed Sections: 215m and 9101(4k)]

17. ELIMINATION OF CERTAIN PRINTED PUBLICATIONS

Joint Finance/Legislature: Require DOA to identify all printed publications being prepared by executive branch state agencies. Prohibit publications from being produced by any of these agencies unless deemed essential by the Secretary of DOA or required by law or by the Wisconsin Constitution. Require these agencies to submit expenditure estimates for the printing of publications to the Secretary of DOA during the 2003-05 biennium. Except for FED-funded publications, direct the Secretary to lapse or transfer to the general fund, the estimated cost of any disapproved publication or printing from an appropriation other than a sum sufficient appropriation. For nonessential publications funded from sum sufficient appropriations, direct the Secretary to reestimate the appropriation and include the revised estimate in the final Chapter 20 appropriations schedule. If an agency's publication is rejected as not being essential, require the state agency to post the information on its Internet site.

Veto by Governor [D-8]: Delete provision.

[Act 33 Vetoed Section: 9101(14p)]

18. SCHOOL FINANCE COMMISSION MEETING EXPENSES

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$10,000	- $10,000	$0

Joint Finance/Legislature: Provide $10,000 in 2003-04 to fund meeting expenses for a School Finance Commission that would consider the system for funding K-12 education in the state. [See "Public Instruction -- General School Aids and Revenue Limits" for more information.]

Veto by Governor [A-10]: Delete provision.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.505(4)(ba)) and 9141(2c)]

19. TRANSFER OF CERTAIN STATE AIRCRAFT SALE PROCEEDS TO THE GENERAL FUND

GPR-REV	$82,400
PR-Lapse	$82,400

Senate/Legislature: Direct DOA to transfer to the general fund on the later of July 1, 2003, or the general effective date of the biennial budget act, the proceeds from the sale of two Wisconsin Air Services aircraft during 2002-03. Reestimate the agency's GPR-Earned receipts by $82,400 in 2003-04 to reflect this transfer.

Provisions of 2001 Wisconsin Act 16 required DOA to liquidate two state-owned aircraft and to credit the proceeds in the general fund. A subsequent Legislative Audit Bureau review determined that the proceeds had instead been credited to the Department's transportation and other services PR appropriation rather than to the general fund.

[Act 33 Section: 9201(2q)]

Transfers to the Department

1. TRANSFER OF THE FUNCTIONS OF THE DEPARTMENT OF ELECTRONIC GOVERNMENT TO DOA [LFB Paper 295]

	Funding	Positions
PR	$260,918,400	208.30

Governor: *Transfer Provisions.* Provide $130,459,200 and 208.3 positions annually associated with the transfer of information technology functions to DOA as the result of the elimination of the Department of Electronic Government (DEG). Transfer the current powers and duties of DEG [see Electronic Government, Item #2] to DOA.

Create the following information technology and telecommunications-related appropriations under DOA with expenditure and position authority as indicated: (a) a PR continuing appropriation for printing, mailing, communications and information technology services for state agencies ($2,157,400 annually); (b) a PR continuing appropriation for information technology and communications services provided to non-state entities ($84,345,100 and 164.3 positions annually); (c) a PR annual appropriation for telecommunications services for state agencies ($36,593,800 and 24.0 positions annually, including 1.0 unclassified division administrator); (d) a PR annual appropriation for justice information systems ($1,491,900 and 16.0 positions annually); (e) a PR annual appropriation for justice information systems development, operation, maintenance and assistance ($857,500 and 3.0 positions annually); and (f) a PR annual appropriation for telecommunications relay services ($5,013,500 and 1.0 position annually).

Create 1.0 unclassified division administrator position in DOA associated with information technology.

Specify that, 30 days after the effective date of the bill, the unencumbered balances in DEG's appropriations would be transferred to DOA, as follows:

a. From DEG's services appropriation, the amount that is attributable to gifts, grants and bequests received by DEG, as determined by the Secretary of DOA, to DOA's existing gifts, grants and bequests appropriation.

b. From DEG's services appropriation, the amount that is attributable to revenues associated with the provision of computer services, telecommunications services, and supercomputer services to state authorities, units of the federal government, local governmental units, and entities in the private sector, as determined by the Secretary of DOA, to the continuing appropriation for information technology and communications services provided to non-state entities.

c. From DEG's services appropriation, the amount that is attributable to revenues associated with the provision of electronic communications services to state authorities, units of the federal government, local governmental units, and entities in the private sector, as determined by the Secretary of DOA, to the continuing appropriation for information technology and communications services provided to non-state entities.

d. From DEG's services appropriation, the amount that is attributable to revenues associated with the provision of electronic communications services to state agencies, as determined by the Secretary of DOA, to the continuing appropriation for printing, mailing, communications and information technology services for state agencies.

e. From DEG's services appropriation, the amount that is attributable to revenues associated with the provision of printing, mail processing, and information technology processing services to state agencies, as determined by the Secretary of DOA, to the continuing appropriation for printing, mailing, communications and information technology services for state agencies.

f. From DEG's services appropriation, the amount that is attributable to revenues associated with the provision of information technology development and management services to executive branch agencies, as determined by the Secretary of DOA, to the continuing appropriation for printing, mailing, communications and information technology services for state agencies.

g. From DEG's justice information systems interagency assistance appropriation, the existing balance to the annual appropriation for justice information systems development, operation, maintenance and assistance.

h. From DEG's federal aids appropriation, the existing balance to DOA's existing federal aids appropriation.

Under the bill, DEG's appropriations associated with state agency telecommunications, justice information systems and telecommunications relay services would be transferred to DOA without modifications. The bill would combine two DEG appropriations for justice information systems (the justice information systems interagency assistance appropriation and the justice information systems development, operations and maintenance appropriation) into a single justice information systems development, operations, maintenance and assistance appropriation. The combined appropriation would receive revenues from both penalty assessment funding and federal Byrne grant monies. The bill would divide DEG's continuing, services appropriation into two appropriations: one for services to state agencies and the other for services to non-state entities. Funding under the bill in DOA under the two continuing appropriations and in the justice information systems development, operations, maintenance and assistance appropriation are associated with amounts currently contained in budget estimates under DEG's appropriation structure. The amounts provided in DOA for these appropriations may not reflect estimated expenditures under the new appropriations. The final amounts in these three appropriations would be determined by the Secretary of DOA as described above. [Position allocations between the appropriations are not addressed in the bill.]

Current Law. DEG was created in 2001 Wisconsin Act 16 to manage and oversee information technology and telecommunications activities of state agencies and to assist state agencies with information technology issues. Resources for the Department were provided by transferring the funding and staffing associated with two information technology-related divisions in DOA.

In DEG, funding of $131,976,000 and 230.3 positions annually would be deleted in connection with the proposed transfer of that agency's information technology functions to DOA, resulting in a net reduction of $1,516,800 and 22.0 positions annually.

Joint Finance/Legislature: Adjust funding and position authority under the new appropriations created in DOA, as follows: (a) printing, mailing, communications and information technology services to state agencies, provide $81,506,300 and 164.3 positions annually; (b) information technology and communications provided to non-state entities, delete $69,972,100 and 164.3 positions annually; (c) telecommunications services to state agencies, delete $12,591,200 annually; (d) justice information systems, provide $161,500 and 3.0 positions annually; and (e) justice information systems development, operation, maintenance and assistance, delete $857,500 and 3.0 positions annually.

In addition: (a) retain a separate PR annual appropriations for justice information systems supported from penalty assessment revenues and federal Byrne grant monies and provide $1,753,000 annually; (b) change the continuing appropriations created under DOA as a result of the elimination of DEG to annual appropriations; and (c) direct that the methodologies for determining IT-related fees and assessments be submitted to the Legislature for approval as an administrative rule.

Total annual funding and positions by appropriation for information technology related activities under DOA are identified in the following table.

Appropriation	Governor Amount	Governor Positions	Jt. Finance/Leg. Amount	Jt. Finance/Leg. Positions	Net Change Amount	Net Change Positions
Printing, mailing, communications and information technology services to state agencies [s. 20.505(1)(kL)]	$2,157,400	0.00	$83,663,700	164.30	$81,506,300	164.30
Information technology and communications provided to non-state entities [s. 20.505(1)(is)]	84,345,100	164.30	14,373,000	0.00	-69,972,100	-164.30
Telecommunications services to state agencies [s. 20.505(1)(ke)]	36,593,800	24.00	24,002,600	24.00	-12,591,200	0.00
Justice information systems [s. 20.505(1)(ja)]	1,491,900	16.00	1,653,400	19.00	161,500	3.00
Interagency assistance; justice information systems [s. 20.505(1)(kp)]	0	0.00	1,753,000	0.00	1,753,000	0.00
Justice information systems development, operation, and maintenance [s. 20.505(1)(kq)]	857,500	3.00	0	0.00	-857,500	-3.00
Telecommunications relay service [s. 20.505(1)(ir)]	5,013,500	1.00	5,013,500	1.00	0	0.00
Total	$130,459,200	208.30	$130,459,200	208.30	$0	0.00

Veto by Governor [D-9]: Delete requirement that the methodologies for determining IT-related fees and assessments be established by administrative rule.

[Act 33 Sections: 4, 9, 31 thru 33, 39, 42, 51, 82, 98, 113 thru 115, 172, 190, 191, 197, 198, 202, 203, 206 thru 208, 212, 213, 215, 216, 217c, 218, 231 thru 233, 235, 276, 305, 570, 572, 574, 589, 635, 636, 638 thru 640, 642d thru 645, 731, 750, 751, 753 thru 800, 874, 935, 1706, 2314d, 2315, 2324, 2347, 2392, 2395, 2472, 2672, 9115(1)&(2), 9215(1), and 9415(1)]

[Act 33 Vetoed Section: 778]

2. INFORMATION TECHNOLOGY LAPSE TO THE GENERAL FUND

GPR-REV	$31,827,800
GPR-Lapse	$8,172,200

Joint Finance/Legislature: Direct DOA to lapse or transfer to the general fund from unencumbered appropriation balances, other than sum sufficient appropriations, $20,000,000 in 2003-04 and $20,000,000 in 2004-05 from executive branch agency information technology projects. Specify that the Secretary of DOA may not waive the submission of expenditure estimates for information technology projects during 2003-05 and must disapprove estimates of expenditures for information technology projects equal to $20 million in 2003-04 and 2004-05. Specify that the Secretary may not lapse or transfer funding from any appropriation that would violate a condition imposed by the federal government on expenditure of funds or would violate the federal or state constitution.

Veto by Governor [D-10]: Modify the provision to: (a) delete specific reference to "executive branch" agencies; (b) delete references to information technology; (c) delete references to the 2003-04 and 2004-05 fiscal years; (d) allow the lapse amounts to be taken from sum sufficient appropriations; and (e) delete both the prohibition on the Secretary of DOA from waiving the submission of expenditure estimates for information technology projects in the 2003-05 biennium and the requirement that estimates of expenditures for information technology projects be disapproved equal to $20 million in 2003-04 and in 2004-05.

Under Act 33, the Secretary of DOA must lapse or transfer to the general fund $40 million in the 2003-05 biennium from all state agencies. The transferred or lapsed funding need not be budgeted for information technology projects. Funding could be lapsed or transferred from sum sufficient appropriations. Under Act 33, "agency" includes legislative and judicial branch agencies, but does not include the Health and Educational Facilities Authority, the Bradley Center Sports and Entertainment Corporation, the World Dairy Center Authority, or the Fox River Navigational Authority. The Governor's veto message indicates that the Secretary of DOA will allocate reductions across all sectors of state government operations.

[Act 33 Section: 9160(2x)]

[Act 33 Vetoed Section: 9160(2x)]

3. STATE AGENCY TELECOMMUNICATIONS OVERSIGHT AUTHORITY

Governor: Expand DOA's state agency oversight authority related to telecommunications issues to include the University of Wisconsin System Board of Regents.

Under current law, no state agency in the executive branch, other than the Board of Regents of the UW System, may: (a) procure telecommunications materials, supplies, equipment, or services from any source except DEG, unless DEG permits otherwise; or (b) enter into a contract for telecommunications materials, supplies, equipment, or services without approval of the contract by the state chief information officer (the Secretary of Electronic Government). Current law also specifies that DEG may enter into statewide master contracts for telecommunications materials, supplies, equipment, or services and may require executive branch agencies, other than the Board of Regents of the UW System, to obtain such goods and services under a master contract. In addition, the chief information officer may assess any executive branch agency, other than the Board of Regents of the UW System, for DEG's costs of systems or devices relating to telecommunications that are developed, operated, or maintained by DEG. Finally, current law specifies that the Information Technology Management Board, which is attached to DEG, may monitor progress in achieving goals for telecommunications development set by executive branch agencies, other than the Board of Regents of the UW System.

The effect of the modification would be to remove the exemption from oversight for the Board of Regents of the UW System related to telecommunications.

Joint Finance/Legislature: Delete provision.

4. CONSOLIDATION OF STATE AGENCY ATTORNEYS [LFB Paper 105]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$0		$1,643,600		$1,643,600	
GPR-Lapse	$0		$1,396,200		$1,396,200	
PR	$14,553,300	69.45	- $14,553,300	- 69.45	$0	0.00
SEG	0	- 1.00	0	1.00	0	0.00
Total	$14,553,300	68.45	- $14,553,300	- 68.45	$0	0.00

Governor: Provide $6,237,100 PR in 2003-04 and $8,316,200 PR in 2004-05 and 69.45 PR positions annually for personnel costs associated with the transfer of certain executive branch state agency attorneys to DOA on the later of October 1, 2003, or the first day of the third month following publication.

DOA Authorized to Provide Legal Services. Authorize DOA to provide legal services to state agencies, defined as any office, commission, department independent agency or board in the executive branch, including the Building Commission. Delete various statutory provisions that authorize certain executive branch agencies to directly employ legal staff. Require DOA to annually assess each of these agencies for the costs of the legal services provided to the agency. Create a PR, continuing appropriation under DOA to fund the provision of legal services to state agencies. State agency legal assessments would be credited to the appropriation.

Attorneys Transferred. Require all state agencies subject to these provisions to transfer certain attorney positions to DOA on the later of October 1, 2003, or the first day of the third month after publication.

Agencies Excluded from the Transfer Requirement. Specify that the following executive branch agencies would not be subject to the attorney transfer requirement: (a) the Public Service Commission; (b) the Public Defender Board; (c) the Board of Regents of the UW System; (d) the University Hospitals and Clinics Board; (e) the Investment Board; (f) the Office of the Governor; (g) the Elections Board; (h) the Ethics Board; (i) the Department of Regulation and Licensing; and (j) the Department of Justice.

Attorney Functions Exempted from Transfer. Stipulate that attorney positions identified by the Secretary of DOA that perform any of the following functions would not be subject to transfer: (a) agency hearing officers, hearing examiners, or administrative law judges; and (b) attorneys employed by a district attorney.

Agency Chief Counsels Exempted from Transfer. Specify that one attorney position identified by the Secretary of DOA as the chief counsel in any of the following agencies would not be subject to transfer: (a) Agriculture, Trade, and Consumer Protection; (b) Commerce; (c) Corrections; (d) Employee Trust Funds (e) Financial Institutions; (f) Health and Family Services; (g) Natural Resources; (h) Public Instruction; (i) Revenue; (j) Veterans Affairs; (k) Workforce Development; and (l) the Office of the Commissioner of Insurance.

Transitional Provisions. Specify that all transferred attorneys would have the same rights and status as the agency in which they originated. Specify that the attorneys that have achieved permanent status, would not be required to undergo a probationary period in DOA.

DOA Attorney Position Reduction. Delete 1.0 SEG position annually under DOA's environmental improvement fund capital financing support function to reflect the consolidation of executive branch attorneys under DOA. Reallocate $85,400 SEG in 2003-04 and $114,300 SEG in 2004-05 of base level salary and fringe benefits funding to supplies and services costs to fund legal services assessments.

Under the Governor's attorney consolidation proposal, the number of attorneys transferred to DOA from various executive branch state agencies would be as follows:

Agency	FTE Positions Transferred
Administration [from SEG-funded function]	1.00
Agriculture, Trade and Consumer Protection	4.50
Commerce	2.00
Corrections	4.80
Employee Trust Funds	1.00
Employment Relations	1.00
Financial Institutions	5.00
Health and Family Services	13.15
Insurance	3.00
Natural Resources	14.00
Public Instruction	2.00
Revenue	9.00
Transportation	7.00
Veterans Affairs	1.00
Workforce Development	1.00
Total	69.45

Joint Finance: Delete provision. Direct the Secretary of DOA to delete all executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse or transfer the associated non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions.

It is estimated that the total amounts credited to the general fund from the deletion of 31.0 attorneys on January 2, 2004, would total $547,900 GPR-REV and $465,400 GPR-Lapse in 2003-04 and $1,095,700 GPR-REV and $930,800 GPR-Lapse in 2004-05. It is not known at this time which state agencies will actually be subject to position and funding reductions, as a result of this provision.

Senate/Legislature: Include the Department of Employee Trust Funds and the Investment Board among the executive branch agencies that would be exempted from the requirement that 31.0 FTE agency attorney positions be deleted by January 2, 2004, and the associated salary and fringe benefit amounts lapsed or transferred to the general fund.

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

5. TRANSFER DEPARTMENT OF EMPLOYMENT RELATIONS TO DOA [LFB Paper 316]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$9,657,800	51.90	- $9,657,800	- 51.90	$0	0.00
PR	3,437,400	6.00	- 3,437,400	- 6.00	0	0.00
Total	$13,095,200	57.90	- $13,095,200	- 57.90	$0	0.00

Governor: Provide $4,828,900 GPR and $1,771,200 PR in 2003-04 and $4,828,900 GPR and $1,666,200 PR in 2004-05 and 51.9 GPR and 6.0 PR positions annually to transfer the functions of the Department of Employment Relations (DER) to DOA. Of the transferred GPR position, 3.0 positions would be authorized as unclassified positions.

Transferred Appropriations and Positions. Transfer the GPR amounts under DER to DOA's central general program operations appropriation and renumber and reestablish the following PR appropriations under DER as appropriations under DOA: (a) services to nonstate governmental units ($245,000 PR in 2003-04 and $265,000 in 2004-05 and 2.70 PR positions annually); (b) employee development and training services ($561,500 PR in 2003-04 and

$436,500 PR in 2004-05 and 2.55 PR positions annually); (c) funds received from other state agencies ($691,000 PR annually); (d) publications ($188,500 PR and 0.75 PR positions annually); and (e) collective bargaining grievance arbitrations ($85,200 PR annually).

Included in the funding and position transfers to DOA would be 2.0 unclassified division administrator positions for the current DER Divisions of Compensation and Labor Relations and Merit Recruitment and Selection. The Executive Budget Book indicates that the Governor's intent is to establish two such similar divisions in DOA. In the bill, there is a provision establishing a Division of Merit Recruitment and Selection; however, there is no provision in the bill that would require the establishment of the other division. Under the bill, authorization would be provided for 1.0 additional unclassified position to be established in the Office of the Secretary of DOA with the responsibility to advise and assist the Secretary on matters related to affirmative action, equal employment opportunity, diversity, and other state employment relation matters. State Budget Office staff indicate that the intent is that the current position authority for the Administrator of the Division of Affirmative Action would instead be used to fill the proposed new position in DOA. This would not be an executive salary group (ESG) position, but rather the salary level for the position would be set by the Secretary.

With respect to the Administrator of the Division of Merit Recruitment and Selection position, provide that the Governor would appointment the Administrator from a list of three qualified individuals. The list would be created by a selection committee composed of the Chief Justice of the Supreme Court, the Speaker of the Assembly, the President of the Senate, and two individuals appointed by the Governor (one of whom may not be a state employee), or these individuals' designees. If none of the names are satisfactory, the Governor may request another list of three names. This process may be repeated indefinitely. Upon the advice and consent of the Senate, the individual would serve a five-year term.

Under current law, when there is a vacancy in that position, the Secretary of Employment Relations is required to provide the Governor with a position register containing at least five names from which the Governor may nominate a person to be the Administrator of the Division of Merit Recruitment and Selection. Subject to the advice and consent of the Senate, the nominee is appointed to a five-year term. The register of names from which the Governor may select a nominee is to be prepared by the Secretary on the basis of an examination for the position that is conducted in accordance with the general requirements used for the filling of positions in the classified service.

Transferred Functions. Transfer from DER to DOA the following: (a) state employment relations functions under Chapter 230 of the statutes and elsewhere; (b) all duties and responsibilities of the Secretary of DER, which would become the duties and responsibilities of the Secretary of DOA; (c) all assets, liabilities and tangible personal property; (d) all existing contracts, which would be honored by DOA until they expire; (e) all existing administrative rules and orders issued by DER, which would remain in effect until they expire or are modified by DOA; (f) all pending matters; and (g) all incumbent employees holding classified positions.

Transitional Provisions. Provide that transferred incumbent classified employees would hold the same rights and status as they enjoyed immediately prior to transfer, and would not be required to serve a probationary period, if they have already achieved permanent status. Specify that all of these provisions would become effective on the 30th day following publication of this provision.

Joint Finance/Legislature: Delete provision. [See "Department of Employment Relations" or "Office of State Human Resources Management" for additional information on changes made to the state employment relations function.]

6. TRANSFER OF CASH MANAGEMENT FUNCTIONS FROM STATE TREASURER'S OFFICE [LFB Paper 697]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$0		$4,700		$4,700	
PR	$184,500	3.00	- $4,700	0.00	$179,800	3.00

Governor: Effective July 1, 2004, transfer the cash management functions of the Office of the State Treasurer and $184,500 and 3.0 positions in 2004-05 to DOA. Funding would include: (a) $159,500 for salaries and fringe benefits; and (b) $25,000 for supplies and services. Transfer the statutory cash management duties and responsibilities of the Office of the State Treasurer to the DOA's Division of Executive Budget and Finance and all current statutory cash management duties and responsibilities of the State Treasurer to the Secretary of DOA, except the responsibility for the Treasurer to affix his or her signature to all checks or drafts to draw money from the state treasury. [The cash management responsibilities of the State Treasurer that would be transferred to DOA are described in greater detail under "State Treasurer."]

Authorize DOA to charge state agencies for its cost of providing banking service cost analysis and cash management assistance. Authorize the Secretary of DOA to establish separate custody accounts under each state fund for the receipt and expenditure of monies received for: (a) credit card interchange and association fees; and (b) transfers from the income account of the state investment fund to pay bank service costs.

Transfer all assets, liabilities, tangible property, contracts, and pending matters before the Office of State Treasurer that relate to cash management to DOA. Contracts would remain in effect until modified or rescinded by DOA in accordance with provisions of the contracts. Specify that all incumbent employees holding positions in the Office of State Treasurer who perform cash management functions are to be transferred to DOA, as determined by the Secretary of Administration, with all of their current rights and status. Specify that transferred employees that have attained permanent status would not be required to undergo a probationary period. However, since only 3.0 positions would be authorized under DOA (of the 5.0 positions that would be deleted from the Office of the State Treasurer), the State Budget

Office indicates that the actual intent is that the Secretary of DOA will determine that no more than three incumbent employees would actually be transferred.

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash ($4,700 in 2004-05) included in the amounts transferred to DOA. Require the agency to lapse to the general fund $4,700 in 2004-05 from the PR account that the fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $4,700 in 2004-05.

[Act 33 Sections: 44 thru 47, 54 thru 69, 165, 166, 168, 170, 184 thru 186, 250m, 251m, 269, 277, 437, 471, 472, 573, 648, 649, 692 thru 704, 706, 707, 720, 738, 740, 805 thru 828, 830, 843 thru 846, 848, 870, 873, 906 thru 914, 924, 925, 940, 946, 1003, 1033, 1091, 1180, 1188, 1189, 1287, 1289, 1413, 1436, 1447, 1466, 1467, 1468, 1472b, 1482, 1483, 1485, 1517 thru 1522, 1524, 1530, 1531, 1532, 1535, 1536, 1539, 1541, 1581, 1582, 1583, 1584 thru 1589, 1599b, 1602, 1603, 1607, 1621, 1628, 1629 thru 1632, 1634 thru 1644, 1649, 1686, 1687, 1707, 1708, 1725 thru 1727, 1740, 1812, 1813, 1815, 1841 thru 1854, 1954 thru 1956, 1960, 1998, 2044, 2045, 2056, 2057, 2058, 2092, 2099, 2101 thru 2105, 2114 thru 2119, 2204 thru 2310, 2321 thru 2323, 2341, 2349 thru 2353, 2358, 2361, 2449 thru 2453, 2471, 2482, 2483, 2486, 2575, 2579, 2580 thru 2592, 2605 thru 2608, 2616, 2629, 2632, 2635 thru 2640, 2643 thru 2650, 2665 thru 2671, 2683 thru 2685, 2691, 2693 thru 2707, 2711, 2713 thru 2715, 2728, 2730, 2731, 2744, 2745, 2759 thru 2767, 2800, 2802 thru 2804, 9154(1), and 9454(1)]

7. TRANSFER OF RAILROAD REGULATION APPEALS TO THE DIVISION OF HEARINGS AND APPEALS FROM THE OFFICE OF THE COMMISSIONER OF RAILROADS [LFB Paper 640]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$400,000	- $400,000	$0

Governor: Provide increased expenditure authority of $200,000 annually to fund additional hearing examiner costs associated with the transfer of appeals proceedings relating to railroad regulation from the Office of the Commissioner of Railroads (OCR) to DOA's Division of Hearings and Appeals. OCR, which is currently attached administratively to the Public Service Commission, would be eliminated on the effective date of the bill, and most of its current railroad regulation responsibilities would be transferred to the Department of Transportation (DOT).

For the purpose of resolving contested matters relating to railroad regulation, transfer this authority to the Division. Specify that administrative hearing procedures under Chapter 227 of the statutes would generally apply to these proceedings. Require the Administrator of the Division to assign a hearing examiner to preside over any hearing or review relating to the regulation of any of the following matters: adequacy of railroad fire protection devices; allocation of costs of railroad crossing improvements; adequacy of bridges, culverts, and drainage facilities near railroad rights-of-way; allocation of costs when two railroads intersect and the appropriate type of grade separation, if any, at proposed intersections; allocation of costs of railroad spur tracks; safety and adequacy of railroad bridges, drawbridges, and fences; removal or transfer of railroad terminals, shops, stations, and agency service; adequacy and cost allocations of grade and highway crossing protections; exemption for vehicles otherwise required to stop at railroad crossings from stopping at a specified crossing; views, trees, and brush near crossings; and the determination of direct and remainder assessments for the costs of railroad regulation. Specify that existing penalties for failure to provide necessary documents or information to OCR or for violating OCR orders would now apply with respect to the Division.

Provide that in hearing these matters, the Division must give due weight to the experience, technical competence, and specialized knowledge of DOT as well as to the discretionary authority conferred upon DOT. Require the Division to give great weight to DOT's interpretation of the statutes and the rules that it administers. Provide that if there is a conflict between this new provision and any other statute relating to a hearing or review conducted by the Division, these new procedures would take precedence.

Require that DOT pay the costs of the hearing examiner in accordance with a schedule of fees developed by the Division. Specify that any appeals arising from examiners' decisions be heard by the Administrator of the Division, and that the determination of the Administrator would be the final decision of DOA. Allow appeal of the Administrator's decision for judicial review.

Require DOA to resolve certain disputes that might arise related to the transfer of tangible personal property, contracts, rules and orders, and pending matters from OCR to DOT. The Secretary of DOA would be required to determine the matter and develop a plan for an orderly transfer in the event of any disagreements between the Commissioner and the Secretary of DOT regarding such transfers [see "Office of the Commissioner of Railroads" under the Public Service Commission for more information about the elimination of OCR.]

Joint Finance/Legislature: Delete provision.

8. HIGHER EDUCATIONAL AIDS SUPPORT [LFB Paper 445]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$103,700	2.00	- $103,700	- 2.00	$0	0.00

Governor: Provide $103,700 and 2.0 positions in 2004-05 to reflect the transfer of certain staff positions to DOA as part of the proposed reorganization of the Higher Educational Aids Board (HEAB). Specify that these positions would assist the Board of Regents of the UW-System in administering higher educational aids. The Executive Budget Book indicates that these positions would be attached to the Office of the Secretary of DOA.

Specify that the incumbent employees at HEAB subject to transfer to DOA would retain the same rights and employee status in DOA that they enjoyed at HEAB immediately prior to transfer. No transferred employee who had attained permanent status in his or her classified position would be required to serve a new probationary period.

Joint Finance/Legislature: Delete provision.

9. TRANSFER INJURED STATE WORKER REEMPLOYMENT FUNCTION FROM DWD

Governor/Legislature: Transfer responsibility for the injured state worker reemployment function from the Department of Workforce Development (DWD), Division of Vocational Rehabilitation to DOA's risk management function. Transfer the incumbent employee in DWD having responsibility for the rehabilitation of injured state employees to DOA and specify that the transferred employee would retain the same rights and employee status held prior to the transfer and would not be required to serve a probationary period if the employee had already achieved permanent status in his or her classified position. The DWD employee has actually been funded by DOA for many years through an interchange agreement to provide rehabilitation services for state employees. DOA would be required to reallocate base level supplies and services funding to salaries and fringe benefits to fund the position. No new position authority would be provided under DOA for the transferred position. The agency would be required to reallocate an exiting position.

[Act 33 Sections: 9101(7) and 9159(8)]

10. TRANSFER TEACH TO DOA [LFB Paper 712]

	Funding	Positions
GPR	$7,493,100	0.00
FED	8,830,000	0.50
PR	12,625,000	0.50
SEG	33,786,500	1.00
Total	$62,734,600	2.00

Governor: Transfer the functions of the TEACH Board to Public Instruction [see TEACH].

Joint Finance/Legislature: Delete the Governor's recommendation to eliminate the TEACH Board and transfer its programs to DPI. Instead, transfer the following programs and related funding to DOA.

Telecommunications Access. Transfer the telecommunications access program and associated funding to DOA, as shown in the following table. Provide $108,900 SEG annually and 1.0 SEG position for administration, beginning in 2003-04, which would be included in the appropriation for school districts, cooperative educational service agencies (CESAs), and charter schools.

Purpose	2003-04	2004-05	Fund Source
School Districts, CESAs and Charter Schools	$10,893,400	$11,324,200	SEG
Private Colleges, Technical Colleges and Libraries	4,735,500	5,066,000	SEG
Private K-12 Schools	708,100	701,300	SEG
State Residential Schools	75,000	68,200	SEG
Secured Juvenile Corrections Facilities	112,500	102,300	SEG

This program is funded from the state universal service fund that receives revenues through assessments on annual gross operating receipts from intrastate telecommunications providers, which they are allowed to fully recover through an adjustment applied to subscribers' local exchange service rates.

Infrastructure Financial Assistance. Transfer the infrastructure financial assistance program to DOA. Modify the total amount allocated for debt service by: (a) -$2,150,000 GPR and $2,150,000 PR annually; and (b) -$55,300 GPR in 2003-04 and -$50,000 GPR in 2004-05 due to debt service reestimates. The following table shows the amounts that would be allocated under this proposal.

Purpose	2003-04	2004-05	Fund Source
Debt Service for K-12 Schools	$3,062,900	$4,333,300	GPR
Debt Service for Public Libraries	2,900	94,000	GPR
Debt Service for K-12 Schools--Local Share	5,326,700	6,585,400	PR
Debt Service for Public Libraries--Local Share	102,800	209,800	PR

E-rate. Transfer state administration of the E-rate program and associated funding to DOA. Provide $4,415,000 FED annually in federal E-rate aid, including $35,000 FED annually and 0.5 FED position for DOA's administration of the E-rate program. The Education Rate, or E-rate program, was created by the Federal Telecommunications Act of 1996, and it is administered by the Schools and Libraries Division of the Universal Service Administrative Company, attached to the Federal Communications Commission. E-rate discounts on telecommunications services are provided according to a community's low-income population and rural or urban status.

GWETC. Transfer administration of the Governor's Wisconsin Educational Technology Conference (GWETC) and associated funding to DOA. Provide $188,900 PR in 2003-04 and $211,400 PR in 2004-05, including $31,400 PR annually for 0.5 PR position for administration of the GWETC.

WATF. Transfer the Wisconsin Advanced Telecommunications Foundation (WATF) assessments appropriation to DOA. Provide that monies received by the WATF assessments appropriation be used to promote the use of educational technology in the state, rather than offset the block grants appropriation as under current law.

Transition Provisions. Provide that the incumbent employees transferred from TEACH to DOA would retain all employment rights and status that 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.

Allow DOA to enter into cooperative purchasing agreements under which participating school districts and CESAs may contract for their professional employees to receive training concerning the effective use of technology.

Transfer from TEACH to DOA all assets, liabilities, tangible personal property, and records that are primarily related to the functions of TEACH, as determined by the Secretary of DOA. Transfer all outstanding loans made under the infrastructure financial assistance program from TEACH to DOA. Provide that all contracts entered into by TEACH or DOA on behalf of TEACH that were in effect prior to the transfer would remain in effect until their specified expiration date or until they were rescinded or modified by DOA. Specify that all rules promulgated and orders issued by TEACH that were in effect would remain in effect until their specified expiration date or until they were amended or repealed by DOA. Provide that any pending matters would transfer to DOA and all materials submitted to TEACH or actions taken by TEACH concerning the pending matter would be considered as having been submitted to or been taken by DOA.

Clarify that the existing contracts grant portion of the telecommunications access program would sunset on December 31, 2005.

Veto by Governor [A-14]: Delete provisions that would have eliminated the requirement that DOA cooperate with DPI to support the development of courses for the instruction of professional employees who are licensed by the State Superintendent concerning the effective use of educational technology.

Under the 2001-03 state statutes, TEACH was required to cooperate with DPI in the development of these courses. Under the Governor's recommendation TEACH programs and funding would have been transferred to DPI, thus eliminating the need to have a statutorily mandated cooperation agreement. Legislative provisions transferred TEACH programs and funding to DOA rather than DPI; however, the mandate for cooperation on the development of courses for the instruction of professional employees on the use of educational technology was not restored. The Governor's veto restores the cooperation requirement, in this case between DOA and DPI.

[Act 33 Sections: 196d, 204d, 210d, 234d, 236d thru 238r, 361d, 364d, 365d, 369d, 370d, 374d, 376d, 378d, 380d thru 384d, 572, 587k, 588m thru 588r, 637d, 641d, 642d, 680, 688d, 689d, 934d, 1036d, 1038d, 1039d, 1041d thru 1050d, 1053d thru 1057d, 1062d, 1068d thru 1085d, 1087d, 1088d, 1994d, 2032d, 2311d, 2312d thru 2314d, 2316d, 9101(10d), 9150(1d), 9215(1), and 9415(1)]

[Act 33 Vetoed Section: 1057d]

Transfers from the Department to Other Agencies

1. ALLOCATION OF UTILITY PUBLIC BENEFITS FUNDS [LFB Papers 115 and 116]

Governor: Allocate $27,100,000 SEG in 2004-05 from the utility public benefits fund to supplement: (a) county and municipal aid payments ($20,000,000 SEG in 2004-05); and (b) earned income tax credits ($7,100,000 SEG in 2004-05). The county and municipal aid payment appropriation would be repealed on July 1, 2005. The fiscal effects of these two allocations are identified, respectively, under "Shared Revenue and Tax Relief" and under "General Fund Taxes."

Joint Finance/Legislature: Allocate from the utility public benefits fund an additional $17,600,000 SEG in 2003-04 to supplement county and municipal aid payments and $2,368,800 SEG in 2004-05 for earned income tax credits. Of the amounts provided for earned income tax credits, $236,800 SEG would be provided directly to that appropriation and $2,132,000 SEG would be provided directly to DWD for TANF eligible activities. An equivalent amount of TANF funds would be utilized to support the earned income tax credit expenditures. The fiscal effects of these additional allocations are identified, respectively, under "Shared Revenue and Tax Relief" and under "General Fund Taxes."

[Act 33 Sections: 665, 666, 667, 668, 1656, 1657m, 1660, and 9445(1)]

2. TRANSFER THE DIVISION OF HOUSING TO THE DEPARTMENT OF COMMERCE [LFB Paper 117]

	Funding	Positions
GPR	- $10,673,200	- 7.80
FED	- 71,204,000	- 6.25
PR	- 13,645,200	- 3.95
Total	- $95,522,400	- 18.00

Governor: Delete $5,336,600 GPR, $35,602,000 FED, and $6,822,600 PR and 7.8 GPR, 6.25 FED, and 3.95 PR positions annually to reflect the transfer of most of the Division of Housing to the Department of Commerce, effective 30 days after the publication of the bill. Transfer the Division's functions, funding and positions, as determined by the Secretary of DOA, to the Department of Commerce or to DOA's general administrative operations.

The following functions would be transferred:

Housing Cost Grants and Loans. Transfer to Commerce the responsibility for the distribution of housing cost grants and loans and $2,800,300 GPR annually. The program provides grants to eligible governmental housing authorities and to organizations to fund grants and loans to low- or moderate-income persons for defraying principal and interest on mortgages, closing costs, insurance and related costs.

Local Housing Organization Assistance. Transfer to Commerce the responsibility of providing grant assistance to local housing organizations and $500,000 GPR annually. The funds may be used for salaries, fringe benefits, or administrative operating costs to assist these organizations in developing their capacity to provide new or expanded housing and counseling opportunities for low- or moderate-income households.

Transitional Housing Grants. Transfer to the transitional housing program and $375,000 GPR annually. The program provides grants to organizations; community action agencies; and county or municipal governments for operating transitional housing and support services for the homeless.

State Shelter Subsidy Grants. Transfer to Commerce the authority to administer the state shelter subsidy grant program and $1,131,000 GPR annually. The program provides grants to organizations, community action agencies, Native American tribes, housing authorities and county or municipal governments for renovating, developing or expanding homeless shelters. Grants may not exceed 50% of the operating costs of the shelter facility.

Homeless Grants from Interest Bearing Real Estate Accounts (IBRETA). Transfer to Commerce the IBRETA program, which makes grants funded from earnings on interest-bearing real estate common trust accounts to organizations that provide shelter to homeless individuals. There is no base level funding associated with this program.

Federal Assistance Programs. Transfer to Commerce $35,602,000 FED and 6.25 FED positions annually for the operation of federally supported housing programs, including administration of federal awards from HUD under the Stewart B. McKinney Homeless Assistance Act, including funds for the Emergency Shelter Grant and Continuum of Care Supportive Housing programs.

Transfer responsibility for the operation of the Home Investment Partnership Program (HOME) to Commerce. Federal HOME funding supports housing programs designed to support home ownership opportunities, rental rehabilitation; rental housing development; accessibility improvements; and weatherization-related repairs. Transfer administration of the housing rehabilitation component of the federal small cities community development block grant (CDBG) program. Delete the requirement that Commerce contract with DOA for the administration of CDBG's for housing improvement.

Under current law Commerce, which is the state agency designated by the federal government for the receipt of federal CDBG allocations, contracts with DOA for the provision of housing services. Under the general CDBG program, federal funds are provided to municipalities for activities such as housing rehabilitation, acquisition, relocation, handicapped accessibility improvements, home ownership assistance, public facilities improvements and economic development. Prior to this proposed transfer, Commerce has retained 70% of the funds and the balance has been transferred to the DOA's Division of Housing for the housing rehabilitation initiatives. Transfer to Commerce $6,822,600 PR and 3.95 PR positions annually, funded from housing program services allocations from other agencies.

Program Administration and Other Responsibilities. Transfer to Commerce $530,300 GPR and 7.8 GPR positions for general administration of the housing function and a variety of other responsibilities relating to housing, including: (a) requesting certain surplus real property, at no cost, from other state agencies; (b) preparing a comprehensive five-year state housing strategy plan for the federal Department of Housing and Urban Development; and (c) reporting on the impact of any bill on state housing policy, if the bill affects the development, construction, cost or availability of housing in the state.

The following function would be modified and retained in DOA:

Low-Income Energy and Weatherization Assistance. Retain the low-income energy and weatherization assistance programs in DOA under the agency's supervision and management functions. The amounts retained in DOA total $189,500 GPR, $74,085,100 FED, and $10,000,000 PR annually and 2.0 GPR and 26.9 FED positions annually. Although the proposal would repeal the statutory requirement that a Division of Housing be created under DOA with an unclassified administrator, the agency's existing 1.0 GPR unclassified position authority associated with this position would not be transferred to Commerce, but would be retained in DOA. The apparent intent is to allocate this position to administer a land information and intergovernmental relations function.

Transition Provisions. Specify that 30 days after the publication of the bill: (a) the assets and liabilities of DOA's Division of Housing would become the assets and liabilities of Commerce; (b) all full-time equivalent positions in DOA's Division of Housing would be transferred to Commerce; (c) all tangible personal property, including records, of DOA's Division of Housing would be transferred to Commerce; (d) all contracts entered into by DOA relating to the Division of Housing that are in effect on that date remain in effect and would be transferred to Commerce; (e) Commerce would be required to carry out any contractual obligations under contracts entered into by DOA's Division of Housing until the contracts are modified or rescinded by Commerce to the extent allowed under the contracts; (f) all rules promulgated by DOA relating to housing matters that are in effect on that date would remain in effect until their specified expiration dates or until amended or repealed by Commerce; (g) all orders issued by DOA relating to the Division of Housing that are in effect on that date would remain in effect until their specified expiration dates or until modified or rescinded by Commerce; and (h) any matter pending with DOA's Division of Housing on that date would be transferred to Commerce, and all materials submitted to or actions taken by DOA's Division of Housing with respect to the pending matter would be considered as having been submitted to or taken by Commerce.

Specify that all incumbent employees holding positions subject to transfer from DOA's Division of Housing would be transferred to Commerce. Specify that: (a) all transferred employees would retain the same rights and employee status in Commerce that they enjoyed in DOA immediately prior to transfer; and (b) no transferred employee who had attained permanent status in his or her classified position would be required to serve a new probationary period.

Provide that during the period between the general effective date of the bill and 30 days after that date, the appropriations of DOA's Division of Housing provided for the 2002-03 fiscal year would remain in effect, except that DOA could not expend or encumber more than one-twelfth of the amounts appropriated for the 2002-03 fiscal year from each appropriation.

Joint Finance/Legislature: Include provision with a technical correction to properly reference an appropriation from which low-income home energy assistance payments are made to local governmental agencies and non-profit organizations.

[Act 33 Sections: 5 thru 7, 86, 150 thru 163, 188, 223, 576, 593 thru 604, 804, 1101 thru 1104, 1464, 1500, 1684, 1685, 1705, 1993, 2048, 2318, 2359, 2360, 2369, 2370, 2444 thru 2448, 2619, 2658, 2743, 2777, 9101(4)&(10), and 9401(1)]

3. TRANSFER VOLUNTEER FIREFIGHTER SERVICE AWARD PROGRAM TO THE DEPARTMENT OF COMMERCE [LFB Paper 118]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $1,348,400	$1,348,400	$0

Governor: Transfer the Volunteer Firefighter and EMT Service Award Board, the administrative responsibilities for the program, and funding of $674,200 annually ($653,900 for awards and $20,300 for program support) to the Department of Commerce. The transfer would be effective 30 days after the publication of the bill.

Under current law the Volunteer Firefighter and EMT Service Award Board is attached to DOA. Any city, village or town that operates or contracts with a volunteer fire department or authorizes volunteer EMT services may participate in the award program. These municipalities may contribute whatever amount they wish to a third-party administrator to maintain an account on behalf of the volunteer. The state Volunteer Firefighter and EMT Service Award Board provides an initial match to the municipal contributions of up to $250 per individual account per year, subject to an adjustment for inflation. Upon meeting certain age and vesting requirements, the volunteer firefighter or EMT program participant may withdraw the accumulated service award amounts plus investment returns, at retirement. Awards are funded from a GPR sum sufficient appropriation, subject to a statutory annual expenditure cap of $2,000,000. Awards would be prorated if the $2,000,000 annual expenditure limit were exceeded.

Replace the Secretary of DOA with the Secretary of Commerce on the Volunteer Firefighter and EMT Service Award Board. Currently, the Board consists of the DOA Secretary, a volunteer firefighter who is a fire chief, a volunteer firefighter, a volunteer emergency medical technician, three representatives of municipalities that operate volunteer fire departments, and a member who has experience in financial planning.

Joint Finance/Legislature: Delete provision.

4. **SENTENCING COMMISSION -- FUNDING AND POSITION ADJUSTMENTS** [LFB Paper 246]

	Funding	Positions
GPR	$323,400	- 4.00

Governor/Legislature: Adjust the funding of the Sentencing Commission as follows: (a) provide $300,500 annually for full funding of salaries and fringe benefits for the Sentencing Commission positions; (b) provide $60,000 annually for increased supplies and services funding; and (c) reduce the Commission's total funding by $198,800 and 4.0 positions annually as a base budget reduction measure. Base funding for the Commission is $140,000 and 6.0 positions. Following these adjustments, the remaining funding for the Commission in DOA would be $301,700 and 2.0 unclassified positions annually.

5. **SENTENCING COMMISSION -- TRANSFER TO THE DEPARTMENT OF CORRECTIONS** [LFB Paper 246]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $603,400	- 2.00	$471,200	2.00	- $132,200	0.00

Governor: Transfer the Sentencing Commission from DOA to the Department of Corrections on the effective date of the bill. Reduce funding and position authority under in DOA by $301,700 and 2.0 positions annually to reflect this transfer. Under the bill, the total Sentencing Commission funding and positions in DOA subject to transfer would be determined as follows:

	2003-04		2004-05	
	Funding	Positions	Funding	Positions
Sentencing Commission Base Budget	$140,000	6.00	$140,000	6.00
Funding and Position Adjustments under DOA				
Full Funding of Salaries and Fringe Benefits	$300,500	0.00	$300,500	0.00
Increased Supplies and Services	60,000	0.00	60,000	0.00
Budget Reduction	-198,800	-4.00	-198,800	-4.00
Total Adjustments	$161,700	-4.00	$161,700	-4.00
Transferred to Department of Corrections	-$301,700	-2.00	-$301,700	-2.00

Joint Finance/Legislature: Delete provision, thereby retaining the Sentencing Commission under DOA. Adjust salary and fringe benefits funding for the Commission by -$66,100 annually. Total Sentencing Commission funding and positions in DOA would be as follows:

	2003-04 Funding	2003-04 Positions	2004-05 Funding	2004-05 Positions
Sentencing Commission Base Budget	$140,000	6.00	$140,000	6.00
Funding and Position Adjustments under DOA				
Full Funding of Salaries and Fringe Benefits	$300,500	0.00	$300,500	0.00
Increased Supplies and Services	60,000	0.00	60,000	0.00
Budget Reduction	-198,800	-4.00	-198,800	-4.00
Salary and Fringe Benefit Adjustment	-66,100	0.00	-66,100	0.00
Total Adjustments	$95,600	-4.00	$95,600	-4.00
Total Sentencing Commission Funding	$235,600	2.00	$235,600	2.00

6. TRANSFER OF OPERATION FRESH START PROGRAM TO THE DEPARTMENT OF WORKFORCE DEVELOPMENT [LFB Papers 117 and 835]

Governor: Transfer the operation of the Operation Fresh Start (OFS) program from DOA to the Department of Workforce Development (DWD). Currently, there is no statutory language governing the program or identifiable on-going amounts of base level funding. Consequently, no funding or positions would actually transfer from DOA to DWD under this initiative. The Governor's intent is identified only in the Executive Budget Book.

A state Operation Fresh Start program was begun under DOA's Division of Housing and Intergovernmental Relations as a result of a directive from the Governor in the 1998-99 fiscal year. Since that time, the program has been supported from a variety of funding sources, including WHEDA general surplus reserves, Americorps funds, oil overcharge restitution funds and gifts and grants. The Governor has recommended that DWD be provided 1.0 PR position annually to administer the program in that agency. That position would be funded with monies obtained for OFS projects.

The state Operation Fresh Start program is based on a long-running Madison program of the same name that is designed to provide at-risk young people with education, employment skills and career direction leading to economic self-sufficiency. The purpose of the state program is to establish comparable projects throughout the state using the Madison program as the model.

Joint Finance/Legislature: Transfer program to the Department of Commerce rather than to DWD.

Office of Justice Assistance

1. COUNTY, COUNTY-TRIBAL AND TRIBAL LAW ENFORCEMENT GRANT PROGRAMS [LFB Paper 134]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$1,556,000	1.00	- $2,256,000	- 1.00	- $700,000	0.00

Governor: Make the following changes to current county, county-tribal and tribal law enforcement grant programs:

Program Transfers from DOJ. Provide $778,000 and 1.0 position annually under the Office of Justice Assistance (OJA) to reflect the transfer of the cooperative county-tribal law enforcement grant program, funding and associated staff support from the Department of Justice (DOJ).

Program Consolidation under OJA. Combine the total funding associated with DOJ's transferred cooperative county-tribal law enforcement grant program and administrative function [$778,000 annually] with OJA's existing county law enforcement services grant program [funded at $250,000 annually] and make the statutory program modifications described below. Retitle OJA's county law enforcement services appropriation as the county and tribal law enforcement assistance appropriation. A technical correction is necessary to permit OJA to fund the transferred position and associated supplies and services from this appropriation.

Repeal OJA's existing tribal law enforcement assistance appropriation [funded at $1,050,000 annually] and consolidate this base level funding into the modified county and tribal law enforcement assistance appropriation. Repeal various tribal gaming appropriations and make necessary statutory cross-reference changes to reflect these consolidations. The combined funding in the consolidated OJA appropriation from the three previously separate grant programs would total $2,078,000 annually. Under the bill, OJA would have discretion as to the distribution of funds between the modified county-tribal and tribal grant programs. Tribal gaming receipts provide the program revenue for these programs.

Current Law Grant Programs. A county is eligible to participate in DOJ's county-tribal law enforcement grant program if: (a) a county has one or more federally-recognized Indian reservations within or partially within its boundaries; (b) the county enters into an agreement with an Indian tribe located in the county to establish a cooperative county-tribal law enforcement program; (c) the county and tribe develop and annually submit a joint program plan to DOJ for approval by December 1 of the year prior to the year funding is sought; and (d) for second and subsequent year funding, the county and tribe submit with the joint program plan a report on the performance of law enforcement activities on the reservation in the previous fiscal year. Adjusted base funding for DOJ's grant program is $778,000 annually, including $708,400 annually for actual grant funding.

A county is eligible to participate in OJA's county law enforcement services grant program if: (a) the county borders one or more federally-recognized Indian reservations; (b) the county has not established a cooperative county-tribal law enforcement program under DOJ's grant program with each such tribe or band; (c) the county demonstrates a need for grant-eligible law enforcement services; and (d) the county applies for a grant and submits a proposed plan showing how the funds will be used to support law enforcement services. Adjusted base funding for this program is $250,000 annually.

A tribe is eligible to participate in OJA's tribal law enforcement assistance grant program if it submits an application that includes a proposed plan for expenditure of the grant funds. OJA is required to develop criteria and procedures in administering this program. In evaluating the grant applications, OJA considers: (a) the demonstrated need for law enforcement operations and services by the tribe; (b) the feasibility of the proposed plan for addressing that need; (c) the extent to which resources are otherwise unavailable; and (d) the extent to which a tribe has provided, or has attempted to provide, full compensation to local government units for services provided to the tribe. Adjusted base funding for this program is $1,050,000 annually.

Proposed Statutory Modifications. In conjunction with the consolidation of the DOJ county-tribal law enforcement grant program and the OJA county law enforcement services grant program, specify that a county would be eligible to participate in the modified county and tribal law enforcement grant program if: (a) the county has one or more federally-recognized American Indian reservations within or partially within its boundaries or the county borders on one or more federally recognized reservations; (b) the county board adopts a resolution entering into an agreement with such a reservation to establish a cooperative county-tribal law enforcement program; and (c) the county submits to OJA a proposal for expenditure of grant funds.

Authorize OJA to require counties to include the following in any grant application: (a) a description of cooperative county-tribal law enforcement programs or law enforcement services for which the county requests funding; (b) a description of the population and geographic area that the county proposes to serve; (c) the county's need for grant funding and the amount of funding requested; (d) identification of the county unit that would administer the grant funds and a description of how such funds would be disbursed; and (e) any other information deemed relevant by OJA or by the county submitting the application. Direct OJA to develop criteria and procedures for use in administering the program, and specify that such criteria and procedures would not have to be promulgated as administrative rules.

No statutory changes would be made to the operation of the current tribal law enforcement assistance grant program.

Transition Provisions. On the effective date of the bill, transfer the assets and liabilities, tangible personal property, and contracts of DOJ primarily related to its county-tribal law enforcement grant program, as determined by the Secretary of DOA, to OJA. Specify that all incumbent employees of DOJ having duties primarily related to its county-tribal law enforcement grant program, as determined by the Secretary of DOA, would be transferred to OJA. Provide that: (a) all transferred employees would retain the same rights and employee status in OJA that they enjoyed in DOJ immediately prior to the transfer; and (b) no transferred employee who had attained permanent status in his or her classified position would be required to serve a new probationary period. Specify that the pending matters, and rules and orders of DOJ primarily related to its county-tribal law enforcement grant program, as determined by the Secretary of DOA, would become the pending matters, rules and orders of OJA.

Joint Finance/Legislature: Delete provision thereby retaining separate tribal law enforcement assistance and county law enforcement services grant programs under OJA and a separate county-tribal law enforcement grant program under DOJ. In addition, delete $350,000 annually in base funding from OJA's tribal law enforcement assistance grant program.

2. STATE AND LOCAL PENALTY ASSESSMENT MATCH FUNDING FOR THE FEDERAL ANTI-DRUG ENFORCEMENT PROGRAM [LFB Paper 270]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- $266,200	- $239,900	- $506,100

Governor: Delete $33,700 in 2003-04 and $232,500 in 2004-05 in penalty assessment match money for the federal Byrne anti-drug enforcement program to reestimate Byrne match requirements. This reestimate reflects the following adjustments: (a) -$243,300 in 2003-04 and -$379,300 in 2004-05 in state penalty assessment match money; and (b) $209,600 in 2003-04 and $146,800 in 2004-05 in local penalty assessment match money.

The Byrne grant program was established under the federal Anti-Drug Abuse Act of 1988. Byrne grant funds may be used to address drug control, violent and serious crimes, subject to a 25% match requirement. Under current law, penalty assessment revenues are used to match federal anti-drug law enforcement funds that are distributed to state agencies, to local units of government, and to OJA for administration. For state programs, OJA provides the full 25% match amount required under the federal Byrne program. OJA generally provides 15% of the required match for local programs, with the local unit of government required to provide the remaining 10% match.

Joint Finance/Legislature: Make the following changes: (a) delete $158,300 PR annually in duplicative penalty assessment matching funds for OJA administration; (b) reallocate $15,600 PR annually of these deleted funds to children's community grants to provide the full match for these grants (see Item #3); and (c) direct OJA to reduce penalty assessment matching funds by a further $22,300 PR annually from local assistance programs receiving new or increased penalty assessment matching funds during 2003-05.

Reallocate $165,000 PR annually in penalty assessment matching funds ($142,700 PR annually remaining from the deleted OJA administrative funds and $22,300 PR annually allocated from the local assistance program reductions) and the associated Byrne funding of $495,000 FED annually to fund 11.0 FTE assistant district attorney positions deleted as part of base budget reductions recommended by the Governor for the District Attorney function. [See "District Attorneys" for the fiscal effect of this reallocation.]

Provide additional expenditure authority of $135,300 PR in 2003-04 and $201,600 PR in 2004-05 in local penalty assessment match funds and delete expenditure authority of $288,400 PR annually in state penalty assessment match funds to correctly reflect local and state match requirements under all of the Committee's actions.

Veto by Governor [C-6]: Delete the requirement that OJA reallocate $165,000 PR annually in penalty assessment matching funds and the associated Byrne funding of $495,000 FED annual to fund 11.00 FTE assistant district attorney positions. In addition, delete the requirement that OJA reduce penalty assessment matching funds by $22,300 PR annually from local assistance programs receiving new or increased penalty assessment matching funds during 2003-05. [See "District Attorneys," for the fiscal effect of this veto.]

[Act 33 Vetoed Section: 9101(13p)]

3. CHILDREN'S COMMUNITY PROGRAMS GRANT ALLOCATIONS [LFB Paper 270]

Governor: Require OJA to distribute $185,000 annually of current federal Byrne anti-drug enforcement program grant funds for the following children's community programs:

Milwaukee Career Youth Development Center. The Career Youth Development Center in the City of Milwaukee would receive $80,000 annually for the operation of a minority youth substance abuse treatment program.

Court-Appointed Special Advocate Programs. Court-appointed special advocate programs that are recognized by a chief judge of a judicial administrative district would receive $50,000 annually to perform advocacy services for children in need of protection and services (CHIPS) proceedings.

Children's Safe House Child Care Program. The Children's Safe House Child Care program in Kenosha County would receive $50,000 annually for the operation of that program.

Milwaukee Police Athletic League. The Milwaukee Police Athletic League to purchase sports and recreational equipment would receive $5,000 annually for two gymnasium facilities, and to contribute to the operating expenses of those gymnasium facilities.

Under current law, the Department of Health and Family Services (DHFS) is required to provide annual, GPR funded grants to these programs at the indicated funding levels. These statutory responsibilities would be transferred to OJA. The GPR fiscal effect of this transfer and funding conversion is reflected under DHFS.

The federal Byrne program requires grant recipients to provide a 25% match. The state provides the 25% match for state programs and generally provides a 15% match for local programs, with penalty assessment revenues. Local units of government are generally required to provide the other 10% match.

Joint Finance/Legislature: Clarify that the Department of Health and Family Services, rather than the individual children's community program subgrantees, would receive the penalty assessment match and associated Byrne funding from OJA. Provide an additional $15,600 annually of penalty assessment match funding (provided under Item #2 above) to provide the higher 25% state match required for Byrne funds distributed to a state agency.

Under current law, federal Byrne grant funds may only be subgranted to state and local governmental units, as well as Native American Tribes with law enforcement functions that the federal government recognizes.

[Act 33 Sections: 230 and 1158 thru 1165]

4. FEDERAL HOMELAND SECURITY FUNDING [LFB Paper 121]

Governor: Require OJA to apply for contracts, and receive and expend federal funds related to homeland security. Create a FED continuing appropriation under OJA for the receipt and expenditure of aid for homeland security programs. As a continuing appropriation, OJA would have the authority to expend all available federal revenues credited to this appropriation, subject to the Department of Administration allotment process. No estimate of fund expenditures under this new appropriation is included.

Joint Finance/Legislature: Delete provision. Transfer administration of federal homeland security funding to the Adjutant General. [See "Military Affairs."]

Veto by Governor [C-33]: Delete the transfer of the administration of federal homeland security funding to the Adjutant General. The Governor's veto states that OJA has instead been designated as the lead agency to administer these federal funds. [See "Military Affairs," for a summary of the vetoed language relating to this provision.]

5. ELIMINATION OF PENALTY ASSESSMENT DEFICIT [LFB Paper 120]

PR	- $50,400

Joint Finance/Legislature: *Penalty Assessment Surcharge Receipts Appropriations Balance Reestimates.* Reestimate the closing balance for the following penalty assessment surcharge receipts program revenue appropriations: (a) -$1,116,700 in 2003-04 and -$1,573,500 in 2004-05 under the appropriation in DOJ; and (b) -$515,700 in 2003-04 and -$153,600 in 2004-05 under the appropriation in OJA. These reestimates are based upon more recent data and revised opening balance projections.

Include the following additional changes to address a projected penalty assessment deficit in these receipts appropriations:

Reallocation of Penalty Assessment Surcharge Revenues. Provide that 48% of penalty assessment surcharge revenues, rather than the current eleven twenty-fourths (45.8%), be credited to DOJ's penalty assessment surcharge receipts appropriation and the remaining 52% of penalty assessment surcharge revenues, rather than the current thirteen twenty-fourths (54.2%), be credited to OJA's penalty assessment surcharge receipts appropriation.

Unencumbered Balances Transfers and Across-the-Board Reductions. Transfer 75% of the total unencumbered balances from all penalty assessment appropriations on June 30, 2003, to OJA's penalty assessment receipts appropriation and transfer 25% of the total unencumbered balances from all penalty assessment appropriations on June 30, 2003, to DOJ's penalty assessment receipts appropriation. Adjust expenditures under the following appropriations funded from DOJ and OJA penalty assessment receipts based on the following across-the-board (ATB) reductions: (a) 6.5% to most DOJ and OJA penalty assessment appropriations (-$1,081,200) in 2003-04; and (b) 0.5% to most DOJ and OJA penalty assessment appropriations (-$83,200) in 2004-05.

OJA Penalty Assessment Receipts Fund Condition

	Funding Totals			
	6.5% ATB Reduction		0.5% ATB Reduction	
	Pre-ATB 2003-04	After ATB 2003-04	Pre-ATB 2004-05	After ATB 2004-05
Opening Balance	-$372,500	-$372,500	-$443,000	$50,900
Revenue				
Estimated Revenue	9,429,800	9,429,800	9,807,000	9,807,000
Estimated Unencumbered 2001-03 Balances	465,600	465,600	0	0
Total Available Revenue	$9,522,900	$9,522,900	$9,364,000	$9,857,900
Expenditures				
20.255(1)(kd) Alcohol and other drug abuse program	$800,000	$748,000	$800,000	$796,000
20.255(2)(kd) Aid for alcohol and other drug abuse programs	1,573,500	1,471,200	1,573,500	1,565,600
20.410(1)(kh) Victim services and programs	227,700	212,900	227,700	226,600
20.410(1)(kp) Correctional officer training	1,818,100	1,699,900	1,826,100	1,817,000
20.455(2)(ke) Drug enforcement intelligence operations	1,496,200	1,398,900	1,505,000	1,497,500
20.455(5)(kp) Reimbursement to counties for victim-witness services	773,000	722,800	773,000	769,100
20.505(6)(k) Law enforcement programs, youth diversion-admin.	161,000	161,000	161,000	161,000
20.505(6)(kj) Youth diversion program	720,000	673,200	720,000	716,400
20.505(6)(kp) Byrne, penalty assessment-local	1,445,800	1,445,800	1,449,300	1,449,300
20.505(6)(kt) Byrne, penalty assessment-state	761,100	761,100	625,100	625,100
20.550(1)(kj) Conference and training	122,700	114,700	122,700	122,100
Total Expenditures	$9,899,100	$9,409,500	$9,783,400	$9,745,700
Supplements & Reserves				
20.410(1)(kh) Victim services and programs	$66,800	$62,500	$70,100	$69,700
Total Expenditures & Reserves	$9,965,900	$9,472,000	$9,853,500	$9,815,400
Closing Balance	-$443,000	$50,900	-$489,500	$42,500

DOJ Penalty Assessment Receipts Fund Condition

	Funding Totals			
	6.5% ATB Reduction		0.50% ATB Reduction	
	Pre-ATB 2003-04	After ATB 2003-04	Pre-ATB 2004-05	After ATB 2004-05
Revenue				
Opening Balance	-$327,500	-$327,500	-$568,600	$23,000
Revenue				
Estimated Revenue	8,704,500	8,704,500	9,052,600	9,052,600
Estimated Unencumbered 2001-03 Balances	155,200	155,200	0	0
Total Available	$8,532,200	$8,532,200	$8,484,000	$9,075,600
Expenditures				
20.455(2)(j) Law enforcement training fund, local assistance	5,345,700	4,998,200	5,345,700	5,319,000
20.455(2)(ja) Law enforcement training fund, state operations	3,377,800	3,158,200	3,377,800	3,360,900
20.455(2)(jb) Crime laboratory equipment and supplies	377,300	352,800	377,300	375,400
Total Expenditures	$9,100,800	$8,509,200	$9,100,800	$9,055,300
Closing Balance	-$568,600	$23,000	-$616,800	$20,300

Affected OJA Operations Appropriations. Delete $46,800 in 2003-04 and $3,600 in 2004-05 budgeted for youth diversion programs to comply with these across-the-board reductions. Three appropriations under OJA that receive penalty assessment funds [ss. 20.505(6)(k), (kp) and (kt)], are used to provide the necessary match for federal anti-drug law enforcement Byrne grant funds. These appropriations would be exempt from the across-the-board budget reductions. For every dollar in penalty assessment funds taken from these appropriations, the state would lose a corresponding three dollars in federal Byrne grant funding during the next biennium.

[Act 33 Sections: 556t, 588t, 2671g, 9101(11p), 9201(1p), 9210(1p), 9215(1), 9232(1p), 9240(1p), and 9241(1p)]

Division of Gaming

1. BASE BUDGET REDUCTIONS [LFB Paper 130]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $671,600	- 4.00	$275,700	0.00	- $395,900	- 4.00

Governor: Delete $335,800 and 4.0 positions annually under the Governor's budget efficiency measures provision. The reductions would be as follows: (a) -$189,300 and -2.0 positions annually from the appropriation for general program operations for Indian gaming; and (b) -$146,500 and -2.0 positions annually from the appropriation for the general program operations for racing.

Joint Finance/Legislature: Provide $223,800 in 2003-04 and $51,900 in 2004-05, as follows: (a) $386,200 in 2003-04 and $214,300 in 2004-05 and 4.0 positions annually to the Office of Indian Gaming; (b) -$129,300 and -3.0 positions annually from the general program operations appropriation for racing; and (c) -$33,100 and -1.0 position annually from the general program operations appropriation for bingo regulation. Require DOA to provide a report on supplies and services expenditures in 2003-04 relating to the funding provided ($223,700) for the expanded responsibilities of the Office of Indian Gaming under the 2003 state-tribal gaming compact amendments. Require that the report be submitted to the Joint Committee on Finance on or before September 1, 2004.

Veto by Governor [D-7]: Delete the requirement that DOA provide a report to the Joint Committee on Finance on or before September 1, 2004, on supplies and services expenditures in 2003-04 relating to the funding provided ($223,700) for the expanded responsibilities of the Office of Indian Gaming under the 2003 state-tribal gaming compact amendments.

[Act 33 Vetoed Section: 9101(12d)]

2. TRIBAL GAMING REVENUE FOR THE GENERAL FUND AND CURRENT ALLOCATIONS [LFB Papers 131, 132 and 134 thru 137]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg)	Net Change
PR	$0	$1,000,000	$0	$0	$1,000,000
GPR-REV	$237,000,000	- $79,322,400	- $200,000	$3,650,600	$161,128,200

Governor: Provide that the first $24,352,500 received in any fiscal year under the state-tribal gaming compacts be credited to the program revenue accounts that are credited with these receipts under current law. Require that receipts in excess of this amount would be credited to the general fund, except that not more than $112,000,000 may be paid into the general fund in 2003-04 and not more than $125,000,000 may be paid into the general fund in 2004-05 and any fiscal year thereafter. Indian gaming receipts in excess of the general fund deposits ($112,000,000 in 2003-04 or $125,000,000 in 2004-05 and any fiscal year thereafter) would be credited to the appropriation accounts that are credited with these receipts under current law.

Allocate, from the Indian gaming receipts appropriation in DOA, $24,784,300 PR in 2003-04 and $24,752,000 PR in 2004-05 for a variety of purposes (not including regulation and enforcement of Indian gaming), which are described in the following table.

Under current law, the Indian gaming receipts program revenue appropriation in DOA receives all state receipts relating to Indian gaming, less the amounts appropriated to DOA for general program operations relating to Indian gaming regulation under the compacts, and the Department of Justice (DOJ) for Indian gaming law enforcement. The revenue derives primarily from tribal payments to the state under 11 amended state-tribal gaming compacts, signed in 1998 and 1999. Under the amendments, each tribe makes additional annual payments to the state, not required under the original 1992 compacts, over a five-year period. The amounts vary by tribe and reflect the variation in total net revenue among the tribes. The amounts due under the 1998 and 1999 amendments total $24.5 million in 2002-03, $24.4 million in 2003-04, and decline to $1.5 million in 2004-05. The decline in payments in 2004-05 reflect the end-dates of the current terms of the compacts, which range from August, 2003, to September, 2004.

Under the bill, the Governor, who is in the process of negotiating new amendments to the state-tribal gaming compacts, projects minimum tribal payments to the state totaling $136.4 million in 2003-04 ($24.4 million provided to current-allocation purposes and $112 million provided to the general fund) and $149.4 million in 2004-05 ($24.4 million provided to current-allocation purposes and $125 million provided to the general fund).

The allocations to state agencies proposed under the bill ($24,784,300 in 2003-04 and $24,752,000 in 2004-05) exceed the amount that would be specified as the "first-draw" on tribal gaming revenue in each fiscal year ($24,352,500). The first-draw amount also does not appear to include the funding required for the DOA regulatory or DOJ enforcement activities.

Under the bill, the Governor recommends the allocation of tribal gaming revenues to 14 state agencies, including the Higher Education Aids Board (HEAB) that would be eliminated under the bill in 2004-05, in 42 program areas. These program areas are listed and briefly described in the following table. The two programs funded with tribal gaming revenue in HEAB (items 18 and 19 in the table below) would continue under the University of Wisconsin System (items 38 and 39). Three program areas identified in the table (items 1, 32 and 36) are not appropriated funding under the bill in the 2003-05 biennium, but are existing appropriation accounts under current law that can only be funded with tribal gaming revenue. Footnotes are provided to further clarify each allocation.

In all cases, the allocations made under the bill represent continued funding of programs funded with tribal gaming revenue in the 2001-03 biennium. No new programs would receive tribal gaming revenue under the bill. One allocation provided in the 2001-03 biennium (manufacturing extension center grants in the Department of Commerce) would be discontinued under the bill. Further, two allocations provided in the 2001-03 biennium to the Department of Justice for county-tribal law enforcement programs would be transferred to the Office of Justice Assistance in DOA. A more detailed description of these changes can be found in the budget summaries for these respective agencies.

2003-05 Tribal Gaming Revenue Allocations
Governor

	Department	Program Revenue 2003-04	2004-05	Purpose
1	Administration[1]	$0	$0	County management assistance grant program.
2	Administration--Office of Justice Assistance[2]	2,078,000	2,078,000	County-tribal law enforcement and tribal law enforcement assistance grant programs.
3	Administration[3]	250,000	250,000	UW-Green Bay and Oneida Tribe programs.
4	Agriculture, Trade and Consumer Protection[4]	1,900,000	1,900,000	Grants to ethanol producers.
5	Arts Board[3]	25,200	25,200	Grants-in-aid to, or contracts with, American Indian individuals or groups for services furthering the development of the arts and humanities.
6	Commerce[3]	25,000	25,000	American Indian liaison, economic development liaison grants, and technical assistance.
7	Commerce[3]	265,100	265,100	American Indian economic liaison and gaming grants specialist and program marketing.
8	Commerce[3]	94,000	94,000	American Indian economic development technical assistance grants.
9	Commerce[3]	3,238,700	3,238,700	Gaming economic development and diversification grants and loans.
10	Commerce[3]	488,700	488,700	Physician, Dentist, Dental Hygienist and Health Care Provider Loan Assistance Programs.
11	Health and Family Services[3]	500,000	500,000	Elderly nutrition; home-delivered and congregate meals.
12	Health and Family Services[3]	120,000	120,000	Cooperative American Indian health projects.
13	Health and Family Services[3]	271,600	271,600	Indian aids for social and mental hygiene services.
14	Health and Family Services[3]	500,000	500,000	Indian substance abuse prevention education.
15	Health and Family Services[3]	1,070,000	1,070,000	Medical assistance matching funds for tribal outreach positions and federally qualified health centers (FQHC).
16	Health and Family Services[3]	800,000	800,000	Health services: tribal medical relief block grants.
17	Health and Family Services[3]	50,000	50,000	Minority health program and public information campaign grants.
18	Higher Education Aids Board[5]	787,600	0	Indian student assistance grant program for American Indian undergraduate or graduate students.

	Department	Program Revenue 2003-04	2004-05	Purpose
19	Higher Education Aids Board[5]	$404,000	$0	Wisconsin Higher Education Grant (WHEG) program for tribal college students.
20	Historical Society[3]	189,800	189,800	Northern Great Lakes Center operations funding.
21	Natural Resources[6]	3,000,000	3,000,000	Transfer to the fish and wildlife account of the conservation fund.
22	Natural Resources[6]	1,300,000	1,300,000	One-time transfer to the parks account of the conservation fund.
23	Natural Resources[3]	100,600	100,600	Management of an elk reintroduction program.
24	Natural Resources[3]	128,300	128,300	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.
25	Natural Resources[3]	100,000	100,000	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.
26	Natural Resources[2]	626,500	626,500	State snowmobile enforcement program, safety training and fatality reporting.
27	Natural Resources[3]	44,700	44,700	Reintroduction of whooping cranes.
28	Natural Resources[3]	500,000	500,000	Grant to the Town of Swiss (Danbury) in Burnett County and the St. Croix Band for wastewater and drinking water treatment facilities.
29	Natural Resources[7]	20,000	20,000	Costs relating to the study and reintroduction of coaster brook trout.
30	Public Instruction[2]	260,000	260,000	Aid to alternative schools operating American Indian language and culture education programs.
31	Public Instruction[3]	50,000	50,000	Grant to Beloit College for educational programs on Native American cultures.
32	Shared Revenue[3]	0	0	Farmland tax relief credit payments by tribes with casinos associated with certain pari-mutuel racetracks. (No allocations are made in the 2001-03 biennium.)
33	Tourism[3]	129,700	129,700	One permanent position and limited-term employees to operate or staff Wisconsin travel information centers.
34	Tourism[3]	3,969,500	3,969,500	General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks.
35	Tourism[3]	31,300	31,300	Law enforcement services at the Kickapoo Valley Reserve.
36	University of Wisconsin System[8]	0	0	Ashland full-scale aquaculture demonstration facility debt service payments. (No allocations are made in the 2003-05 biennium.)
37	University of Wisconsin System[3]	250,000	250,000	Ashland full-scale aquaculture demonstration facility operational costs.

Department	Program Revenue 2003-04	2004-05	Purpose
38 University of Wisconsin System[5]	$0	$787,600	Indian student assistance grant program for American Indian undergraduate or graduate students.
39 University of Wisconsin System[5]	0	404,000	Wisconsin Higher Education Grant (WHEG) program for tribal college students.
40 Veterans Affairs[3]	15,000	15,000	Grants to assist American Indians in obtaining federal and state veterans benefits.
41 Veterans Affairs[3]	57,800	57,800	American Indian services veterans benefits coordinator position.
42 Veterans Affairs[2]	193,200	160,900	Operational costs relating to the Wisconsin Veterans Museum.
43 Workforce Development[3]	600,000	600,000	Grants for work-based learning programs.
44 Workforce Development[3]	350,000	350,000	Vocational rehabilitation services for Native American individuals and American Indian tribes or bands.
Total Allocations	$24,784,300	$24,752,000	

[1]No funding is provided under the bill. DOA officials indicate that this was an oversight and that $500,000 annually was intended to be allocated for this purpose.

[2]Base funding is modified under the bill and a more detailed description of the provision can be found in the budget summaries for this agency.

[3]Base funding is unchanged or modified by standard budget adjustments only. No additional description of the item is provided in the budget summaries for this agency.

[4]Tribal funding continues unchanged for this purpose, but other funding would be modified under the bill. A more detailed description of the provision can be found in the budget summaries for this agency.

[5]HEAB functions would be transferred to the UW System under the bill. Base funding for this purpose is continued and provided to HEAB in 2003-04 and the UW System in 2004-05.

[6]A greater transfer amount is provided under the bill than was provided in the 2001-03 biennium. A more detailed description of the provision can be found in the budget summaries for this agency.

[7]Base funding continues for this purpose, but the funding is appropriated under a different program to reflect a technical correction. A brief description of the provision can be found in the budget summaries for this agency.

[8]The appropriation for this purpose has no base funding and no funding is provided under the bill in the 2003-05 biennium. However, the appropriation was not included from the Chapter 20 schedule under the bill and will need to be restored.

Joint Finance: Delete provisions specifying in statute the first-draw and maximum general fund revenue amounts for tribal gaming revenues. Provide that tribal gaming revenue receipts would be transferred in an amount sufficient to fund the statutory allocations made from the Indian gaming receipts appropriation, the amounts appropriated for DOA tribal gaming regulatory functions, and the amounts appropriated for DOJ tribal gaming enforcement activities, plus required reserves. Specify that any remaining unobligated revenue would be deposited in the general fund.

Decrease general fund revenue by $33,594,500 in 2003-04 and $45,727,900 in 2004-05 attributable to tribal gaming payments to the state to reflect anticipated receipts under the 2003 amendments to the state-tribal gaming compacts.

Make the following modifications to allocations of tribal gaming revenue to state agencies to distribute a total of $24,630,300 PR annually.

1. *Administration: County Management Assistance Grant Program.* Provide $500,000 annually to DOA for the county management assistance program appropriation. [The PR fiscal effect of this provision is reflected under the fiscal change entry for this item.]

2. *Administration – Office of Justice Assistance (OJA): County-Tribal law Enforcement Grants [LFB Paper 134].* Delete $1,128,000 annually from OJA to reflect the Committee's action to: (a) provide $778,000 annually to the Department of Justice DOJ) to retain a cooperative county-tribal law enforcement grant program in DOJ (current law); and (b) to reduce funding for tribal law enforcement grants in OJA by $350,000 annually. Under this action, OJA would receive $950,000 annually for two appropriations, as follows: (a) $250,000 annually for county law enforcement grants; and (b) $700,000 annually for tribal law enforcement grants. [See "Administration -- Office of Justice Assistance" for the provisions and PR fiscal effect of this item.]

3. *Administration: Local Revenue Sharing Boards.* Provide $225,300 annually to reimburse local jurisdictions for casino-related service costs as determined by local revenue sharing boards. [The provisions and PR fiscal effect relating to local revenue sharing boards are summarized in Item #3 below.]

4. *Agriculture, Trade and Consumer Protection: Ethanol Producer Grants Program [LFB Paper 135].* Provide an additional $1,000,000 annually for grants to ethanol producers.

5. *Arts Board: Grants to Native Americans for the Development of the Arts and Humanities.* Delete $25,200 annually and the related appropriation and statutory language from the Arts Board, which currently provides state aid for arts grants for American Indian individuals, groups, organizations, institutions, or tribal governments.

6. *Commerce: Native American Liaison Grants.* Delete $25,000 annually to eliminate funding for Native American liaison grants to the Great Lakes Intertribal Council (GLITC).

7. *Commerce: Economic Liaison and Grants Administration.* Delete $132,600 and 1.0 position annually to reduce funding and positions for the Department's liaison and administration of gaming economic development and diversification grants and loans.

8. *Commerce: Gaming Economic Development and Diversification Grants and Loans.* Delete $400,000 annually to reduce funding for grants and loans relating to gaming economic development and diversification.

9. *Health and Family Services: Minority Health Program.* Provide $100,000 annually to support grants to community-based organizations under the minority health program.

10. *Justice: Cooperative County-Tribal Law Enforcement Program [LFB Paper 134].* Provide $778,000 annually for the cooperative county-tribal law enforcement grant program. Funding includes $708,400 annually for local assistance grants and $69,600 annually for state operations costs associated with the program.

11. *Natural Resources: Transfer to the Parks Account [LFB Paper 136].* Transfer $650,000 annually (rather than $1,300,000 under the bill) from tribal gaming revenues to the segregated parks account of the conservation fund each year of the 2003-05 biennium only.

12. *Natural Resources: Snowmobile Warden Transfer [LFB Paper 137].* Provide an additional $399,500 annually for the state snowmobile enforcement program. In addition, provide $500,000 annually for local snowmobile trail aids.

13. *Natural Resources: Danbury/St. Croix Chippewa Grant.* Delete $250,000 each year for the grant to the Town of Swiss (Danbury) in Burnett County and to the St. Croix Band of Chippewa Indians for wastewater and drinking water treatment facilities. A grant of $250,000 annually would remain.

14. *Natural Resources: Coaster Brook Trout Reintroduction.* Delete $20,000 annually to eliminate funding for coaster brook trout reintroduction efforts.

15. *Public Instruction: Aid to Alternative Schools.* Delete $260,000 annually from DPI and eliminate the alternative school American Indian language and culture education categorical aid program.

16. *Public Instruction: Grant to Beloit College.* Delete $50,000 annually from DPI and eliminate the grant to Beloit College for Native American culture education.

17. *University of Wisconsin System: Aquaculture Facility.* Delete $150,000 annually from the University of Wisconsin System's appropriation to reduce funding for the operation and maintenance of the UW aquaculture demonstration facility.

18. *Veterans Affairs: Grants to Assist American Indians.* Convert $15,000 annually in the Department of Veterans Affairs for grants to assist American Indians in obtaining federal and state veterans benefits to funding from the veterans trust fund.

19. *Veterans Affairs: Benefits Coordinator.* Convert $57,800 and 1.0 position annually in the Department of Veterans Affairs for an American Indian services veterans benefits coordinator position to funding from the veterans trust fund.

20. *Wisconsin Technical College System Board (WTCSB): Grants for Work-Based Learning Programs.* Delete $300,000 annually to reduce grants to tribal colleges for work-based learning programs. (This program was transferred from the Department of Workforce Development to the WTCSB by prior Committee action.)

Senate/Legislature: Allocate $24,730,300 PR annually in tribal gaming revenue. Modify the allocations under Joint Finance by providing $100,000 PR annually to DWD from tribal gaming revenue to fund grants, as follows: (a) $50,000 annually to organizations that assist persons of Southeast Asian origin with compulsive gambling issues; and (b) $50,000 annually to organizations that assist persons who are African-American with compulsive gambling issues. The remaining tribal gaming revenue ($78,305,500 PR in 2003-04 and $79,172,100 PR in 2004-05) would be deposited in the general fund. These general fund revenues are $100,000 annually less than amounts provided by Joint Finance.

Veto by Governor [A-29, B-3, B-13, B-24, and D-4]: The following partial vetoes reflect changes to the allocation amounts or statutory provisions relating to tribal gaming revenue approved by the Legislature:

1. *Administration: Local Revenue Sharing Boards for the Reimbursement of Casino-Related Costs.* Delete $225,300 annually in tribal gaming revenue and the associated sum sufficient PR appropriation for this purpose. The partial veto eliminates this program in its entirety.

2. *Agriculture, Trade and Consumer Protection: Grants to Ethanol Producers.* Reduce funding from tribal gaming revenue by $1,000,000 annually. As a result of the veto, Act 33 provides $1,900,000 annually for grants to ethanol producers from tribal gaming revenue.

3. *Commerce: Native American Liaison Grants.* Eliminate the repeal of the American Indian economic liaison grant program and the associated appropriation. In his veto message, the Governor indicates that retention of the program would allow Commerce to request funding at a future date.

4. *Natural Resources: Local Snowmobile Trail Aids.* Delete $500,000 annually in tribal gaming revenue and the associated PR annual appropriation.

5. *Workforce Development: Compulsive Gambling Grants.* Delete $100,000 annually from tribal gaming revenue and the associated PR annual appropriations, as follows: (a) $50,000 annually to organizations that assist persons of Southeast Asian origin with compulsive gambling issues; and (b) $50,000 annually to organizations that assist persons who are African-American with compulsive gambling issues. The partial veto eliminates this program in its entirety.

These partial vetoes and the programs they affect are summarized in greater detail under the respective agency summaries. As a result of the Governor's partial vetoes, Act 33 allocates $22,905,000 PR annually in tribal gaming revenue. Further, an additional $1,825,300 of tribal gaming revenue in each fiscal year will be credited to the general fund. Under Act 33, general fund revenue from tribal gaming is estimated at $80.1 million in 2003-04 and $81.0 million in 2004-05. The following table lists the tribal gaming revenue allocations under Act 33.

2003-05 Tribal Gaming Revenue Allocations
Act 33

	Department	Program Revenue 2003-04	2004-05	Purpose
1	Administration	$500,000	$500,000	County management assistance grant program.
2	Administration--Office of Justice Assistance	250,000	250,000	County-tribal law enforcement assistance grant program.
3	Administration--Office of Justice Assistance	700,000	700,000	Tribal law enforcement assistance grant program.
4	Administration	250,000	250,000	UW-Green Bay and Oneida Tribe programs.
5	Agriculture, Trade and Consumer Protection	1,900,000	1,900,000	Grants to ethanol producers.
6	Commerce	132,500	132,500	American Indian economic liaison and gaming grants specialist and program marketing.
7	Commerce	94,000	94,000	American Indian economic development technical assistance grants.
8	Commerce	0	0	American Indian liaison, economic development liaison grants, and technical assistance.
9	Commerce	2,838,700	2,838,700	Gaming economic development and diversification grants and loans.
10	Commerce	488,700	488,700	Physician, Dentist, Dental Hygienist and Health Care Provider Loan Assistance Programs.
11	Health and Family Services	500,000	500,000	Elderly nutrition; home-delivered and congregate meals.
12	Health and Family Services	120,000	120,000	Cooperative American Indian health projects.
13	Health and Family Services	271,600	271,600	Indian aids for social and mental hygiene services.
14	Health and Family Services	500,000	500,000	Indian substance abuse prevention education.
15	Health and Family Services	1,070,000	1,070,000	Medical assistance matching funds for tribal outreach positions and federally qualified health centers (FQHC).
16	Health and Family Services	800,000	800,000	Health services: tribal medical relief block grants.
17	Health and Family Services	150,000	150,000	Minority health program and public information campaign grants.

Department		Program Revenue 2003-04	2004-05	Purpose
18	Higher Education Aids Board	$787,600	$787,600	Indian student assistance grant program for American Indian undergraduate or graduate students.
19	Higher Education Aids Board	404,000	404,000	Wisconsin Higher Education Grant (WHEG) program for tribal college students.
20	Historical Society	189,800	189,800	Northern Great Lakes Center operations funding.
21	Justice	708,400	708,400	County-tribal law enforcement programs: local assistance.
22	Justice	69,600	69,600	County-tribal law enforcement programs: state operations.
23	Natural Resources	3,000,000	3,000,000	Transfer to the fish and wildlife account of the conservation fund.
24	Natural Resources	650,000	650,000	One-time transfer to the parks account of the conservation fund.
25	Natural Resources	100,600	100,600	Management of an elk reintroduction program.
26	Natural Resources	128,300	128,300	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.
27	Natural Resources	100,000	100,000	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.
28	Natural Resources	1,026,000	1,026,000	State snowmobile enforcement program, safety training and fatality reporting.
29	Natural Resources	44,700	44,700	Reintroduction of whooping cranes.
30	Natural Resources	250,000	250,000	Grant to the Town of Swiss (Danbury) in Burnett County and the St. Croix Band for wastewater and drinking water treatment facilities.
31	Shared Revenue	0	0	Farmland tax relief credit payments by tribes with casinos associated with certain pari-mutuel racetracks. (No allocations are made in the 2001-03 biennium.)
32	Tourism	129,700	129,700	One permanent position and limited-term employees to operate or staff Wisconsin travel information centers.
33	Tourism	3,969,500	3,969,500	General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks.
34	Tourism	31,300	31,300	Law enforcement services at the Kickapoo Valley Reserve.
35	University of Wisconsin System	0	0	Ashland full-scale aquaculture demonstration facility debt service payments. (No allocations are made in the 2003-05 biennium.)
36	University of Wisconsin System	100,000	100,000	Ashland full-scale aquaculture demonstration facility operational costs.

Department	Program Revenue 2003-04	2004-05	Purpose
37 Wisconsin Technical College System Board	$300,000	$300,000	Grants for work-based learning programs.
38 Workforce Development	350,000	350,000	Vocational rehabilitation services for Native American individuals and American Indian tribes or bands.
Total Allocations	$22,905,000	$22,905,000	

[Act 33 Sections: 605 and 2633m]

3. LOCAL REVENUE SHARING BOARDS FOR THE REIMBURSEMENT OF CASINO-RELATED COSTS

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR	$450,600	- $450,600	$0

Joint Finance/Legislature: Create a sum sufficient appropriation under DOA to make payments from tribal gaming revenue not to exceed $225,300 in a fiscal year to local revenue sharing boards, as provided below. Require the creation of a four-member local revenue sharing board by the city, village, or town, and by the county, in which a Class III gaming facility (tribal casino) is located. Require the governing bodies of these political subdivisions to enact an ordinance creating the board with the members of the board appointed, as follows: (a) one member appointed by the governing body of the city, village, or town in which the facility is located; (b) one member appointed by the county board of the county in which the facility is located; (c) one member appointed by the members of the public safety group, described below; and (d) one member appointed by the governing body of the political subdivision that is most impacted by the facility, other than the political subdivisions specified in (a) or (b), as determined by the appointed members under (a), (b) and (c). Provide that, not more than once every two years, a majority of the board members may select a different political subdivision under (d) and the governing body of that political subdivision would appoint one member to the board.

Require that all political subdivisions whose public safety entities are obligated to provide services to a particular facility establish a group that is made up of the highest ranking member of each public safety entity [this group would appoint one member under (c) above]. Define public safety entities as all of the following departments, agencies, or subunits of a political subdivision that are obligated to provide services to a particular facility: (i) a fire department; (ii) an emergency medical services department, whose personnel include a licensed emergency medical technician, a certified first responder, or other personnel who operate or staff an ambulance or authorized emergency vehicle; and (iii) a governmental unit of one or more persons employed full time by a political subdivision for the purpose of preventing and detecting crime and enforcing state laws or local ordinances, and the employees of this unit are authorized to make arrests for crimes while acting within the scope of their authority.

Provide that each member of the board would serve at the pleasure of the governing body or group that appoints the individual, except that the public safety group member's term would end upon the selection of a new member, who would serve at the pleasure of the public safety group.

Provide that the board would select from among its members a president, vice president, and secretary–treasurer. Specify that meetings of the board may be called by the president or by any other member of the board, and must be held in a building in which the governing body of a political subdivision holds its meetings. Provide that a member of the board may not receive any compensation for serving on the board, but must be reimbursed by the political subdivision that appoints or confirms the member for any actual and necessary expenses that he or she incurs relating to service on the board. This reimbursement must be apportioned among the political subdivisions associated with the public safety group for the member appointed by the public safety group.

Require the board to establish an account at a financial institution and to deposit into the account any tribal gaming revenues received directly from a tribe or from the state. Provide that all four members of the board constitute a quorum, and a majority of a quorum may act in any matter within the jurisdiction of the board.

Require that the board annually determine the costs incurred by each political subdivision that provides services to a tribal casino. Provide that the total amount of these costs may be certified to DOA.

Provide that the governing bodies of each political subdivision represented on the board must enter into an intergovernmental cooperation agreement that addresses at least all of the following: (a) the public safety entities, including police, fire, and rescue services, that are to receive payments from tribal gaming revenue and the apportionment formula among the political subdivisions; (b) a method to determine the costs incurred by each political subdivision as a result of the development of the facility, for the purpose of apportioning any tribal gaming revenue payments; (c) the apportionment formula among the political subdivisions for any payments of tribal gaming revenue; and (d) a mechanism to provide any supplies that are needed by the board.

If a state-tribal gaming compact requires payments to a political subdivision, provide that such payments must be sent to the local revenue sharing board. If a compact does not require payments to a political subdivision, provide that DOA would be required to pay annually to the board, from the Indian gaming receipts appropriation, the amount certified by a local revenue sharing board. If a compact requires payments to a political subdivision and such payments are less than the amount certified by a local revenue sharing board, require DOA to pay annually to the board, from the Indian gaming receipts appropriation, an amount equal to the difference between the amount certified by a board and the amount that is paid to the political subdivision under the compact.

Require that the local shared revenue board make annual disbursements, in the following order, from the tribal gaming revenue amounts deposited into the board's financial institution account for this purpose: (a) to public safety entities, based on costs incurred, and based on the apportionment formula contained in the board's intergovernmental cooperation agreement; (b) to each political subdivision that is represented on the board, an amount equal to the amount that the political subdivision would have received, in the year to which the payment relates, in property taxes on the facility, if the facility had been subject to property taxes; and (c) to each political subdivision that is represented on the board, any funds that remain in the account after making these payments, based on the apportionment formula contained in the board's intergovernmental cooperation agreement.

Provide that if a tribal gaming facility ceases operation and after the facility makes its last payment to the board's account, the board would be required to distribute the balance in the account to each political subdivision that is represented on the board, based on the apportionment formula contained in the board's intergovernmental cooperation agreement. Provide that after the board distributes all funds in the account, the board would be dissolved.

Stipulate that these provisions would not apply to 1st class cities or to counties with a population of at least 500,000.

Veto by Governor [D-4]: Delete the entire provision. As a result of the veto, an additional $225,300 of tribal gaming revenue in each fiscal year will be deposited in the general fund. This revenue change is reflected under Item #2 above.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.505(8)(k)), 615m, 615r, and 1531m]

4. REPEAL OF ONE-TIME TRIBAL GAMING REVENUE APPROPRIATIONS [LFB Paper 133]

Joint Finance/Legislature: Repeal the following appropriations and any associated statutory language: (a) the Historical Society appropriation for the identification of unmarked Indian gravesites [s. 20.245(1)(hm) of the statutes]; (b) the Historical Society appropriation for the Merrill Historical Society for a native tribal history publication [s. 20.245(1)(hr) of the statutes]; (c) the DNR appropriation for a study of crop damage by wild cranes [s. 20.370(1)(kk) of the statutes]; and (d) the DPI appropriation for special counselor grants [s. 20.255(2)(kL) of the statutes]. The appropriations received one-time funding from tribal gaming revenue in the 2001-03 biennium, but were not deleted under the Governor's recommendations.

[Act 33 Sections: 346m, 346n, 351j, 398r, 609m, 610c, 615e, 615f, and 1995d]

5. MODIFIED ENFORCEMENT OF VIDEO GAMBLING IN TAVERNS

Joint Finance/Legislature: Authorize the Department of Revenue (DOR) to enforce certain gambling laws relating to commercial gambling, the use of premises for commercial gambling, and dealing in gambling devices that involves not more than five video gambling machines on premises for which a Class "B" or "Class B" license or permit has been issued under Chapter 125 of the statutes.

Provide that no law enforcement officer, other than a law enforcement officer who is a special agent of DOR, may investigate violations of, or otherwise enforce gambling laws relating to, commercial gambling, the use of premises for commercial gambling, and dealing in gambling devices that involves not more than five video gambling machines on premises for which a Class "B" or "Class B" license or permit has been issued under Chapter 125 of the statutes.

Repeal the authority of the Department of Justice to enforce gambling laws relating to commercial gambling and the use of premises for commercial gambling that involves not more than five video gambling machines on premises for which a Class "B" or "Class B" license or permit has been issued under Chapter 125 of the statutes.

Provide that if a DOR special agent has reasonable grounds to believe that the person is violating or has violated these gambling laws, the special agent must cause the person to be arrested and the documents and reports pertaining to the arrest to be delivered to the chief of police or sheriff in the jurisdiction in which the arrest is made.

[Act 33 Sections: 1623g thru 1623r, 2043z, 2099f thru 2099v, and 2120m]

6. TEMPORARY REPEAL OF SIMULCAST WAGERING PROVISION

Joint Finance/Legislature: Repeal the simulcast racing and intertrack wagering provision that requires that wagering on simulcast races must be conducted at a racetrack only as an adjunct to, and not in a manner that will supplant, wagering on live on-track racing at that racetrack, and wagering on simulcast races must not be the primary source of wagering revenue at that racetrack.

Effective January 1, 2007, provide that wagering on simulcast races must be conducted at a racetrack only as an adjunct to, and not in a manner that will supplant, wagering on live on-track racing at that racetrack, and wagering on simulcast races must not be the primary source of wagering revenue at that racetrack.

The effect of this provision is a temporary repeal of the current law limitations on simulcast wagering on the effective date of the bill, until January 1, 2007.

[Act 33 Sections: 2629d, 2629e, and 9401(2x)]

ADOLESCENT PREGNANCY PREVENTION AND PREGNANCY SERVICES BOARD

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$211,200	$0	$0	$0	$0	- $211,200	- 100.0%
PR	899,400	0	0	0	0	- 899,400	- 100.0
TOTAL	$1,110,600	$0	$0	$0	$0	- $1,110,600	- 100.0%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	0.30	0.00	0.00	0.00	0.00	- 0.30
PR	1.20	0.00	0.00	0.00	0.00	- 1.20
TOTAL	1.50	0.00	0.00	0.00	0.00	- 1.50

Budget Change Item

1. ELIMINATE THE APPPS BOARD [LFB Paper 854]

	Funding	Positions
GPR	- $211,200	- 0.30
PR	- 899,400	- 1.20
Total	- $1,110,600	- 1.50

Governor/Legislature: Eliminate the Board and delete base funding budgeted for grants the Board distributes (-$83,500 GPR and -$351,400 PR annually) and the Board's operations (-$22,100 GPR and -$98,300 PR annually) and delete 1.50 positions (-0.30 GPR position and -1.20 PR positions), beginning in 2003-04. Delete all statutory references to the Board. The PR that supports the APPPS Board is funding from the temporary assistance to needy families (TANF) block grant.

1985 Wisconsin Act 56 created the 13-member Board, which consists of: (a) six voting members who serve three-year terms and are nominated by statewide organizations that represent an equal balance of viewpoints on pregnancy prevention and pregnancy services; (b) six nonvoting members that are employees of state agencies that have a role in teen pregnancy prevention; and (c) the executive director of the Women's Council, who serves as a nonvoting, permanent chairperson.

The Board distributes $434,900 annually as grants for adolescent pregnancy prevention programs and pregnancy services projects that include health care, education, counseling, and vocational training services. Each project must serve high-risk adolescents between ten and 18 years old. Grant recipients are required to provide a 20% match to funds that they receive. Grants are allocated on a fiscal-year basis. 2002-03 is the first year in a two-part, six-year grant cycle for all grants.

[Act 33 Sections: 92, 444, 587, 736, 737, 1179, 1183, 1277c, 1484, 1715, and 2725]

AGRICULTURE, TRADE AND CONSUMER PROTECTION

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$56,767,600	$52,240,000	$55,147,300	$55,147,300	$53,147,300	- $3,620,300	- 6.4%
FED	14,285,400	11,595,400	11,587,800	11,587,800	11,587,800	- 2,697,600	- 18.9
PR	41,862,600	42,000,400	45,244,600	45,244,600	43,244,600	1,382,000	3.3
SEG	39,365,200	39,968,600	38,987,200	38,987,200	38,987,200	- 378,000	- 0.9
TOTAL	$152,280,800	$145,804,400	$150,966,900	$150,966,900	$146,966,900	- $5,313,900	- 3.5%
BR		$7,000,000	$7,000,000	$7,000,000	$7,000,000		

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	260.33	205.88	236.73	236.73	236.73	- 23.60
FED	70.52	67.02	67.02	67.02	67.02	- 3.50
PR	227.40	203.92	211.07	211.07	211.07	- 16.33
SEG	91.22	88.12	89.12	89.12	89.12	- 2.10
TOTAL	649.47	564.94	603.94	603.94	603.94	- 45.53

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR-REV	$0		$16,200		$16,200	
GPR	- $41,800	- 4.75	- $21,400	0.00	- $63,200	- 4.75
FED	42,000	0.75	- 7,600	0.00	34,400	0.75
PR	687,400	6.00	- 12,000	0.00	675,400	6.00
SEG	853,600	0.00	- 4,200	0.00	849,400	0.00
Total	$1,541,200	2.00	- $45,200	0.00	$1,496,000	2.00

Governor: Provide $770,600 and 2.0 positions annually for adjustments to the base budget for: (a) turnover reduction (-$237,900 GPR, -$54,700 FED and -$109,600 PR); (b) removal of noncontinuing items (-$312,500 GPR and -1.5 FED positions); (c) full funding of salaries and fringe benefits ($516,400 GPR, -$69,100 FED, $361,700 PR and $421,100 SEG); (d) funding of December, 2002 s. 13.10 ongoing authorization related to across the board budget reduction allocations and CWD funding (-4.75 GPR positions, $141,000 FED and 2.25 FED positions, and $85,000 PR and 6.0 PR positions); (e) reclassifications ($2,400 GPR, $600 PR and $3,600 SEG) and (f) fifth vacation week as cash for certain long-term employees ($10,700 GPR, $3,800 FED, $6,000 PR and $2,100 SEG).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$10,700 GPR, -$3,800 FED, -$6,000 PR and -$2,100 SEG annually). Require the agency to lapse to the general fund in 2003-04 a total of $8,100 annually from those PR and SEG accounts of funds from which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $16,200.

[Act 33 Section: 9160(3f)]

2. BASE BUDGET REDUCTIONS

	Funding	Positions
GPR	- $1,781,600	- 9.50
SEG	274,400	1.50
Total	- $1,507,200	- 8.00

Governor/Legislature: Delete $890,800 annually and 9.5 positions from the following GPR state operations appropriations. This represents a 5.4% GPR base state operations reduction, excluding debt service (and excluding the transfer of consumer protection functions described separately).

	Position Reduction	Annual Reduction Amount	Reduction as % of Base
Grain warehouse keepers and dealers	2.0	$173,400	100.0%
Marketing services	1.0	169,400	8.9
Land and water resource management	1.0	85,700	5.4
Food safety	2.5	128,500	4.9
Central administrative services	2.0	142,100	3.0
Trade and consumer protection	0.5	50,400	1.8
Meat inspection	0.5	21,300	0.7
Rent reductions	___	120,000	--
Total	9.5	$890,800	

The $120,000 in rent reductions consists of annual reductions from food safety and consumer protection ($23,100), animal health services ($15,200), marketing services ($21,600), agricultural resource management ($12,400) and central administrative services ($47,700).

In addition, provide $137,200 SEG annually and 1.5 SEG positions to transfer 1.0 grain and warehouse keepers and dealers position and 0.5 trade and consumer protection position from GPR to SEG. The source of the SEG would be the Agricultural Producer Security fund, which collects revenues from a variety of grain, milk and vegetable dealer and contractor fees.

3. PAYMENTS TO ETHANOL PRODUCERS [LFB Paper 135]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	- $2,090,000	$2,000,000	- $2,000,000	- $2,090,000
PR	0	2,000,000	- 2,000,000	0
Total	- $2,090,000	$4,000,000	- $4,000,000	- $2,090,000

Governor: Delete $1,045,000 GPR annually for grants to ethanol producers.

Joint Finance/Legislature: Restore $1,000,000 GPR annually and provide an additional $1,000,000 tribal gaming PR annually for grants to ethanol producers. A total of $3,900,000 annually would be available for ethanol producer grants ($2,900,000 tribal gaming PR and $1,000,000 GPR). This represents a 32% increase to the $2,945,000 in base level funding available in 2002-03.

The ethanol producer grant program provides ethanol producers who produce more than 10 million gallons of ethanol in a year with a 20¢ per gallon grant for every gallon of ethanol produced (for a maximum of 15 million gallons, or a $3 million annual grant). If funds are insufficient to provide grants for all eligible producers, DATCP pro-rates available funds according to total ethanol produced. This program sunsets on June 30, 2006.

Veto by Governor [B-3]: Delete $2,000,000 annually ($1,000,000 GPR and $1,000,000 PR-tribal gaming) by reducing the 2003-04 and 2004-05 appropriation amounts of $1,000,000 GPR to $0 and by deleting the 2003-04 and 2004-05 appropriation amounts of $2,900,000 PR-tribal gaming and writing in the lower amount of $1,900,000 in each year. A total of $1.9 million PR tribal-gaming annually is available for ethanol producer grants under the Act.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.115(1)(d)&(k))]

4. AIDS TO COUNTY AND DISTRICT FAIRS [LFB Paper 150]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $1,111,400	$639,200	- $472,200

Governor: Delete $555,700 GPR annually to eliminate funding for aids to county and district fairs. These aids are provided to counties and agricultural societies, associations or boards and to incorporated dairy or livestock associations (not to exceed $15,000 per year), and primarily support premiums given to top finishers who show animals, produce or other products at the fairs.

Joint Finance/Legislature: Modify the Governor's recommendation to provide $389,200 GPR in 2003-04 and $250,000 GPR in 2004-05 for aids to county and district fairs. Specify that

DATCP provide aid for up to 50% of junior premiums awarded per fair, not to exceed $10,000 per fair.

[Act 33 Section: 1739g]

5. LOCAL AID FUNDING

GPR	- $132,800

Governor: Eliminate base funding for the following grant programs:

Grant Program	Annual Base Funding Deleted
Wisconsin Livestock Breeders Association	$38,000
World Dairy Expo	23,700
Farmers' tuition assistance grants	4,700
Total	$66,400

The Wisconsin Livestock Breeders Association used the funding provided it by DATCP in 2002-03 to conduct junior livestock shows, and to conduct livestock educational programs. Annual grants are currently provided to World Dairy Expo, Inc. for activities that expand business opportunities in the Wisconsin dairy industry. Farmers' tuition assistance grants provide low-income farmers reimbursement of tuition costs for farm and business management technique courses offered by a technical college.

Joint Finance/Legislature: Transfer $23,700 GPR annually from the Dane County exposition center grant appropriation to the aids to World Dairy Expo, Inc., appropriation to restore base level funding.

Beginning in fiscal year 1994-95, DATCP is provided $240,000 annually to assist Dane County in paying for the expansion of and ongoing costs of operating an exposition center (the Alliant Energy Center) and for the costs of hosting the World Dairy Expo (the grant has been provided primarily to offset a portion of the debt service costs on the 1995 facility expansion). The provision reduces annual funding by approximately 10%, to $216,300 GPR. The modifications are shown in the table below.

	Annual Funding Provided	
Grant Program	Governor	Jt. Finance
Wisconsin Livestock Breeders Association	$0	$0
World Dairy Expo	0	23,700
Farmers' tuition assistance grants	0	0
Dane County exposition center grant	240,000	216,300
Total	$240,000	$240,000

6. CHRONIC WASTING DISEASE CONTROL [LFB Paper 151]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR	$700,000	5.00	- $288,600	- 1.00	$411,400	4.00
PR	0	0.00	45,600	1.00	45,600	1.00
Total	$700,000	5.00	- $243,000	0.00	$457,000	5.00

Governor: Provide $350,000 GPR annually and transfer 5.0 animal health positions from PR to GPR. These positions, which include 1.0 field supervisor and 4.0 animal health inspectors, were created in the December, 2002, s. 13.10 meeting and funded from $500,000 in one-time wildlife damage (fish and wildlife) SEG transferred from the Department of Natural Resources (DNR) to the Department of Agriculture, Trade and Consumer Protection (DATCP) for chronic wasting disease management. The bill would transfer these positions to GPR on an ongoing basis. The $350,000 in annual funding includes $118,900 for salaries, $49,900 for fringe benefits and $181,200 for supplies and services.

Animal health inspectors monitor and inspect game farms and serve as the initial information gatherers for possible state and federal animal health law violations. In addition to these five staff, a compliance investigator and a federal field veterinarian were also provided in December, 2002, under s. 13.10 and are continued under standard budget adjustments, bringing total CWD related staffing in DATCP to seven.

Joint Finance/Legislature: Delete the Governor's recommendation. Instead, provide $205,700 GPR and transfer 5.0 PR positions (1.0 field supervisor and 4.0 animal health inspectors) to GPR in 2003-04 and provide $205,700 GPR and 4.0 GPR positions, and $45,600 PR and 1.0 PR animal health inspector in 2004-05.

DATCP's animal health inspection, testing and enforcement PR appropriation is funded by animal market, dealer and trucker licenses and deer farm and aquaculture registrations. Fees deposited into this account include: animal health inspection fees, interstate health certificate fees, farm-raised deer registration fees, fish farm fees, livestock market fees, livestock dealer fees and livestock trucker fees. This PR appropriation account is projected to have a July 1, 2005, balance of approximately $80,000.

7. DRAINAGE BOARD GRANTS

GPR	- $550,000

Governor/Legislature: Delete $275,000 annually for drainage board grants. These grants assist drainage boards with up to 60% of the costs of compliance with drainage district rules and regulations. Grant funding of $200,000 annually would remain.

8. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $349,400	- 5.50	$349,400	5.50	$0	0.00
SEG	0	- 1.00	0	1.00	0	0.00
Total	- $349,400	- 6.50	$349,400	6.50	$0	0.00

Governor: Delete $174,700 GPR annually with 5.5 GPR and 1.0 SEG attorney to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate $339,800 GPR and $91,400 SEG in 2003-04 and $453,000 GPR and $121,800 SEG in 2004-05 of remaining base level salary and fringe benefits funding that currently supports 4.5 attorney positions to the agency's supplies and services budget to pay for legal services supplied by DOA. The agency's chief counsel position would not be subject to transfer to DOA under the bill.

Joint Finance/Legislature: Delete provision. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin system, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of these positions' deletion requirements is reflected under "Administration -- Transfers to the Department."

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

9. TRANSFER CONSUMER PROTECTION FUNCTIONS [LFB Paper 156]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $4,812,800	- 39.70	$2,890,800	26.35	- $1,922,000	- 13.35
PR	- 702,800	- 6.15	702,800	6.15	0	0.00
Total	- $5,515,600	- 45.85	$3,593,600	32.50	- $1,922,000	- 13.35

Governor: Effective on October 1, 2003, or on the first day of the third month beginning after publication, whichever is later, transfer most consumer protection functions to the Department of Justice (DOJ) Division of Legal and Regulatory Services. Delete $2,369,800 GPR annually and 39.35 GPR positions from DATCP. Further, transfer $283,500 PR and 5.5 PR positions annually from DATCP to DOJ for the administration and maintenance of the telephone solicitation (no-call) program. In addition, reduce the number of DATCP division administrators (which are unclassified positions) from 6 to 5 and delete the Division of Trade and Consumer Protection Administrator (0.35 GPR, 0.65 PR) position and $104,500 ($36,600 GPR, $67,900 PR) annually.

The bill would also provide the Department of Justice $1,408,800 GPR annually and 26.0 GPR positions for the administration and enforcement of most consumer protection functions. The bill does not identify the specific positions to be transferred, but rather specifies that DATCP and DOJ determine which former DATCP positions would be transferred to DOJ, and which would be new positions. If an agreement cannot be reached, the Secretary of Administration would resolve the disagreement. Provide that the incumbent DATCP employees who are transferred to DOJ maintain all their civil service and other employee rights held prior to transfer. Also, provide DOJ an additional $155,000 GPR in 2003-04 for moving costs and supplies, and $55,000 GPR in 2004-05 for supplies and services costs. The bill would result in a net reduction of $1,921,000 (-$1,785,200 GPR and -$135,800 PR) for the biennium as shown in the following table.

	2003-04		2004-05		Positions	
	GPR	PR	GPR	PR	GPR	PR
DATCP	-$2,406,400	-$351,400	-$2,406,400	-$351,400	-39.70	-6.15
DOJ	1,563,800	283,500	1,463,800	283,500	26.00	5.50
Total	-$842,600	-$67,900	-$942,600	-$67,900	-13.70	-0.65

The following table details the position changes under the bill and identifies the position types in DATCP that are preliminarily designated for deletion or transfer. A net reduction of 14.35 positions would be realized. Under the 1996 transfer of most consumer protection functions to DATCP, DOJ retained 9.3 GPR positions. As a part of the base budget reductions being applied to DOJ under the bill, the Governor has expressed an intention to have approximately five GPR positions deleted from DOJ's consumer protection group.

Position Titles	Eliminated DATCP	Created DOJ	Current DOJ
Consumer Protection Positions			
Administrative Assistant			1.00
Attorney			4.80
Bureau Director	-0.30		
Consumer Protection Investigator	-13.65		
Consumer Specialist	-12.00		
Division Administrator	-1.00		
Executive Staff Assistant	-0.75		
Legal Secretary			1.50
Program & Planning Analyst	-0.75		
Program Assistant	-8.65		
Regional Compliance Investigator			2.00
Supervisor	-3.25		
Unspecified Positions		26.00*	
Telephone Solicitation	-5.50	5.50	
Total Positions	-45.85	31.50	9.30

* Specific position classifications to be created in, or transferred to, DOJ have not been identified.

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

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

100.46	Energy consuming products
100.50	Products containing or made with ozone-depleting substances
100.52	Telephone solicitations
Chap 136	Future service plans
Chap 344	Vehicle financial responsibility
Chap 704	Landlord and tenant; self-service storage facilities
Chap 707	Timeshares
Chap 779	Prepaid Maintenance Liens

The authority to enforce these laws is transferred to DOJ or jointly to DOJ and district attorneys. Also, remove DATCP's authority to be represented by its attorneys or to appoint special counsel to prosecute or assist in the prosecution of all cases arising under Chapter 100 of the statutes, except for s. 100.206 (music royalty collections; fair practices), s. 100.21 (substantiation of energy savings or safety claims), 100.30 (unfair sales act) and 100.51 (motor fuel dealerships). Further, transfer the authority to commence a court action for milk payment audits, discrimination in the payment of milk and unfair trade practices in the dairy industry from DATCP to DOJ (the bill does not affect DATCP's authority to administer these rules).

Extend the consumer protection assessments (in an amount equal to 25% of the fine or forfeiture imposed) for violations of Chapter 133 of the statutes (such as creating a monopoly or an unfair or discriminatory business practice that hampers competition) beginning with violations that occur on the general effective age of the budget. Require that DOJ, instead of DATCP, be awarded consumer protection assessments on all fines and forfeitures for violations under Chapters 100 (marketing; trade practices) and 133 (trusts and monopolies) or corresponding rules or ordinances. Provide DOJ with a new, annual PR appropriation and require that any revenue received from consumer protection assessments under Chapters 100 and 133 be deposited into it, with revenue in excess of $375,000 per fiscal year being deposited into the general fund. Under the bill, assessment amounts imposed for violations of weights and measures regulation under Chapter 98 (or rules or ordinances promulgated under Chapter 98) would continue to be deposited in DATCP's consumer protection information and education PR appropriation, with assessments in excess of $185,000 per fiscal year being deposited in the general fund.

On October 1, 2003 (or on the first day of the third month beginning after publication, whichever is later), transfer the assets, liabilities and obligations primarily associated with the transferred consumer protection functions from DATCP to DOJ. Further, transfer all tangible personal property, records, pending matters, contracts and contract responsibilities relating to transferred consumer protection provisions and specify that all rules and orders relating to the transferred consumer protection provisions remain in effect until their specified expiration date or until modified or rescinded by DOJ. Provide that if the Departments were unable to agree on an equitable division, the Secretary of Administration would settle the dispute.

Further, delete the requirement that two of the nine members on the DATCP Board be consumer representatives. Instead, specify that the board shall consist of nine members with an agricultural background. Allow that any member who is serving as a consumer representative on the DATCP board the day before the effective date be allowed to continue to serve as a board member until his or her successor is appointed and qualified.

Rename the Department of Agriculture, Trade and Consumer Protection the Department of Agriculture, Trade and Rural Resources, and require the necessary changes in the statutes to reflect this name change.

DATCP would retain authority for regulation of various trade practices under Chapter 100 of the statutes, including the following:

100.01	Produce wholesalers, unfair conduct, liability for damages
100.02	Commission merchants, duties, must account
100.025	Classification of dairy heifer calves
100.04	Livestock productions contracts
100.05	Butter and cheese manufacturers; accounts accessible
100.057	Wisconsin cheese logotype
100.07	Milk payments; audits
100.12	Refusal of commission merchant to furnish without statement of transaction prima facie evidence of gambling
100.14	Uniform labels and trademarks
100.183	Fraud, advertising foods
100.184	Advertising foods for sale
100.186	Linseed oil, white lead zinc oxide, turpentine; standards; sale
100.19	Distribution methods and practices
100.201	Unfair trade practices in the dairy industry
100.202	Contracts in violation void
100.206	Music royalty collections; fair practices
100.21	Substantiation of energy savings or safety claims
100.22	Discrimination in purchase of milk prohibited
100.23	Contract to market agricultural products; interference prohibited
100.235	Unfair trade practices in procurement of vegetable crops
100.24	Revocation of corporate authority
100.265	List of gasohol and alternative fuel refueling facilities
100.27	Dry cell batteries containing mercury
100.285	Reduction of toxics in packaging
100.29	Sale of nonrecyclable materials
100.295	Labeling of recycled, recyclable or degradable products
100.297	Plastic container recycled content
100.30	Unfair sales act (minimum markup)
100.33	Plastic container labeling
100.35	Furs to be labeled
100.36	Frauds; substitute for butter; advertisement
100.45	Mobile air conditioners
100.47	Sales of farm equipment
100.48	Hour meter tampering
100.51	Motor fuel dealerships

Joint Finance/Legislature: Delete provision. Instead, delete $961,000 GPR annually and

13.35 GPR positions from DATCP (the same net reductions as under the bill, except the division administrator and corresponding funding is not eliminated from DATCP and $210,000 GPR that would have been provided to DOJ for transfer and supplies costs is eliminated). This restores $1,445,400 GPR and $67,900 PR and 26.35 GPR and 0.65 PR positions annually to DATCP, along with base level telephone solicitation resources and responsibilities ($283,500 PR annually and 5.5 PR positions). Require DATCP to submit a plan, which includes the classification and location of staff to be eliminated and the supplies, permanent property or other costs proposed to be reduced or eliminated, to the Joint Committee on Finance for its approval under a 14-day passive review procedure by November 1, 2003, detailing the agency's proposed implementation of consumer protection reductions required under the bill.

In addition, create a consumer protection assessments PR appropriation in DATCP and provide that when a court fails to impose a consumer protection assessment (25% of fines and forfeitures imposed for statutory, rule and ordinance violations under Chapters 98 and 100) as required under current law, in a case filed by DOJ under Chapter 100 of the statutes, the Secretary of Administration transfer to this appropriation, from Department of Justice GPR state operations sum certain appropriations, an amount equal to the unassessed consumer protection assessment. This provision would first apply to cases filed by DOJ after the effective date of the bill. Beginning in 2003-04, DATCP would be required to report to the DOA Secretary the value of unassessed consumer protection assessments from the previous fiscal year before the August 1 immediately following the fiscal year. The Secretary of Administration would be required to transfer any required funds to DATCP's consumer protection assessments appropriation before the September 1 immediately following DATCP's August 1 deadline.

Further, provide that the amount of consumer protection surcharge revenue that may be credited to DATCP's consumer protection, information and education PR appropriation and its consumer protection assessments PR appropriation may not exceed $375,000 annually. Revenues in excess of $375,000 in a year would accrue to the general fund.

Veto by Governor [B-6, B-7 and C-30]: Delete the provision that requires DATCP to submit a plan detailing its proposal for the consumer protection reductions required by the Act (-$961,000 GPR annually and -13.35 GPR positions) to the Joint Committee on Finance for review. Further, delete the consumer protection assessments PR appropriation created in DATCP and the provision that specifies the transfer of funds from DOJ to DATCP in instances where a court fails to impose a consumer protection assessment for violations under Chapters 98 and 100 of the statutes. In addition, delete the provision that increases the amount of revenue that may be deposited into DATCP's consumer protection, education and information appropriation from $185,000 to $375,000 (the maximum annual deposit remains at $185,000).

Under the Governor's vetoes, the only change from prior law is the elimination of $961,000 GPR annually and 13.35 GPR positions related to the administration and enforcement of DATCP's consumer protection duties.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.115(1)(km)), 287p, 1815d, 1817d, and 9104(3x)]

10. DEBT SERVICE REESTIMATES [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$5,642,200	- $1,662,100	$3,980,100

Governor: Provide $1,435,300 GPR in 2003-04 and $4,206,900 GPR in 2004-05 for debt service estimates for general obligation bonds issued for the following purposes: (a) $200 in 2003-04 and -$1,600 in 2004-05 for animal health facilities; (b) $1,298,300 in 2003-04 and $3,878,000 in 2004-05 for the conservation reserve enhancement program and (c) $136,800 in 2003-04 and $330,500 in 2004-05 for the soil and water resource management program.

Joint Finance/Legislature: Delete $828,500 GPR in 2003-04 (a decrease of $928,300 for the conservation reserve enhancement program and an increase of $99,800 for the soil and water resource management program) and delete $833,600 GPR in 2004-05 (a decrease of $962,400 GPR for the conservation reserve enhancement program and an increase of $128,800 GPR for the soil and water resource management program) for reestimated debt service costs.

11. SOIL AND WATER RESOURCE MANAGEMENT PROGRAM [LFB Paper 563]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$0	- $1,000,000	- $1,000,000
BR	$7,000,000	$0	$7,000,000

Governor: Provide an increase in general obligation bonding of $7,000,000 for the soil and water resource management program. Bonding revenue would be used to provide cost share grants to counties for land and water resource management projects and animal waste best management practices. $13,575,000 in bonding is currently authorized to DATCP for these activities.

Joint Finance/Legislature: Approve the Governor's recommendation. Further, delete $500,000 GPR annually from DATCP's soil and water management program GPR appropriation. This would represent a 5% reduction in funding provided to DATCP for its soil and water resource management grant program and would leave DATCP with $5,081,900 GPR and $3,725,100 SEG in funding (for a total of $8,807,000 annually) for this program. Funds are used by DATCP primarily to provide local (county) staffing grants, but may also be used for grants to landowners for the installation of nonpoint source water pollution abatement best management practices.

[Act 33 Section: 686]

12. AGRICULTURAL CHEMICAL PROGRAM [LFB Papers 152 and 571]

	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-REV	$391,000	0.00	$2,223,000	0.00	- $2,614,000	0.00	$0	0.00
SEG	- $573,000	- 4.00	- $1,277,200	0.00	$0	0.00	- $1,850,200	- 4.00

Governor: Delete $154,600 for supplies in 2003-04 and $418,400 and 4.0 SEG positions in 2004-05 from the agrichemical management (ACM) fund general operations appropriation. The following funding reductions are included in 2004-05: $203,600 in permanent salaries, $85,600 in fringe benefits and $129,200 in supplies and services.

Further, effective with products distributed beginning July 1, 2003, increase the fertilizer tonnage fees, which are deposited to the ACM fund, from 30¢ to 45¢ per ton for fertilizer sold or distributed, with a minimum fee of $25. Also, effective with products distributed beginning January 1, 2004, increase the commercial feed inspection fees from 23¢ to 30¢ per ton of commercial feed distributed in the state.

In addition, increase the fertilizer tonnage surcharge from 38¢ to 88¢ per ton for fertilizer sold or distributed in the state unless DATCP establishes a lower surcharge by rule. This surcharge is deposited to the agricultural chemical cleanup program (ACCP) fund. The 50¢ per ton fee increase would be expected to generate additional revenues of $650,000 annually. However, DATCP has currently established the fee at 38¢ in administrative rule and would need to promulgate a revised rule to increase the fee. Further, for costs incurred beginning January 1, 2004, lower the ACCP reimbursement rate from 80% to 75% of eligible agrichemical spill cleanup costs. This provision is expected to reduce cleanup awards by $212,000 annually beginning in 2004-05. Require that the ACCP fund end the fiscal year with a balance of not more than $5 million (rather than at least $2 million but not more than $5 million currently). Fee changes under the bill are shown in the following table.

	Current Fee	Bill Fee	Fund	FY 04 Revenue	FY 05 Revenue
Fertilizer (per ton)	30¢	45¢	ACM	$0	$195,000
Commercial feed (per ton)	23	30	ACM	0	196,000
Fertilizer surcharge (per ton)*	38	88	ACCP	0	0

*The fee shown is the statutory maximum. DATCP may establish a lower fee by administrative rule.

As of December 1, 2003, before the start of a license year, require a pesticide manufacturer or labeler applicant to estimate the gross revenues that the applicant will receive from sales of each pesticide product during the 12 months ending on September 30 of the calendar year for which a license is sought (the payment period) and to pay household, nonhousehold, industrial and wood preservative fees and surcharges based on that estimate. That is, calendar year 2004 license fees would be based on sales from October 1, 2003, through September 30, 2004. At least 15 days before beginning to sell a new pesticide product in this state, require a licensee to estimate the gross revenues that the applicant will receive from sales of that pesticide product during the payment period in which the licensee begins to sell the pesticide product and to pay the fees and surcharges based on that estimate (rather than based on prior year sales under current law). Before the end of a license year, require a licensee to report to DATCP the gross revenues that the licensee received from sales of each pesticide product during the payment period that ended during the license year, and to reconcile the estimated payment made with the amounts actually due. Specify the following procedure for reconciling payments: (a) if the amount due based on actual sales is greater than the amount paid based on estimated sales, require the licensee to pay the additional amount due; (b) if the amount due based on actual sales is less than the amount paid based on estimated sales, allow the licensee to request DATCP to reimburse the licensee for the amount of the overpayment; and (c) if the amount due based on actual sales equals the amount paid based on estimated sales, require no action. Unless a licensee's payments are based on estimates of gross revenues from sales for each pesticide product that equal at least 90% of the licensee's gross revenues from sales of the pesticide product during the preceding year, require a licensee to pay a penalty equal to 20% of the surcharge adjustment if the adjustment payment is more than 20% of the total amount paid at the beginning of the year. Specify that this penalty is in addition to any late filing fee assessed by DATCP.

Joint Finance/Legislature: Delete the 15¢ fertilizer tonnage fee increase (the fee would remain at 30¢) and the 7¢ commercial feed inspection fee increase (the fee would remain at 23¢). Compared to the Governor's recommendation, this would reduce revenue deposited to the ACM by $391,000 annually starting in 2004-05. Further, reduce the increase in the fertilizer tonnage surcharge from 50¢ to 25¢ (the fee increases to 63¢). This would reduce revenues deposited to the ACCP fund by $325,000 (from $650,000 to $325,000) annually starting in 2005-06. Rather than specifying that the ACCP fund may not end a fiscal year with a balance of more than $5 million, require that the ACCP not end a fiscal year with a balance of more than $2.5 million.

Further, specify that DATCP may not collect or analyze samples of plants, soils, surface water, and/or groundwater for possible agrichemical contamination (under s. 94.73(12m)) before making a determination that probable cause exists that a discharge of hazardous substances under s. 292.11 has occurred at the site, and that either: (a) sufficient funds are available in the ACCP to pay a claim that may result from the testing; or (b) has reason to believe the discharge poses a significant risk to human health.

Also, reduce DATCP's agricultural chemical cleanup reimbursement appropriation to $3,200,000 SEG in 2003-04 (a reduction of $538,600) and $3,000,000 SEG in 2004-05 (a reduction of $738,600) in order to reflect estimated expenditures in the 2003-05 biennium.

Moreover, deposit all pesticide, fertilizer, and soil additive fees that are currently deposited in the environmental fund into the agrichemical management fund. This would increase revenues to the ACM by an estimated $1,307,000 in each year of the biennium. The following fees are currently deposited into the environmental fund: (a) a $124 license fee for each household pesticide product that a manufacturer or labeler sells or distributes in the state; (b) a $94 license fee for each industrial and non-household pesticide product that a manufacturer or labeler sells or distributes in the state; (c) a $150 pesticide primary producer fee; (d) a 10¢ soil additive tonnage fee; and (e) a 10¢ fertilizer tonnage fee. A pesticide primary producer is a person who manufactures an active ingredient that is used to produce a pesticide.

In addition, create an appropriation in DNR funded from the agrichemical management fund whereby DNR could request expenditure authority from the Joint Committee on Finance under s. 13.10 if DNR takes action, or expects to take action, for an agricultural chemical cleanup under s. 94.73 (2m).

Under the bill, the ACM would be expected to have a July 1, 2005, balance of up to $2.85 million.

Veto by Governor [B-4, B-5 and B-16]: Increase the maximum fertilizer tonnage surcharge from 63¢ to 86¢. The veto accomplishes this fee increase by modifying section 1745. This section would have changed the statutes to require "(a)n agricultural chemical cleanup surcharge of ~~38~~ 63 cents per ton" unless a lower surcharge is set by DATCP through administrative rule. By vetoing the strikethrough of the 8 in 38, and by vetoing the 3 in 63, Act 33 sets the fertilizer tonnage surcharge at 86¢ per ton, unless a lower surcharge is established by the Department through administrative rule. If DATCP changes the surcharge set in administrative rule to reflect the new statutory maximum fee, this fee increase would be expected to increase revenues deposited into the ACCP fund by an estimated $624,000 annually starting in 2005-06.

Further, delete the provision that forbids DATCP from collecting and analyzing samples of plants, soils, surface water, and/or groundwater for possible agrichemical contamination unless the Department has probable cause to believe that a discharge occurred at the site and that either: (a) sufficient funds are available in the ACCP to pay a claim resulting from testing; or (b) DATCP has reason to believe the discharge poses a significant threat to human health.

In addition, delete the provision that would have transferred the deposit of all pesticide, fertilizer, and soil additive fees that are deposited into the environmental management account to the ACM ($1,307,000 annually would continue to be deposited to the environmental fund). Under the Act, the ACM is expected to have a July 1, 2005 balance of approximately $250,000.

Moreover, delete the provision that creates a SEG appropriation in DNR funded from the agrichemical management fund for any agricultural chemical cleanup actions taken by DNR under certain emergency situations or at the request of DATCP.

[Act 33 Sections: 1745, 1746 thru 1750, 1754, 1755, 1756, 9304(1), and 9404(1)&(2)]

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.370(2)(dx)), 402k, 855p, 855q, 855r, 855s, 855t, 855x, 1745, 1745d, 1745i, 1745L, 1750c, 1750e, 1750f, 1750g, 1750j, 1750L, 1755q, and 2475r]

13. AGRICULTURAL CLEAN SWEEP PROGRAM [LFB Paper 570]

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

Governor: Transfer funding of agricultural chemical and pesticide collection grants (the agricultural "clean sweep" program) from the agrichemical management fund to the recycling fund. This program pays for the collection and disposal of unwanted fertilizer and agricultural chemicals and would be appropriated $560,400 SEG annually. The source of this appropriation would switch from the agrichemical management fund currently (revenue from a variety of fertilizer, pesticide and commercial feed fees), to the recycling fund under the bill (revenue from a recycling surcharge on businesses and a tipping fee on certain solid waste disposed of in Wisconsin landfills).

Joint Finance/Legislature: Adopt the Governor's recommendation. In addition, transfer $150,000 SEG annually in expenditure authority for the household clean sweep grant program from the environmental fund to the recycling fund (to consolidate all clean sweep funding in one DATCP recycling fund appropriation). Further, transfer administration of the household clean sweep program from DNR to DATCP and specify that DATCP administer the program under existing administrative rules until DATCP promulgates a new rule. Fund this program from DATCP's clean sweep grants appropriation (which will also fund DATCP's agricultural clean sweep program) and provide $150,000 SEG annually to reflect this change. Total funding for clean sweep grants would be $710,400 recycling SEG annually.

[Act 33 Sections: 289, 290, 1741, and 9104(3z)]

14. GYPSY MOTH SUPPRESSION

PR	$1,478,400
FED	- 2,481,600
Total	- $1,003,200

Governor/Legislature: Request $739,200 PR annually for the Department's gifts and grants appropriation, to align expenditure authority with available revenues. The bill would provide $764,200 annually. In 2001-02, $572,900 PR was expended from this appropriation. In addition, delete $1,240,800 FED annually related to USDA grants for agricultural resource management. This would reduce spending authority to $911,600 annually for this appropriation, that had expenditures of $662,100 in 2001-02. These reestimates reflect a change in the source of the provider of DATCP's federal gypsy moth suppression funds. In the past, these funds were received by DATCP directly from the federal government. Instead, the federal government now grants these funds to the Slow the Spread Foundation, who then provides the funds to DATCP as program revenues. The bill would increase PR spending authority for gypsy moth suppression purposes, while reducing unneeded FED spending authority.

15. GRAIN INSPECTION PROGRAM [LFB Paper 153]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $1,392,800	- 12.68	$80,600	1.45	- $1,312,200	- 11.23

Governor: Delete $696,400 PR and 12.68 positions (that were vacant as of February 22, 2003) annually from the grain inspection and certification program in order to bring expenditure authority in line with available revenues. This would leave $2,212,000 PR in expenditure authority annually. In 2001-02, DATCP spent $2,532,100 from this appropriation. Through a cooperative agreement with the USDA, the state inspects grain shipments at Great Lakes ports in Milwaukee and Superior and at the Mississippi River port of Prairie du Chien.

Joint Finance/Legislature: Restore $40,300 PR annually and 1.45 positions. A technical error attributed these reductions to DATCP's grain inspection program rather than the intended fruit and vegetable program. The correction reflects DATCP's intent to delete $656,100 PR annually and 11.23 positions from the grain inspection program.

16. FRUIT AND VEGETABLE INSPECTION [LFB Paper 153]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $638,200	- 10.05	- $80,600	- 1.45	- $718,800	- 11.50

Governor: Delete $319,100 PR annually and 10.05 PR positions (that were vacant as of February 22, 2003) from the fruit and vegetable inspection program. This would leave the program with $1,067,200 annually and 14.0 positions. In 2001-02, DATCP had expenditures of $1,165,600 in this appropriation. These reductions reflect, in part, the closing of two fruit and vegetable plants in the last year and decreased production schedules for four of the remaining nine plants, reducing the need for state inspectors.

Joint Finance/Legislature: Delete an additional $40,300 PR annually and 1.45 positions. A technical error attributed these reductions to DATCP's grain inspection program rather than the intended fruit and vegetable program. The correction reflects DATCP's intent to delete $359,400 PR annually and 11.5 positions from the fruit and vegetable inspection program.

17. FOOD REGULATION LAPSE TO THE GENERAL FUND

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$851,800	- $249,400	$602,400

Governor: Lapse $425,900 annually from the food regulation PR appropriation account to the general fund. The food regulation appropriation is expected to have a July 1, 2003, balance of about $1.9 million. Expenditures are estimated at $3.6 million in 2002-03 while revenues are expected to total $3.4 million. Fees are derived from a variety of producer and licensing fees, including food product inspection fees, dairy and cheese plant, milk hauler and producer license fees, food warehouse and processing plant fees, and food establishment fees.

Joint Finance/Legislature: Reduce the required lapse by $124,700 annually. The required lapse would be $301,200 each year.

Veto by Governor [D-3]: The Governor partially vetoed the provision so as to allow DATCP to submit an alternative plan to the Secretary of Administration for the allocation of the lapse amounts. After reviewing the plan, the Secretary would have the authority to implement it.

[Act 33 Section: 9260(1)]

[Act 33 Vetoed Section: 9260(1)]

18. MILK CERTIFICATION PROGRAM TRANSFER

	Funding	Positions
PR	$724,200	4.80

Governor/Legislature: Provide $362,100 PR annually and 4.8 PR positions, beginning in 2003-04 to reflect the transfer of the milk certification program from DHFS to DATCP on the bill's general effective date. The bill deletes an equal amount of GPR from DHFS related to the program. Further, transfer from DHFS to DATCP related authority to promulgate administrative rules to charge dairy plant fees to fund the program. While DATCP could increase dairy plant fees by rule to fund the program, administration officials indicate the intent is for DATCP to fund this program from existing program fees in the 2003-05 biennium. No fees are currently charged by DHFS related to this program. The bill would place the program under DATCP's food regulation authority, funded from a variety of producer and licensing fees, including milk certification fees, food product inspection fees, dairy plant and producer license fees, food warehouse and processing plant fees, and food establishments fees. Replace current statutory references to DHFS with references to DATCP with respect to the program.

[Act 33 Sections: 1757, 1758, 2453m, 2454, and 9124(5)]

19. FOOD SAFETY REESTIMATES

	Funding	Positions
FED	- $250,400	- 4.25
PR	30,000	0.00
Total	- $220,400	- 4.25

Governor/Legislature: Request the deletion of the following annual amounts to bring spending authority in line with projected federal funds: (a) $86,400 and 2.5 positions (that as of February 22, 2003, were vacant) related to the federal food safety appropriation; and (b) $38,800 and 0.75 position from the federal agricultural services food safety appropriation.

Further, delete 1.0 FED position from the federal marketing services appropriation that had served as an advocate in the client assistance program before federal funding was terminated in 2000. Also, increase funding for food regulation related services by $15,000 PR annually, which would be used for increased supplies and services for the meat inspection program.

20. DAIRY POSITION REALLOCATION TO AGRICULTURAL PRODUCER SECURITY

	Funding	Positions
PR	- $48,400	- 0.40
SEG	48,400	0.40
Total	$0	0.00

Governor/Legislature: Transfer $24,200 annually and a 0.4 trade practices analyst position from dairy trade regulation program revenue fees to the segregated agricultural producer security fund. This position participates in the Agricultural Producer Security (APS) program implementation, provides analysis, and acts as a liaison with agricultural producers.

21. PET REGULATION [LFB Paper 154]

Governor: Delete the requirement that DATCP regulate pet breeders, pet dealers, kennels and animal shelters and that DATCP establish animal shelter and kennel license fess by administrative rule. The repeal would take effect February 1, 2004 (the date the provision becomes effective under 2001 Act 16).

Act 16 (the 2001-03 budget act) includes provisions for new DATCP inspection and licensing requirements for animal shelters, kennels, pet dealers and pet breeders and requiring DATCP to establish license fees by rule, effective February 1, 2004. The bill would repeal these provisions. Further, as passed by the Legislature, the 2001-03 biennial budget would have increased various dog license taxes and provided $271,100 PR with 7.0 PR positions in 2002-03 for DATCP to administer the program. The Governor item-vetoed the fee increases and related DATCP funding for the program in Act 16.

The bill would repeal the following provisions, which would become effective February 1, 2004, under current law.

Require DATCP to promulgate rules specifying fees for pet dealer, pet breeder, animal shelter and kennel licenses and provide that the fees are not refundable if DATCP denies the license. Further, require these nontransferable licenses to expire on October 31 of each even-numbered year. Before issuing an initial license, and at least once during each biennial licensing period thereafter, require DATCP to inspect each licensed location and allow DATCP, at any reasonable time, to enter and inspect any facility at which a person is required to have a license.

Prohibit a person from operating an animal shelter without a DATCP license for each separate location at which an animal shelter is operated, unless the Department issues an interim permit that authorizes operation until DATCP can make an initial inspection. Define an animal shelter as either: (a) a facility that is used to impound or harbor at least 25 seized, stray, abandoned, or unwanted dogs, cats or other animals in a year and that is operated by the state, a political subdivision or a veterinarian licensed by the Veterinary Examining Board; or (b) a facility that is operated for the purpose of providing for and promoting the welfare, protection and humane treatment of animals, that is used to shelter at least 25 animals in a year, and that is operated by a humane society, an animal welfare society or a nonprofit association.

Prohibit a person from operating a kennel without a DATCP license for each separate location at which a kennel is operated, unless the Department issues an interim permit that authorizes operation until DATCP can make an initial inspection. Define a kennel as a facility where dogs or cats are kept for 24 hours or more for boarding, training or similar purposes for compensation, except a kennel would not include an animal shelter or a facility owned or operated by a licensed veterinarian solely for the provision of veterinary care.

Prohibit a pet dealer (a person who sells, or offers to sell at retail, exchanges, or offers for adoption at least 25 mammals, other than cattle, horses, swine, sheep, goats, deer, llamas and related species, including games species, as pets in a year) from operating without a DATCP license for each separate location at which they conduct such business, unless the Department issues an interim permit that authorizes operation until DATCP can make an initial inspection. Further, prohibit a pet breeder (one who sells at least 25 dogs or cats for resale as pets in a year, except a breeder does not include a pet dealer) from operating without a DATCP license for each separate location at which they conduct such business, unless the Department issues an interim permit that authorizes operation until DATCP can make an initial inspection.

Allow DATCP to promulgate rules specifying minimum standards for animal shelter and kennel facilities and facilities at which pet dealers and pet breeders operate, and specifying any of the following for persons required to obtain an animal shelter, kennel, pet dealer or pet breeder license: (a) minimum requirements for humane care; (b) requirements relating to the transportation of animals; (c) grounds for license revocation; (d) grounds for DATCP to issue orders prohibiting the selling or moving of an animal; (e) minimum ages for the sale of animals; (f) reinspection fees to be charged when a DATCP inspection revels conditions that require correction and reinspection; (g) requirements for record keeping; and (h) requirements relating to space and opportunity for exercise to be provided to animals.

Joint Finance/Legislature: Delete provision. Rather, eliminate the requirement that DATCP license and biennially inspect pet shelters, kennels and pet dealers. Allow (rather than require, currently) DATCP to inspect pet breeders in instances where the Department has reason to suspect human or animal health violations exist, or when alerted to a potential health hazard or violation by a source outside the Department. Require DATCP to license pet breeders and to set fees by rule.

Further, redefine a pet breeder as one who sells at least 50 dogs or cats for resale as pets in a year, except a breeder does not include a pet dealer (which is defined as a person who sells, or offers to sell at retail, exchanges or offers for adoption at least 25 mammals, other than cattle, horses, swine, sheep, goats, deer, llamas and related species, including game species, as pets in a year).

This provision would eliminate all of DATCP's pet facility inspection and licensing responsibilities for pet dealers, animal shelters and kennels under current law. Instead, the

Department would be required to license pet breeders, as they would be redefined, and perform inspections, at DATCP's discretion, where the Department has reason to suspect human or animal health violations exist, or when alerted to a potential health hazard or violation by a source outside the Department.

Veto by Governor [B-2]: Repeal the entire pet breeder, pet dealer, kennel and animal shelter statute, thereby eliminating DATCP's expanded pet regulation and animal shelter responsibilities that had been created under 2001 Act 16. The veto accomplishes the repeal by deleting all modifications of the 2001 Act 16 provisions contained in the bill, except for section 2120bb. This section would have repealed section 173.40 (1) (c) of the statutes. However, by vetoing the "(1) (c)" from the bill, Act 33 repeals section 173.40 (the pet regulation provision) in its entirety.

[Act 33 Sections: 2120bb and 9404(4)]

[Act 33 Vetoed Sections: 2120b, 2120bd, 2120bf, 2120bh, 2120bj, 2120bL, 2120bn, 2120bp, 2120br, 2120bt, 2120bv, 2120bw, and 9404(4)]

22. TELEPHONE SOLICITATION [LFB Paper 155]

GPR-REV	$600,000
PR	$507,800

Joint Finance/Legislature: Specify that $600,000 from the DATCP telephone solicitation program revenue account lapse to the general fund on the effective date of the act. In addition, provide an additional $208,700 PR in 2003-04 and $299,100 PR in 2004-05 to reflect estimated expenditures for the no-call program ($492,200 PR in 2003-04 and $582,600 PR in 2004-05). Moreover, convert the telephone solicitation appropriation from continuing to annual.

Funding for the no-call program comes from fees paid by businesses that solicit consumers via telephone. Fee revenues under administrative rule ATCP 127 were initially estimated at approximately $470,000 in 2002-03 and $550,000 annually thereafter. Through mid-May of 2003, revenue from the program totaled $1.3 million. Although ATCP 127 allows DATCP to uniformly reduce or suspend fees if excess revenues are generated, the agency had taken no action to do so.

Under a continuing appropriation, all monies received may be expended by the agency with the approval of DOA, and the appropriation amount listed in the statutes reflects the best estimate of expenditures. Under an annual PR appropriation the agency may only expend the amount appropriated in the statutes unless additional funding is provided through legislation or by the Joint Committee on Finance through the 14-day passive review procedure under s. 16.515 of the statutes.

Veto by Governor [B-8]: Delete the provision that converts DATCP's telephone solicitation appropriation from continuing to annual.

[Act 33 Section: 9204(3x)]

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.115(8)(jm)) and 291n]

ARTS BOARD

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$4,860,000	$4,741,800	$4,739,600	$4,739,600	$4,739,600	- $120,400	- 2.5%
FED	1,259,000	1,290,600	1,290,600	1,290,600	1,290,600	31,600	2.5
PR	90,400	944,800	894,400	894,400	894,400	804,000	889.4
TOTAL	$6,209,400	$6,977,200	$6,924,600	$6,924,600	$6,924,600	$715,200	11.5%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	5.00	4.00	4.00	4.00	4.00	- 1.00
FED	6.00	6.00	6.00	6.00	6.00	0.00
PR	1.00	1.00	1.00	1.00	1.00	0.00
TOTAL	12.00	11.00	11.00	11.00	11.00	- 1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$13,800	- $2,200	$11,600
FED	31,600	0	31,600
PR	120,800	0	120,800
Total	$166,200	- $2,200	$164,000

Governor: Adjust the base budget by $6,900 GPR, $15,800 FED, and $60,400 PR annually for: (a) full funding of salaries and fringe benefits ($4,000 GPR, $15,800 FED, and $60,400 PR annually); (b) fifth week of vacation as cash ($1,100 GPR annually); and (c) full funding of lease costs ($1,800 GPR annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$1,100 GPR annually).

2. BASE FUNDING REDUCTION

	Funding	Positions
GPR	- $132,000	- 1.00

Governor/Legislature: Reduce the agency's GPR state operations appropriation by $66,000 annually, which would represent a reduction of 20% of the adjusted base level, and delete 1.0 position beginning in 2003-04.

3. PERCENT-FOR-ART PROGRAM

PR	$733,600

Governor/Legislature: Provide $366,800 annually to reflect estimated expenditures for the percent-for-art program. The Arts Board is statutorily required to administer the percent-for-art program, which provides 0.2% of the project budget for construction of a public building to acquire works of art for that building, if the project exceeds $250,000. This funding estimate would be shown in an appropriation that allows the expenditure of all monies received from other agencies and is consistent with prior year expenditures for this purpose.

4. ELIMINATE APPROPRIATION FOR ONE-TIME GRANT

Governor/Legislature: Delete the Portage County arts alliance appropriation under the Arts Board, which funded a grant to the City of Stevens Point Arts Council for development of the alliance. Under current law, no moneys may be encumbered from that appropriation after June 30, 2000.

[Act 33 Section: 302]

5. GRANT APPROPRIATION LAPSES

GPR-Lapse	$420,000

Joint Finance/Legislature: Create a session law requirement to lapse 10% of funding from the following grant programs annually in the 2003-05 biennium: (a) state aid for the arts ($119,700); (b) the challenge grant program ($77,900); and (c) the Wisconsin regranting program ($12,400).

[Act 33 Section: 9205(1x)]

6. STATE AID FOR THE ARTS AND TRIBAL GAMING REVENUE

PR	- $50,400

Joint Finance/Legislature: Delete $25,200 annually in tribal gaming revenue from the Arts Board. In addition, delete the related statutory language and appropriation, which currently provides state aid for the arts grants for American Indian individuals, groups, organizations, institutions, or tribal governments.

[Act 33 Sections: 302h, 606k, 1034s, and 1034t]

BOARD OF COMMISSIONERS OF PUBLIC LANDS

Budget Summary							
						Act 33 Change Over Base Year Doubled	
Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Amount	Percent
FED	$105,400	$105,400	$105,400	$105,400	$105,400	$0	0.0%
PR	2,742,800	2,815,400	2,810,400	2,810,400	2,810,400	67,600	2.5
TOTAL	$2,848,200	$2,920,800	$2,915,800	$2,915,800	$2,915,800	$67,600	2.4%

FTE Position Summary						
Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
PR	10.00	7.50	7.50	7.50	7.50	- 2.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$0		$5,000		$5,000	
PR	$72,600	- 1.00	- $5,000	0.00	$67,600	- 1.00

Governor: Provide standard adjustments to the base budget of $36,300 annually and -1.0 position. Adjustments are for: (a) removal of non-continuing items from the base (-$8,200 annually and -1.0 position); (b) full funding of continuing positions salaries and fringe benefits ($42,000 annually); and (c) fifth week vacation as cash ($2,500 annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$2,500 PR annually). Require the Board to lapse to the general fund $2,500 in 2003-04 and in 2004-05 from this PR account from which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $2,500 in 2003-04 and $2,500 in 2004-05.

2. BASE BUDGET REDUCTION

	Positions
PR	- 1.50

Governor/Legislature: Delete 1.50 position from the agency's base operating budget beginning in fiscal year 2004-05. Shift $74,300 from permanent salaries and fringe benefits that fund the 1.50 FTE positions to supplies and services costs.

3. ADDITIONAL LTE FUNDING

Governor/Legislature: Shift base funding of $74,000 PR in supplies and services costs to provide additional funding for LTE salaries ($62,400) and fringe benefit costs ($11,600). The agency currently has $20,600 in LTE salaries in its base.

4. AUTHORIZATION TO PURCHASE LAND [LFB Paper 170]

Governor: Increase the Board's statutory powers by authorizing the Board to invest monies that are in the balances of the common school fund, the normal school fund, the university school fund and the agricultural college fund in the purchase of land in this state. Specify that the Board may not make such purchases unless the Governor requests that the Board purchase such land and the Board determines that such purchase would result in the Board's per acre cost of managing the public lands and other lands being reduced. Under current law, the Board is authorized to invest such trust fund monies only in bonds or notes of the United States, certain securities issued by the United States related to farm loan programs, and bonds issued by: (a) the state; (b) any city, town, village, county or school district in this state; (c) any local exposition, professional football stadium, professional baseball park or cultural arts district in this state; and (d) any bonds issued by the University of Wisconsin Hospitals and Clinics Authority.

Joint Finance/Legislature: Delete provision.

5. DELEGATION OF INVESTMENT AUTHORITY TO SWIB [LFB Paper 171]

Governor: Provide statutory authority for the Board of Commissioners of Public Lands (BCPL) to delegate to the State of Wisconsin Investment Board (SWIB) authority to invest part or all of the monies belonging to any of the four trust funds (the common school fund, the normal school fund, the university school fund and the agricultural college fund) managed by the BCPL. Specify that if the BCPL chooses to make such a delegation, SWIB may invest the monies belonging to the four trust funds in any manner currently authorized for any of the other sixty funds that are enumerated under s. 25.17(1) of the statutes for which SWIB is authorized to invest fund assets. Further, create a requirement that the Executive Director of SWIB assign an employee of SWIB to assist the BCPL in establishing and maintaining investment objectives with respect to its four trust funds. In connection with this requirement, SWIB would be authorized to charge the cost of such services to the BCPL, with any funds received to be deposited in SWIB's program revenue funded, general program operations appropriation.

Under current law, the BCPL is authorized to invest the monies in the four trust funds in bonds or notes of the United States, certain securities issued by the United States related to farm loan programs, and bonds issued by: (a) the state; (b) any city, town, village, county or school district in this state; (c) any local exposition, professional football stadium, professional baseball park or cultural arts district in this state; and (d) any bonds issued by the University of Wisconsin Hospitals and Clinics Authority. Further, under current law, SWIB is required, upon request from the BCPL, to give advice and assistance to the BCPL concerning the investment of any of the monies in the four trust funds and in addition to sell, convey and deed to the BCPL any of the investments that SWIB has made, subject to the mutual agreement of the BCPL and SWIB. SWIB is currently authorized to charge BCPL for those services.

Joint Finance/Legislature: Delete provision.

6. TIMBER SALES PROCEEDS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR-REV	$400,000	- $400,000	$0

Senate/Legislature: Provide that all proceeds from the sale of timber and firewood from common school fund lands be treated as common school fund income. Also provide that all proceeds from the sale of timber and firewood from normal school fund lands be treated as normal school fund income. Currently such proceeds have been retained by the Board as a part of the assets of respective trust fund. Common school fund income is distributed as public school library aids. Normal school fund income is credited to the University of Wisconsin System for deposit to the general fund. Increased general fund revenues of $200,000 annually are estimated from normal school fund timber sales.

Veto by Governor [B-30]: Delete provision.

[Act 33 Vetoed Sections: 829c and 829r]

BOARD ON AGING AND LONG-TERM CARE

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$1,563,000	$1,571,800	$1,571,800	$1,571,800	$1,571,800	$8,800	0.6%
PR	1,632,800	1,707,200	1,738,200	1,738,200	1,738,200	105,400	6.5
TOTAL	$3,195,800	$3,279,000	$3,310,000	$3,310,000	$3,310,000	$114,200	3.6%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	13.33	12.53	12.53	12.53	12.53	- 0.80
PR	11.85	10.47	11.47	11.47	11.47	- 0.38
TOTAL	25.18	23.00	24.00	24.00	24.00	- 1.18

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$83,200
PR	17,200
Total	$100,400

Governor/Legislature: Provide $41,600 GPR and $8,600 PR annually to reflect: (a) removal of noncontinuing items (-$800 PR annually); and (b) full funding of salaries and fringe benefits ($41,600 GPR and $9,400 PR annually).

2. MEDIGAP INSURANCE SPECIALIST

	Funding	Positions
PR	$104,000	1.00

Governor/Legislature: Provide $52,000 and 1.0 position, beginning in 2003-04, to convert 1.0 Medigap insurance specialist project position, which is scheduled to terminate on June 30, 2003, to permanent status. The position provides information and counseling to older insurance consumers and is supported, through 2002-03, by federal funds that the Department of Health and Family Services (DHFS) receives from the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, that DHFS transfers to the Board. Under the bill, the position would be funded from PR (revenue from insurance fees) transferred from the Office of the Commissioner of Insurance, beginning in 2003-04.

3. BASE BUDGET REDUCTION -- OMBUDSMAN STAFF

	Funding	Positions
GPR	- $74,400	- 0.80
PR	- 18,600	- 0.20
Total	- $93,000	- 1.00

Governor/Legislature: Delete $37,200 GPR and $9,300 PR annually and 0.80 GPR and 0.20 PR position, beginning in 2003-04, to delete 1.0 ombudsman services specialist position.

4. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $31,000	- 1.00	$31,000	1.00	$0	0.00

Governor: Delete $13,300 in 2003-04 and $17,700 in 2004-05 and 1.0 position, beginning in 2003-04, to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the month beginning after the bill is enacted. Reallocate $40,000 in 2003-04 and $53,300 in 2004-05 of remaining base level salary and fringe benefits funding that currently supports 1.0 attorney position ($53,300 in 2003-04 and $71,000 in 2004-05) to the Board's supplies and services budget to pay for legal services provided by DOA.

Joint Finance/Legislature: Delete provision. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

5. POSTAGE COSTS

PR	$2,800

Governor/Legislature: Provide $1,400 annually to fund increased postage costs for materials the Board provides on Medigap supplemental insurance. This function is supported from insurance fee revenue transferred from the Office of Commissioner of Insurance.

6. DELETE VACANT POSITIONS

	Positions
PR	- 1.18

Governor/Legislature: Delete 1.18 vacant positions, beginning in 2003-04. This item would delete unfunded position authority.

BONDING AUTHORIZATION

Budget Change Items

1. **GENERAL OBLIGATION BONDING AUTHORITY** [LFB Papers 194, 200, 201, 330, 574, 691, 711, and 738]

Governor/Building Commission: Provide general obligation bonding authority of $1,050,102,100 for the purposes indicated in the following table.

Joint Finance: Provide general obligation bonding authority of $780,186,200 for the purposes indicated in the following table.

Senate/Legislature: Provide general obligation bonding authority of $783,186,200 for the purposes indicated in the following table.

Veto by Governor [D-14]: Provide general obligation bonding authority of $1,569,604,100 for the purposes indicated in the following table.

Agency and Purpose	Gov/Bldg Comm	Jt. Finance	Senate/Leg.	Act 33
Agriculture, Trade and Consumer Protection				
Soil and water	$7,000,000	$7,000,000	$7,000,000	$7,000,000
Building Commission				
Other public purposes (all agency projects)	210,998,000	180,800,000	180,800,000	180,800,000
Housing state agencies	16,721,400	16,721,400	16,721,400	16,721,400
Project contingencies	2,953,700	2,953,700	2,953,700	2,953,700
Capital equipment acquisitions	1,203,500	1,203,500	1,203,500	1,203,500
Refunding general obligation debt	350,000,000	0	0	0
Hmong cultural center	0	0	3,000,000	0
Corrections				
Correctional facilities	6,092,800	6,092,800	6,092,800	6,092,800
Environmental Improvement Fund				
Clean water fund	0	-21,500,000	-21,500,000	0
Health and Family Services				
Mental health facilities	734,300	734,300	734,300	734,300
Military Affairs				
Armories and military facilities	1,971,900	1,971,900	1,971,900	1,971,900
Natural Resources				
Stewardship 2000	0	-245,000,000	-245,000,000	0
Nonpoint source grants	9,546,800	9,546,800	9,546,800	9,546,800
Urban nonpoint source cost sharing	4,700,000	4,700,000	4,700,000	4,700,000
Environmental repair	6,000,000	0	0	0
SEG Supported Facilities	14,720,500	14,720,500	14,720,500	14,720,500

Agency and Purpose	Gov/Bldg Comm	Jt. Finance	Senate/Leg.	Act 33
State Fair Park				
Self-amortizing facilities	$11,300,000	-$28,000,000	-$28,000,000	-$28,000,000
TEACH Board				
School districts	0	-9,800,000	-9,800,000	-9,800,000
Public libraries	0	-2,700,000	-2,700,000	-2,700,000
Transportation				
Major highway and rehabilitation projects	0	-40,000,000	-40,000,000	860,000,000
Major highway rehabilitation projects	0	275,843,700	275,843,700	0
Major highway projects	0	101,238,400	101,238,400	0
Harbor improvements	3,000,000	3,000,000	3,000,000	3,000,000
Rail acquisitions and improvements	4,500,000	4,500,000	4,500,000	4,500,000
University of Wisconsin System				
Academic Facilities	48,392,100	55,892,100	55,892,100	55,892,100
Self-Amortizing Facilities	170,375,400	260,375,400	260,375,400	260,375,400
Veterans Affairs				
Self-Amortizing Facilities	4,891,700	4,891,700	4,891,700	4,891,700
Refunding bonds	175,000,000	175,000,000	175,000,000	175,000,000
Total General Obligation Bonds	$1,050,102,100	$780,186,200	$783,186,200	$1,569,604,100

Update summary schedules relating to bonding and debt service that appear for informational purposes in the statutes.

[Act 33 Section: 285ag]

2. REVENUE OBLIGATION BONDING [LFB Papers 190, 191, 192, 220, 330, and 738]

Governor: Provide revenue obligation bonding authority of $3,888,005,500 for the purposes indicated in the following table.

Joint Finance/Legislature: Provide revenue obligation bonding authority of $2,004,116,400 for the purposes indicated in the following table.

Agency and Purpose	Governor	Jt. Finance/Leg.	Act 33
Administration			
Unfunded prior service liability obligations	$750,000,000	$750,000,000	$750,000,000
Unfunded accumulated sick leave conversion liability obligations	0	600,000,000	600,000,000
Tobacco settlement bond purchase program	1,600,000,000	0	0
Commerce			
PECFA	115,000,000	94,000,000	94,000,000
Environmental Improvement Program			
Clean water fund program	259,670,000	217,600,000	217,600,000
Transportation			
Major highway projects, Marquette interchange, state highway rehabilitation	1,163,335,500	342,516,400	342,516,400
Total Revenue Obligation Bonds	$3,888,005,500	$2,004,116,400	$2,004,116,400

Total of General Obligation and Revenue Obligation Bonds

	Gov/Bldg Comm	Jt. Finance	Senate/Leg.	Act 33
General Obligation Bonds	$1,050,102,100	$780,186,200	$783,186,200	$1,569,604,100
Revenue Obligation Bonds	3,888,005,500	2,004,116,400	2,004,116,400	2,004,116,400
Total	$4,938,107,600	$2,784,302,600	$2,787,302,600	$3,573,720,500

[Act 33 Section: 285ag]

BUDGET MANAGEMENT AND COMPENSATION RESERVES

1. COMPENSATION RESERVES

Governor: Provide in the 2003-05 general fund condition statement, total compensation reserves of $252,150,900 in 2003-04 and $383,974,700 in 2004-05 for the increased cost of state employee salaries and fringe benefits. Total compensation reserve amounts by fund source and fiscal year are shown in the following table:

Fund Source	2003-04	2004-05	Biennial Total
General Purpose Revenue	$115,812,900	$176,359,600	$292,172,500
Federal Revenue	29,559,200	45,012,600	74,571,800
Program Revenue	88,926,600	135,417,200	224,343,800
Segregated Revenue	17,852,200	27,185,300	45,037,500
Total	$252,150,900	$383,974,700	$636,125,600

Details on the components included by the Governor in these reserve amounts were not provided by the administration. Typically, amounts included by a Governor within the total compensation reserves amounts are funds to pay for: (a) the employer share of state employee health insurance premium increases in the forthcoming fiscal biennium [*Note*: see related issue regarding state employee health insurance contributions under "Employee Trust Funds"]; (b) the costs of length-of-service payments for classified state employees; (c) a reserve amount for the costs of pay increases (including a sub-allocation of funds for market adjustments) that will be provided by pay plan and collective bargaining agreements that will be approved for the forthcoming fiscal biennium; and (d) sometimes, funds to pay for employee health insurance premium increases and pay increases that have occurred in the current fiscal biennium, but for which funding was not able to be included in agencies' adjusted base year budgets because of timing. In addition, the administration has stated that it has included within compensation reserves amounts sufficient to fully fund in 2003-05 the cost of 2001-03 pay increases for represented employees.

Joint Finance/Legislature: Reduce overall funding including in compensation reserves by $20,000,000 GPR, $5,104,600 FED, $3,083,700 SEG, and $15,361,700 PR. The total compensation reserves amounts by fund source and fiscal year under Joint Finance are shown in the following table:

Fund Source	2003-04	2004-05	Biennial Total
General Purpose Revenue	$109,152,900	$163,019,600	$272,172,500
Federal Revenue	27,859,400	41,607,800	69,467,200
Program Revenue	83,811,200	125,170,900	208,982,100
Segregated Revenue	16,825,300	25,128,500	41,953,800
Total	$237,648,800	$354,926,800	$592,575,600

[Act 33 Section: 284 (Figure 20.005(1))]

2. REQUIRED GENERAL FUND STATUTORY BALANCE [LFB Paper 180]

Governor: Modify the current law provision that requires a statutory general fund balance (reserve) equal to 1.6% of gross general fund appropriations plus GPR compensation reserves for fiscal year 2003-04 and 1.8% of gross general fund appropriations plus GPR compensation reserves for 2004-05 to instead provide that: (a) for fiscal year 2003-04, the required reserve be the greater of $35,000,000 or the amount by which the 2003-04 GPR funding under s. 20.435 (4)(b) for the state medical assistance program is reduced by the use of a transfer in that fiscal year of any revenues from the medical assistance trust fund that are in excess of $550,000,000; and (b) for fiscal year 2004-05, the required reserve be the greater of $40,000,000 or the amount by which the 2004-05 GPR funding under s. 20.435 (4)(b) for the state medical assistance program is reduced the use of any revenues in that fiscal year from the medical assistance trust fund are in excess of $80,000,000. Create session law provisions requiring that the Secretary of Administration prepare: (a) by December 31, 2003, an estimate for fiscal year 2003-04 of the total amount of revenues that will be deposited in the medical assistance trust fund in that fiscal year that are in excess of $550,000,000; and (b) by December 31, 2004, an estimate for fiscal year 2004-05 of the total amount of revenues that will be deposited in the medical assistance trust fund in that fiscal year that are in excess of $80,000,000. Also, create a session law provision specifying that the amounts in the appropriations schedule under s. 20.435(2)(b) would be automatically reduced, without any legislative review or approval, by any amount of the increased revenue to the medical assistance trust fund that would be in excess of the trust fund levels specified above.

Also, modify the current law provision that requires a statutory general fund balance equal to 2.0% of gross general fund appropriations plus GPR compensations for fiscal year 2005-06 (and thereafter) to instead provide that the on-going 2.0% requirement not become effective until fiscal 2006-07 (the second fiscal year of the 2005-07 biennial budget) and that instead, for fiscal year 2005-06 the required general fund statutory balance be required to be a fixed amount of $75,000,000.

Joint Finance/Legislature: Modify provision to delete all references to procedures for increasing the statutory balance for 2003-04 beyond the $35,000,000 amount specified in the bill for that fiscal year or for increasing the statutory balance for 2004-05 beyond the $40,000,000 amount specified in the bill for that fiscal year.

[Act 33 Sections: 280 thru 283]

3. DEPOSIT OF PUBLIC PROPERTY SALES PROCEEDS IN THE BUDGET STABILIZATION FUND [LFB Paper 181]

Governor: Modify current law regarding the sale of state-owned property to specify that whenever such property is sold, the net proceeds of any such sale shall be deposited in the budget stabilization fund. Under current law, monies are deposited in the budget stabilization fund as a result of: (a) monies donated to the fund; (b) a provision enacted last session that provides that 50% of all general fund tax collections that are in excess of the amounts projected under the biennial budget act to be collected in a given fiscal year are to be deposited to the budget stabilization fund; and (c) any direct appropriation to the fund. Under the bill, the State Building Commission and the Department of Administration would be required to deposit certain property sales proceeds to the budget stabilization fund.

Under current law, the State Building Commission may sell or lease any state-owned building or land unless another state agency is authorized to sell or lease such building or land. Upon such sale or lease, the Commission is required to use the proceeds from such sale or lease to first pay any outstanding debt on the land or building. After all such debt has been repaid, the Commission is then required to credit the remaining net proceeds from the sale or lease to the Joint Committee on Finance's supplemental GPR appropriation. Under current law, if an agency had sole occupancy or use of the land or building, that agency may request that the Committee provide 50% of such net proceeds to the agency. Upon request from the Building Commission, the Committee may transfer any amounts not requested by an agency, plus the remaining 50% of net proceeds to the state building trust fund. At the end of each biennium, any unreleased funds from such sales that remain in the Committee's appropriation are lapsed to the general fund. Under the bill, all remaining net proceeds from such sales or leases would be deposited into the budget stabilization fund instead of into the Committee's appropriation.

Further, create a new statutory provision relating solely to the Northern Center for the Developmentally Disabled that would specify that Department of Health and Family Services may maintain the Center, but may sell the assets or real property of the Center. The provision would further direct that any proceeds from such sales must first be used to repay any outstanding debt obligations for the Center and to reimburse the federal government for any costs of such property that were financed from federal funds. Finally, the provision would stipulate that following those requirements, any remaining net proceeds from such sales would be required to be deposited in the budget stabilization fund.

Under current law, DOA is required to promulgate rules for the declaration of supplies, materials and equipment in any state agency as surplus and for the transfer of such items to other state agencies or for the public or private sale of such surplus items. Further, the disposing agency is to receive due credit for the items, except that DOA is required to transfer to the Department of Tourism, without cost, any such items as requested by the Department of Tourism. Under the bill, except for those items requested by the Department of Tourism, the net proceeds from the transfer or sale of such items would instead be required to be deposited in the budget stabilization fund.

Joint Finance/Legislature: Delete provisions relating to the transfer of any proceeds from sale of assets or real property of Northern Center for the Developmentally Disabled to the budget stabilization fund.

[Act 33 Sections: 26, 209, and 861]

4. GPR SPENDING CAP EXEMPTION [LFB Paper 182]

Governor: Provide, for the 2003-05 biennium, an additional one-time exemption from those GPR appropriations that are subject to the overall limit on increases in GPR appropriations for any GPR appropriation that is established for the purpose of making payments to counties, towns, villages and cities under ss. 79.035 (county and municipal aid) and 79.036 (consolidation incentive payment) of the statutes. Under the bill, the only GPR appropriation that this would affect would be the county and municipal aid account appropriation [s. 20.835(1)(db)].

Under current law, total GPR appropriations for each fiscal year of a succeeding biennium [in this case, the 2003-05 fiscal biennium], after excluding all those specific appropriations or appropriation categories that are enumerated in the law, may not exceed a level that is the result of multiplying the applicable total GPR level of appropriations for the second year of the prior fiscal biennium [in this case, fiscal year 2002-03] by the projected increase in state personal income for the two calendar years for which January 1 of the calendar year precedes the July 1 of the respective fiscal year [in this case, the personal income growth projections for calendar years 2003 and 2004 respectively]. The second year increase is applied to the limit amount set for the first year of the biennium.

Under s. 13.40(3) of the statutes, the following appropriations or categories of GPR appropriations are excluded from the statutory limit on year-to-year increases in GPR spending:

- Any appropriation passed by at least a two-thirds vote of each house of the Legislature.

- All appropriations to the following agencies: (1) Higher Educational Aids Board; (2) Department of Public Instruction; and (3) University of Wisconsin System.

- All appropriations for the payment of tax relief under s. 20.835(2) of the statutes.

- Any appropriation for payments of principal and interest on public debt.

- Any appropriation for payments of principal and interest on operating notes.

- Any appropriation for payments to honor statutory moral obligation pledges.

- Any appropriation for payments to the federal government from bond revenues to avoid a designation of state bonds as arbitrage bonds.

- Any appropriation for payments for legal expenses and for the costs of judgments, orders and settlements of actions and appeals incurred by the state.

- Any appropriation for payments to execute a transfer from the general fund to the budget stabilization fund (as required under s. 16.518 of the statutes).

This provision would add the above-mentioned exemption relating to payment of aids to counties, towns, villages and cities under ss. 79.035 and 79.036 to that list, but the exemption would be in effect only for the 2003-05 fiscal biennium. [*Note*: a technical correction to the bill is necessary since s. 79.036 relating to consolidation incentive payments is repealed under the bill].

Joint Finance/Legislature: Include provision but add a technical correction to delete the reference in the language to s. 79.036, which is repealed in the bill.

[Act 33 Section: 22]

5. FREEZE ON FY 2003-04 THRU 2005-06 GPR STATE OPERATIONS SPENDING

Joint Finance/Legislature: Provide that for fiscal years 2003-04, 2004-05, and 2005-06, the total level of GPR appropriations for state operations purposes may not exceed the total level of GPR funding for those same purposes appropriated in fiscal year 2002-03. Specify that GPR appropriations for debt service payments are excluded from the limit but that amounts set aside for GPR compensation reserves purposes are to be included in the total amount subject to the limit. Stipulate that for calculation purposes, the 2002-03 appropriated amount is to be based on the amount of GPR state operations shown as appropriated in the final appropriation schedule for fiscal year 2002-03, plus the amounts shown in that same schedule for GPR compensation reserves for that fiscal year.

[Act 33 Sections: 20d thru 20t and 23m]

6. LIMITATION ON FY 2005-06 AND 2006-07 GPR STATE OPERATIONS APPROPRIATIONS

Senate/Legislature: Provide that, in addition to the above provision as it relates to a freeze on GPR state operations appropriations for fiscal year 2005-06, the total level of GPR appropriations for state operations purposes in fiscal year 2005-06 and in fiscal year 2006-07, excluding GPR appropriations for debt service, cannot exceed the total level of GPR appropriations for fiscal year 2004-05, excluding GPR appropriations for debt service, less $100,000,000. Specify that the 2004-05 level of GPR appropriations for comparison would be the amounts shown in the final appropriations schedule published in the 2003-04 Wisconsin statutes.

[Act 33 Sections: 20d thru 20t and 23m]

7. LAPSE OF NON-GPR FIFTH WEEK VACATION PAY AMOUNTS

Joint Finance/Legislature: Reduce the amount of funding provided in each state agency's budget included under the standard budget adjustment category of "fifth week vacation as cash." These reduction amounts are shown under the standard budget adjustments category for each state agency. In addition, require that the Secretary of Administration, during the 2003-04 and 2004-05 fiscal years determine the amount of such funds removed from state agencies' budgets that were from program revenue or segregated fund sources. Specify that each agency lapse or transfer to the general fund in each of those fiscal years the amounts as determined by the DOA Secretary. Stipulate, however, that no such lapse or transfer to the general fund shall be made if the monies that would otherwise be required to be lapsed or transferred are derived from federal funds whose lapse or transfer would violate a condition imposed by the federal government on the use of those funds, or if the lapse or transfer would be in violation of state law or the state or federal constitution. The estimated increased revenues to the general fund under this provision for the lapse or transfer of these amounts to the general fund are also shown under the individual agency entries. If agencies are required under the compensation plan or state collective bargaining agreements to make these payments in 2003-05, the costs of such payments would have to absorbed within agencies' budgeted levels.

[Act 33 Section: 9160(3f)]

8. REINSTATEMENT PRIVILEGES AND RESTORATION RIGHTS FOR LAID-OFF EMPLOYEES

Senate/Legislature: Provide that, notwithstanding current law, a state employee laid-off during the 2003-05 fiscal biennium because the agency employing the employee is eliminated or the functions which the employee performed were transferred to a different state agency than the one from which the employee was laid off from would continue to have the same rights to reinstatement and restoration to state service as provided to other state employees under current law. Provide further that these provisions would apply to represented employees notwithstanding the provisions of existing collective bargaining agreements, except that such provisions would apply to those represented employees only until the day before the effective date of any collective bargaining agreement for 2003-05 that covers those employees. After that date, the provisions of the 2003-05 collective bargaining agreement would prevail for those employees.

[Act 33 Section: 9118(2x)]

9. REDUCTIONS FOR CERTAIN DISCRETIONARY COMPENSATION ADJUSTMENT AMOUNTS

GPR-REV	$960,000
GPR-Lapse	- $1,040,000
FED-Lapse	- 261,800
PR-Lapse	- 800,000
SEG-Lapse	- 160,000

Joint Finance/Legislature: Require that the Secretary of Administration determine the annualized value of the discretionary compensation adjustments awarded in fiscal year 2001-02 to non-represented classified employees under the 2001-03 state compensation plan. Direct that the Secretary reduce each affected state agency's appropriations for fiscal years 2003-04 and 2004-05 by an amount equal to 27% of the annualized cost of such adjustments, including associated increased fringe benefit costs. Further, require that the Secretary lapse or transfer to the general fund in fiscal years 2003-04 and 2004-05 the amounts so reduced. Specify, however, that no such lapse or transfer to the general fund shall be made if the monies that would otherwise be required to be lapsed or transferred are derived from federal funds whose lapse or transfer would violate a condition imposed by the federal government on the use of those funds, or if the lapse or transfer would be in violation of state law or the state or federal constitution. As a result of the reductions required to be made by the DOA Secretary, total annual appropriation lapses of $520,000 GPR, $130,900 FED, $400,000 PR, and $80,000 SEG are estimated. Increased GPR-REV of $480,000 annually from the required PR and SEG lapses or transfers is also estimated.

Veto by Governor [D-1]: Modify the SB 44 language in the following ways: (a) delete the requirement that the reduction to each appropriation from which discretionary compensation adjustments were paid be equal to 27% of the annualized cost of such adjustments so that instead the remaining language states that "an amount" of the annualized cost of any such discretionary compensation adjustments is to be reduced; (b) delete the requirement that a reduction be made from each sum certain appropriation from which discretionary compensation adjustments were made in fiscal year 2001-02 [the comparable language in the bill for other than sum certain appropriations is not partially vetoed]; (c) delete the requirement that the lapses of these appropriation reductions from program revenue appropriations come from each respective appropriation from which a reduction was made [the comparable language in the bill for lapses from appropriations from segregated funds is not partially vetoed]. In his veto message, the Governor indicates that his intent is that, under the language as partially vetoed, DOA will achieve the same overall lapse and transfer amounts to the general fund as projected under SB 44, but that the Secretary of DOA is authorized to apportion these reductions and lapses in alternate ways.

[Act 33 Section: 9160(2f)]

[Act 33 Vetoed Section: 9160(2f)]

BUILDING COMMISSION

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$86,060,600	$90,082,300	$75,892,200	$75,892,200	$75,892,200	- $10,168,400	- 11.8%
PR	0	336,500	336,500	336,500	336,500	336,500	0.0
SEG	2,048,400	2,048,400	2,048,400	2,048,400	2,048,400	0	0.0
TOTAL	$88,109,000	$92,467,200	$78,277,100	$78,277,100	$78,277,100	- $9,831,900	- 11.2%
BR		$2,700,000,000	$1,350,000,000	$1,350,000,000	$1,350,000,000		

FTE Position Summary

There are no full time positions authorized for the Building Commission.

Budget Change Items

1. DEBT SERVICE REESTIMATE [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Lapse	$8,000,000	$0	$8,000,000
GPR	$4,021,700	- $14,190,100	- $10,168,400
PR	336,500	0	336,500
Total	$4,358,200	- $14,190,100	- $9,831,900

Governor: Decrease funding by $8,799,600 GPR and increase funding by $145,300 PR for 2003-04 and increase funding by $12,821,300 GPR and $191,200 PR for 2004-05 to reestimate sum sufficient debt service appropriations, as shown in the following table.

	Adjusted Base	Change to Base		Total Debt Service	
	2002-03	2003-04	2004-05	2003-04	2004-05
GPR Debt Service Appropriations					
Capitol and Executive Residence	$12,669,700	-$306,800	$2,737,500	$12,362,900	$15,407,200
Amounts Not Initially Allocated to Agencies	28,628,300	-8,943,700	8,574,600	19,684,600	37,202,900
Other Public Purposes	1,630,600	233,400	1,234,800	1,864,000	2,865,400
HR Academy Youth Center	15,000	111,700	111,700	126,700	126,700
Swiss Cultural Center	15,000	41,300	69,500	56,300	84,500
Milwaukee Police Youth Activity Center	56,700	23,200	23,700	79,900	80,400
Racine Discovery Place Museum	15,000	41,300	69,500	56,300	84,500
Total GPR	$43,030,300	-$8,799,600	$12,821,300	$34,230,700	$55,851,600
PR Debt Service Appropriation					
Capital Equipment Acquisition	$0	$145,300	$191,200	$145,300	$191,200

Estimate lapses from GPR sum sufficient debt service appropriations of $4,000,000 annually. These lapse amounts are associated with interest earnings on the bond security redemption fund that will be allocated to debt service appropriations in the biennium and from the reallocation of GPR debt service from the Building Commission's bonding authority for other public purposes and borrowing not initially allocated to specific programs to PR and SEG debt service appropriations.

Joint Finance/Legislature: Decrease funding by $6,936,100 GPR for 2003-04 and by $7,254,000 GPR for 2004-05 to reestimate sum sufficient debt service appropriations, as shown in the following table.

	Change to Governor		Total Debt Service	
	2003-04	2004-05	2003-04	2004-05
GPR Debt Service Appropriations				
Capitol and Executive Residence	-$202,800	-$370,100	$12,160,100	$15,037,100
Amounts Not Initially Allocated to Agencies	-5,865,100	-5,794,700	13,819,500	31,408,200
Other Public Purposes	-683,200	-1,069,000	1,180,800	1,796,400
HR Academy Youth Center	-91,400	-9,300	35,300	117,400
Swiss Cultural Center	-44,500	-5,200	11,800	79,300
Milwaukee Police Youth Activity Center	-4,600	-500	75,300	79,900
Racine Discovery Place Museum	-44,500	-5,200	11,800	79,300
Total GPR	-$6,936,100	-$7,254,000	$27,294,600	$48,597,600

2. REFUNDING GENERAL OBLIGATION DEBT PAYMENTS [LFB Paper 194]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	$350,000,000	- $350,000,000	$0

Governor: Increase the amount of general obligation refunding bonds authorized under current law by $350 million, from $75 million to $425 million. Specify that these general obligation refunding bonds may not be issued unless requested by the Secretary of the Department of Administration (DOA), as described below, and that this additional bonding could not be issued after June 30, 2005.

Annually, on or before September 1, but not after 2005, require DOA to prepare an estimate of the net balances of the general fund for that fiscal year. Require that copies of the estimates be provided to the Co-chairpersons of the Joint Committee on Finance and to the Legislative Fiscal Bureau. Provide that if the estimated net general fund balance for the fiscal year, as certified by DOA, is less than the estimated net general fund balance for that fiscal year, as shown in the most recent fund condition schedule, the DOA Secretary could request that the Building Commission refund the whole or any part of any unpaid indebtedness used to finance tax-supported or self-amortizing facilities from this additional bonding. If issued, this proposed bonding would refund bonds that otherwise would have been paid off in the 2003-05 biennium.

Joint Finance/Legislature: Delete provision.

3. LAPSE OF CLEAN WATER FUND REVENUE OBLIGATION RESERVES

GPR-Lapse	$28,200,000

Governor/Legislature: Lapse an estimated $14,200,000 in 2003-04 and $14,000,000 in 2004-05 to the general fund from reserve funds associated with the clean water fund revenue obligation program. The clean water revenue obligation program provides financial assistance loans to municipalities in the state for construction and improving water treatment facilities. The revenue obligations issued to fund the program require that a certain amount of funds be placed in reserves in the event loan repayments from municipalities are insufficient to pay principal and interest to the revenue obligation bondholders.

Under this provision, the Department of Administration, using its current law authority, would liquidate investments in which some or all of these reserves are placed and lapse those funds to the general fund. The reserves would be replaced with a surety bond, which the state would purchase, that would provide the same level of security to the revenue obligation bondholders as the reserve funds.

4. OVERVIEW OF MAJOR BONDING PROPOSALS [LFB Papers 190, 191, and 192]

This item provides a brief overview of the purchase of tobacco securitization bonds and unfunded prior service pension obligation bond proposals included under the Governor and Joint Finance Committee/Legislature versions of the bill. A summary of provisions relating to each of these proposals are provided in the next two summary items.

Revenue Obligations for Purchase of Tobacco Securitization Bonds (Item #5). This proposal would establish a revenue obligation bond program, where DOA could purchase some or all of the state's outstanding tobacco securitization bonds. To finance these purchases, the Building Commission could issue up to $1.6 billion in revenue obligations. These newly-issued revenue obligation bonds would be backed by the tobacco settlement payments that would have otherwise been used to pay off the tobacco securitization bonds and by the state's moral obligation pledge to appropriate any funds that may be necessary to repay the obligations and maintain the required reserves. The bonds would likely be issued if the financing rate on the bonds were sufficiently less than the financing rate on the tobacco securitization bonds, which could allow the financial benefit or savings to flow to the state from the transaction. Under the proposal, any funds associated with these savings as determined by the Building Commission would be transferred in equal amounts to the tobacco control fund and general fund. The bill does not include any estimate of the possible savings under this proposal in the balances of these funds.

The Joint Finance Committee/Legislature deleted this proposal.

Pension Revenue Obligation or Appropriation Obligations Bonds (Item #6). This proposal would involve the state paying off all or part of its unfunded prior service pension liability through the issuance of up to $750 million in either revenue obligation bonds or appropriation obligation bonds. The bill would authorize the issuance of both types of obligations. The revenue obligation bond program would involve the issuance of bonds backed by the state's excise taxes on alcoholic beverages, cigarette and tobacco products. Debt service on these bonds would be first draw on the revenues associated with these excises taxes.

Appropriation obligation bonds would be payable from a GPR appropriation in the amounts appropriated by Legislature each year. Because repayments each year would be subject to appropriation, bonds would not be considered public debt of the state. Unlike other long term debt obligations, which are issued by the Building Commission, the DOA Secretary would have the authority to issue appropriation obligation bonds. Either revenue obligations or appropriation obligations would be backed by the state's moral obligation pledge to appropriate any funds that may be necessary to repay the obligations and maintain the required reserves.

DOA Capital Finance staff indicate that because the financing rate on any bonds issued would likely be lower than the current 8% financing rate on the state's unfunded prior service pension liability, the state would accrue financial benefits or savings from the transaction. The proposal assumes that the repayment of such bonds could be structured so that state would make no debt service payments on the bonds in the 2003-05 biennium. The state would realize savings associated with the transaction in the biennium, because bond proceeds under the transaction would be used to pay off the unfunded prior service pension liability, and payments on that liability would no longer have to be made in the biennium. Therefore, the proposal would provide DOA the authority to lapse or transfer to the general fund, an estimated $69,200,000 in funds that would otherwise have been expended to make the state's unfunded prior service pension liability payments in the 2003-05 biennium. Beginning in 2005-07, DOA staff indicate that the repayment structure on the bonds could mirror the payments the state would otherwise have made for the unfunded prior service pension liability if it had not been paid off.

The Joint Finance Committee/Legislature modified this proposal to allow the state to recapture unfunded pension liability payments made from January, 2003, through the time in which the bonds are issued to pay off the liability. As a result, total revenues lapsed or transferred to the general fund would be $88,922,000 in the biennium.

In addition, the Joint Finance Committee/Legislature extended the proposal to include the state's accumulated sick leave conversion credit program liability. DOA, or the Building Commission, would be authorized to issue up to $600 million of additional excise tax revenue obligations or appropriation obligations to pay off this unfunded liability. DOA would also have authority to lapse or transfer amounts from PR, SEG and FED appropriations to the general fund that would have otherwise been used to make payments on this unfunded liability in the biennium. DOA would also be authorized to assess each PR, SEG, and FED appropriation for debt service associated with bonds issued to pay off the liability. Estimated lapses to the general fund associated with this provision would total $25,145,600 in 2003-04 and $26,547,700 in 2004-05.

5. REVENUE OBLIGATIONS FOR PURCHASE OF TOBACCO SECURITIZATION BONDS [LFB Paper 190]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	$1,600,000,000	- $1,600,000,000	$0

Governor: Establish a tobacco settlement bond purchase program, to be administered by the Department of Administration (DOA), to purchase any bonds issued by Badger Tobacco Asset Securitization Corporation (BTASC), which is the entity established under 2001 Acts 16 and 109 to securitize the state's tobacco settlement payments. Authorize the Building Commission to issue revenue obligations in the maximum amount that the Commission believes could be fully paid, on a timely basis, from monies from the tobacco settlement bond purchase program. Limit the amount of funds paid from revenue obligations issued to purchase, acquire, conduct, control, operate, or manage the tobacco settlement bond purchase program to $1,600,000,000.

Establish the tobacco settlement bond program as follows:

DOA Powers and Authority. Authorize the DOA Secretary to determine the requirements for funds for the tobacco settlement bond purchase program to be paid from revenue obligations issued and provide DOA all the powers necessary and convenient to distribute the revenues from the tobacco settlement bond purchase program and the proceeds of the revenue obligations under the program in accordance with statutes relating to state revenue obligation debt. Authorize DOA to enter into agreements with the federal government or its agencies, political subdivisions of this state, individuals, or private entities to insure, or provide additional security for the revenue obligations issued under the program.

Tobacco Settlement Bond Purchase Revenue Obligation Provisions. Require that the net proceeds of revenue obligations issued under the program be deposited in a fund in the state treasury, or an account maintained by a trustee. Require that these monies be used for ancillary payments and the provision of reserves, as determined by the Building Commission, and for the purchase by DOA of any bonds issued by BTASC, as determined by DOA. Require that any remaining monies be paid into a tobacco settlement bond purchase program redemption fund (redemption fund) or the tobacco settlement bond purchase program repayment fund (repayment fund), or both, as provided in the authorizing resolution.

Specify that unless otherwise provided in resolutions authorizing the issuance of revenue obligations under the program, or in other agreements with the owners of revenue obligations, each issue of revenue obligations under the program would be on a parity.

Tobacco Settlement Bond Purchase Program Repayment Fund. Create a repayment fund, which would be a separate nonlapsible trust fund. This fund would consist of all moneys received as revenues from bonds purchased under the tobacco settlement bond purchase program, any other revenues of the program dedicated to it by the authorizing resolution and all monies transferred to the fund from a newly-created appropriation to which proceeds from revenue obligations issued for the purchase of tobacco settlement bonds would be deposited. Specify that the State of Wisconsin Investment Board would have exclusive control of investment and collection of principal and interest of all monies loaned and invested from the fund.

Transfer of Funds from the Repayment Fund. Authorize the Building Commission to determine the monies deposited into the repayment fund that are to be transferred to the general fund and to the tobacco control fund, which would be authorized to receive these monies. Specify that any transfers would be in equal amounts to the tobacco control fund and to the general fund. Specify that only those monies in the repayment fund that are not required for paying reserves, ancillary payments, principal, interest and premiums, if any, on revenue obligations could be transferred.

Program Appropriations. Create the following appropriations and specify that their estimated expenditures would be excluded from the Chapter 20 appropriation schedule:

a. a continuing SEG appropriation for all proceeds from revenue obligations that are issued under the program and deposited into a fund in the state treasury, or in an account maintained by a trustee. Specify that these revenues could be used: (1) to purchase any bonds issued by BTASC, as determined by DOA; (2) for reserves; and (3) to make ancillary payments, as determined by the Building Commission. Specify that any remainder could be transferred to the repayment fund, or to a separate redemption fund or both, as provided in the authorizing resolution;

b. a sum sufficient SEG appropriation from the repayment fund to provide for reserves, to make ancillary payments, and to pay the redemption fund the amount needed to pay principal, interest, and premiums, if any, and to make ancillary payments relating to revenue obligations issued under the program. Specify that the remainder, as determined in the authorizing resolution, would be transferred in equal amounts to the general fund and to the tobacco control fund;

c. a SEG appropriation from the redemption fund for all monies received for the payment of principal, interest, and premiums, if any, on revenue obligations and for ancillary payments authorized by the authorizing resolution. Specify that all monies received by the fund would be irrevocably appropriated in accordance with state law and the authorizing resolution.

Legislative Findings. Specify that the Legislature finds and determines that the tobacco settlement bond purchase program is likely to produce sufficient net income to make timely payments of principal and interest on revenue obligations issued by the state to make the purchase and, therefore, would constitute a revenue-producing enterprise or program, as defined under current law.

Moral Obligation Pledge. Specify that the Legislature, recognizing its moral obligation to do so, expresses its expectation and aspiration that, if the funds in the repayment fund are insufficient to pay principal and interest on these revenue obligations, the Legislature would make an appropriation from the general fund sufficient to pay the principal and interest or to replenish a reserve fund, if applicable. Specify that an appropriation to honor this moral obligation pledge would not be subject to current law limitations on total GPR appropriations.

Modify current law governing the Legislature's moral obligation pledge, which the Legislature can apply to special fund and enterprise fund revenue obligation programs, to include the appropriation of funds to replenish a reserve fund, if applicable.

Modifications to Existing Revenue Enterprise Obligation Statutes. Make the following modifications to the statutes relating to the issuance of enterprise obligations: (a) provide that in addition to bondholders, other persons specified in the authorizing resolution for the issuance of particular enterprise obligations could have a mortgage lien or security interest in the income and property of each revenue-producing enterprise; (b) clarify that a security interest could also be a mechanism to which the income and property of a revenue producing enterprise would be subject until enterprise obligations, and other obligations specified in the authorizing resolution, are paid in full; (c) specify that that the lien or security interest that is provided for the benefit of the enterprise obligation owners, or other persons specified in authorizing resolution for such obligations, would have priority over all conflicting security interests in the income and revenue producing enterprise or program; (d) delete the current law requirement that to issue parity bonds, the authorizing legislation for the initial issue of enterprise obligations has to permit it, and instead provide that either the Legislature, in the statutes authorizing a particular issue of enterprise obligations, or the authorizing resolution providing for the issuance of a particular enterprise obligation, could permit the issue of additional enterprise obligations or other obligations on a parity with, or senior to, that particular issue of obligations; (e) modify current law governing the allocation of revenues in the authorizing resolution for enterprise obligations, to also include ancillary payments and payments for other purposes; and (f) modify current law allowing recomputation of the allocation of revenues after one year's operation, to specify that such recomputation would be subject to the authorizing resolution.

Modify the current law requirement that unless an authorizing resolution for revenue obligations specifies a shorter period, the resolution expires one year after the date of its adoption, to instead allow the resolution to specify a shorter or longer period as an alternative to expiring in a year.

Joint Finance/Legislature: Delete provision.

6. UNFUNDED PENSION LIABILITIES -- REVENUE OBLIGATIONS AND APPROPRIATION OBLIGATIONS [LFB Papers 191 and 192]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	$750,000,000	$600,000,000	$1,350,000,000
GPR-Lapse	$69,200,000	$71,415,300	$140,615,300

Governor: Authorize two separate types of bonding, either one of which could be used to pay off the state's unfunded pension liability. The first two sections of this item summarize the bill provisions relating to each type of bonding, while the third section describes the GPR-Lapse or transfer requirement common to both.

Revenue Obligations

Authorize the Building Commission to issue revenue obligations backed by the state's alcoholic beverage, cigarette, and other tobacco products taxes to pay the state's unfunded prior service pension liability. Specify that the amounts of the state's unfunded prior service liability to be paid from revenue obligations would be determined by the Department of Administration (DOA) Secretary, but could not exceed $750,000,000.

Create the following provisions related to the establishment of a program to issue revenue obligations for the payment of state's unfunded prior service liability under the Wisconsin Retirement System:

Revenue Obligation Authority. Authorize the DOA Secretary to determine the requirements for funds used for the payment of the state unfunded prior service pension liability. Further, provide DOA all the powers necessary and convenient to distribute the state's excise tax revenues and distribute the proceeds of the revenue obligations in accordance with the law governing revenue obligations. Authorize DOA to enter into agreements with the federal government or its agencies, political subdivisions of this state, individuals, or private entities to insure, or provide additional security for these revenue obligations.

Subject to the $750,000,000 limit for the program, authorize the Building Commission to issue revenue obligations payable from the excise tax fund in the maximum amount that the Commission believes can be fully paid on a timely basis from monies received or anticipated to be received in the excise tax fund.

Excise Tax Fund. Create an excise tax fund, which would be a separate, nonlapsible trust fund and would be considered a special fund for the purposes of issuing revenue obligations. Provide that if any revenue obligations are issued for the payment of the state's unfunded prior service pension liability, all taxes that are thereafter paid under the state's alcoholic beverage, cigarette, and other tobacco products taxes would be deposited in the excise tax fund.

Provide that any monies deposited in the excise tax fund that are not required for the retirement of revenue obligations, for reserves, and for ancillary payments would be transferred to the general fund, as determined by the Building Commission. Specify that the State of Wisconsin Investment Board would have exclusive control of investment and collection of principal and interest of all monies loaned and invested from the fund.

Unfunded Prior Service Liability Revenue Obligations Provisions. Specify that the net proceeds of revenue obligations issued under the program would be deposited in a fund in the state treasury, or an account maintained by a trustee. Require that these monies be applied for ancillary payments and reserves, as determined by the Building Commission, and for the payment of state's unfunded prior service liability, as determined by DOA. Specify that any remaining monies would be paid into a prior service liability obligation redemption fund.

Specify that unless otherwise provided in the authorizing resolution or in other agreements with the owners of revenue obligations, each issue of revenue obligations would be on a parity.

Program Appropriations. Create the following appropriations and specify that estimated expenditures from the appropriations would be excluded from the Chapter 20 appropriation schedule, except for the appropriation from the excise tax fund for the provision of reserves and ancillary costs:

a. a continuing SEG appropriation for all proceeds from revenue obligations that are issued under the program and deposited into a fund in the state treasury, or in an account maintained by a trustee. Specify that these revenues could be used to pay part, or all, of the state's unfunded prior service pension liability, as determined by DOA, and to provide for reserves and make ancillary payments, as determined by the Building Commission. Further specify that the remainder could be transferred to a prior service liability redemption fund;

b. a sum sufficient SEG appropriation from the excise tax fund to make payments to the prior service liability redemption fund amounts needed to pay principal, interest and premiums, if any, on revenue obligations issued under the program and to make ancillary payments provided for under the authorizing resolution;

c. a sum sufficient SEG appropriation from the excise tax fund to provide for reserves, to make ancillary payments relating to these revenue obligations;

d. a SEG appropriation from the prior service liability redemption fund of all monies received by the fund for the payment of principal, interest, and premiums, if any, on revenue obligations and for ancillary payments provided under the authorizing resolution. Specify that all monies received by the fund would be irrevocably appropriated as provided under law and in any authorizing resolutions.

Moral Obligation Pledge. Specify that the Legislature, recognizing its moral obligation to do so, expresses its expectation and aspiration that, if the funds in the excise tax fund would be insufficient to pay the principal and interest on these revenue obligations, the Legislature would make an appropriation from the general fund sufficient to pay the principal and interest or to replenish a reserve fund, if applicable. Specify that an appropriation to honor this moral obligation pledge would not be subject to the current law limitations on total GPR appropriations.

Security Interests. Provide that in addition to the owners of special fund obligations as under current law, other persons specified in the authorizing resolution of the obligations would have a security interest in monies placed in a special fund related to such obligations. Also, current law requires that the special fund be subject to this security interest requirement until the full payment of principal and interest on the special fund obligation have been made. The bill would require that the security interest also be in place until any other obligations specified in the authorizing resolution of special fund revenue obligations have been made.

Specify that the security interest for the benefit of the owners of the special fund obligations and other persons specified in the authorizing resolution providing for the issuance of the particular special fund obligations would have priority over all conflicting security interests to the fees, penalties, or excise taxes that are required to be deposited in the special fund. Further specify that for any different special fund obligations secured by those same fees, penalties, or excise taxes, priority of the security interests would be according to the date of issuance of the special fund obligation or the incurrence of the other obligations specified in the authorizing resolution. Any earlier issuances or obligations incurred would have priority over later issuances or obligations, unless the laws governing, or authorizing resolution providing for, the issuance of a particular special fund obligation permit later issuances or incurred obligations on a parity or priority basis.

Legislative Findings. Specify that the issuing of revenue obligations for the purpose of paying of the state's unfunded prior service liability under the Wisconsin Retirement System would be a special fund program, and the excise tax fund would be a special fund. Specify that the Legislature finds and determines that the fund would be a segregated fund consisting of fees, penalties, or excise taxes and that the special program to pay the state's unfunded prior service liability from the revenue obligations issued under the special program is appropriate and will serve a public purpose.

Modifications to Revenue Obligation Debt. Delete current law that specifies that the Building Commission's authority to enter into agreements and ancillary arrangements for general obligation debt applies to revenue obligation debt. Instead, create a similar provision under the statutes governing revenue bonds that would authorize the Commission, at the time of, or in anticipation of, issuing revenue obligations, and at any time revenue obligations are outstanding, to enter into agreements and ancillary arrangements relating to the revenue obligations. The types of agreements would be the same as those under current law, with the addition of trust indentures. Specify that any payment made or received pursuant to such agreements or ancillary arrangements would be made from, or deposited to, a fund relating to the relevant revenue obligation as determined by the Commission. Specify that ancillary payments would mean payments for issuance costs and expenses, payments under contracts entered into under an agreement or ancillary arrangement, payments of accrued or funded interest, and payments of other costs and expenses of administering revenue obligations.

Delete the Building Commission's specific authority to purchase insurance on revenue obligations, which could be purchased as part of an agreement or ancillary arrangement.

Delete current law that provides that the cost of issuing revenue obligations is an allowable purpose. Instead, unless otherwise provided in laws applicable to the issuance of a specific revenue obligation, require the Building Commission to establish the amounts needed for ancillary payments and reserves relating to the revenue obligations. Specify that current law governing the amount of revenue obligations issued or outstanding for a specific purpose would apply to these ancillary payments or reserves.

Provide that a separate and distinct fund is required to be established for any special fund program financed by the issuance of special fund obligations and not just those special programs created by the imposition of fees, penalties or excise taxes, as under current law. Specify that any premium received on the issuance of revenue obligations would not be required to be credited to the redemption fund as under current law, but rather would be credited as provided under the authorizing resolution. Require that payments to be received under an agreement or ancillary arrangement with respect to the issuance of revenue obligations would be credited to the appropriate fund, as determined by the Building Commission. Modify current law governing the expenditure of monies in such funds, to delete references to issuance costs and instead refer to the broader category of ancillary payments.

Enterprise and Special Fund Obligations. Delete current law that specifies that enterprise obligation redemption fund revenues can be expended for other obligations that are secured by the property or income, or both, of the enterprise or program. Instead clarify that redemption fund revenues associated with a specific revenue obligation could be used to make payments under an agreement or ancillary arrangement associated with those revenue obligations, as indicated in the authorizing resolution for those obligations.

Delete the requirement that principal and interest payments on enterprise obligations must be deposited to the redemption fund monthly as they accrue and are received. Rather, allow that deposit of these payments be made, along with the payments on any agreements or ancillary arrangements on the enterprise obligations as directed by the Building Commission, at times as provided for in the authorizing resolution.

Appropriation Obligations

Authorize the Department of Administration (DOA) to issue up to $750,000,000 in appropriation obligations to pay part, or all, of the state's unfunded prior service pension liability. Specify that an appropriation obligation would be an undertaking by the state to repay a certain amount of borrowed money that would be payable from the annual appropriation of funds by the Legislature for debt service due on such obligations in that year. Specify that the appropriation obligations could only be used to pay the state's unfunded prior service pension liability and would not be public debt as defined by statute. Specify that an evidence of an appropriation obligation would mean a written promise to pay an appropriation obligation.

Create the following provisions related to the use of appropriation obligations for payment of the state's unfunded prior service liability under the Wisconsin Retirement System:

Appropriation Obligation Authority. Authorize DOA to issue appropriation obligations of the state and provide DOA all the powers necessary and convenient to carry out its duties and exercise its authority related to the issuance of these obligations. Provide that the principal amount of these appropriation obligations could not exceed $750,000,000, excluding any obligations that have been defeased under the Building Commission's cash optimization program. Provide that in addition to the limit on the principal amount of obligations, DOA would be allowed to issue appropriation obligations to: (a) fund or refund outstanding appropriation obligations; (b) to pay issuance or administrative expenses; (c) to make deposits to reserve funds; (d) to pay accrued or funded interest; (e) to pay the costs of credit enhancement; or (f) to make payments under agreements or ancillary arrangements.

Provide that money could be borrowed and appropriation obligations could be issued under one or more written authorizing certifications unless otherwise provided in the certification. Specify that these borrowings and obligations could occur any time, in any specific amounts, at any rates of interest, for any term, payable at any intervals, at any place, in any manner, and having any other terms or conditions that DOA considers necessary or useful. Specify that such appropriation obligations could bear interest at variable or fixed rates, bear no interest, or bear interest payable only at maturity or upon redemption prior to maturity.

Provide that appropriation obligations could be in the form of bonds, notes, or other evidences of obligation, and could be issued in book-entry form or in certificated form.

Notwithstanding the Uniform Commercial Code statutes relating to negotiable instruments, specify that every obligation would be a negotiable instrument.

Require the following related to evidences of appropriation obligations:

a. every evidence of appropriation obligation would be executed in the name of and for the state by the Governor and the State Treasurer and would be sealed with the great seal of the state or a facsimile of the seal. Specify that a facsimile signature of either the Governor or State Treasurer, or both, could be imprinted in lieu of the manual signature of such officer, as directed by DOA, if approved by such officer. An evidence of appropriation obligation bearing the manual or facsimile signature of a person in office at the time such signature was signed or imprinted would be fully valid, regardless of whether the person remains in office;

b. every evidence of appropriation obligation would be dated not later than the date issued, contain a reference by date to the appropriate authorizing certification, and be in accordance with that certification;

c. every evidence of appropriations would have to indicate that the state is not generally liable for the obligations and principal and interest of the obligations is payable only from those amounts appropriated by the Legislature; and

d. an evidence of appropriation obligation would be in such form and contain such statements or terms, as determined by DOA, and could not conflict with law or with the appropriate authorizing certification.

Appropriations. Create the following appropriations:

a. an annual, sum certain GPR appropriation under DOA to pay debt service costs due in the current fiscal year on appropriation obligations; and

b. a PR appropriation for all monies received as proceeds from appropriation obligations that are issued to pay part or all of the state's unfunded prior service pension liability as determined by DOA, and to provide for reserves and for expenses of issuance and administration of the appropriation obligations, and any related obligations incurred under agreements entered into. Specify that the estimated expenditures under this appropriation would be excluded from the Chapter 20 appropriation schedule.

State Moral Obligation Pledge. Provide that the Legislature, recognizing its moral obligation to do so, expresses its expectation and aspiration that it would make timely GPR appropriations that are sufficient to pay the principal and interest due on appropriation obligations in any year. Specify that any appropriation to honor this moral obligation pledge would not be subject to the current law limitations on state GPR appropriations.

Terms of Appropriation Obligations. Specify that appropriation obligations could not be issued by the state except under a written authorizing certification. Require that the certification include the aggregate principal amount of appropriation obligations authorized, the manner of sale of obligations, and their form and terms. Further, require that the certification be signed by the DOA Secretary, or his or her designee, and be transmitted to the Governor and the State Treasurer.

Provide that appropriation obligations could be sold at either public or private sale and at any price or percentage of par value. DOA would be allowed to provide in any authorizing certification for refunding obligations that the refunding obligations could be exchanged privately in payment of any of the outstanding obligations being refinanced. Require that appropriation obligations sold at public sale to be noticed as provided in the authorizing certification and any bid received at public sale could be rejected.

Authorize DOA to issue appropriation obligations having any provisions for prepayment considered necessary or useful, including the payment of any premium. Specify that interest would cease to accrue on an appropriation obligation on the date that the obligation becomes due for payment if payment is made or duly provided for, but the obligation and accrued interest would continue to be a binding obligation according to its terms until six years overdue for payment, or such longer period as may be required by federal law. At that time, unless demand for its payment has been made, the obligation and accrued interest would be extinguished.

Authorize DOA, at the time of, or in anticipation of, issuing appropriation obligations, or after as long as the appropriation obligations are outstanding, to enter into agreements and ancillary arrangements relating to the appropriation obligations, including trust indentures, liquidity facilities, remarketing or dealer agreements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, or interest exchange agreements. Specify that any payments made or received under these agreements or ancillary arrangement would be made from or deposited into a program revenue appropriation.

Specify that all appropriation obligations owned or held by any state fund would be outstanding in all respects, and that the state agency controlling the fund would have the same rights as a private party. If any sinking fund would acquire appropriation obligations that gave rise to such fund, the obligations would be considered paid and would be canceled as provided under the bill. Require that all appropriation obligations owned by any state fund be registered to the fullest extent.

Specify that the state would not be generally liable for appropriation obligations and that appropriation obligations would not be a debt of the state. Appropriation obligations would be required to be payable only from amounts that the Legislature appropriates. Specify that all money borrowed by the state through appropriation obligations would be lawful money of the United States, and all appropriation obligations would be paid in such money.

Refunding Obligation Authority. Authorize DOA to issue appropriation obligation refunding obligations. Specify that refunding obligations could be issued, subject to any contract rights of owners of obligations being refinanced, to refinance all or any part of one or more issue of obligations, even if the obligations may have been issued at different times. The principal amount of the refunding obligations could not exceed the sum of: (a) the principal amount of the obligations being refinanced; (b) applicable redemption premiums; (c) unpaid interest on the obligations to the date of delivery or exchange of the refunding obligations; (d) in the event the proceeds are to be deposited in trust, interest to accrue on the obligations from the date of delivery to the date of maturity or to the redemption date selected by DOA, whichever is earlier; and (e) the expenses incurred in the issuance and payment of the refunding obligations. Specify that a determination by DOA that a refinancing is advantageous or that any of these amounts should be included in the refinancing would be conclusive.

Provide that if DOA, would determine to exchange refunding obligations, these obligations could be exchanged privately for any of the outstanding obligations being refinanced. Provide that refunding obligations could be exchanged for such principal amount of the obligations being exchanged, as determined by DOA to be necessary or advisable. Specify that the owners of the obligations being refunded, who elect to exchange their obligations, need not pay accrued interest on the refunding obligations if interest is accrued and unpaid on the obligations being refunded. If any of the obligations to be refinanced are to be called for redemption, DOA would be required to determine which redemption dates are to be used, if more than one date is applicable and would have to, prior to the issuance of the refunding obligations, provide for notice of redemption to be given in the time and manner required by the certification authorizing the outstanding obligations.

Use of Refunding Obligation Proceeds. Require that the principal proceeds from the sale of any refunding obligations be applied either to the immediate payment and retirement of the obligations being refinanced or, if the obligations have not matured, to the creation of a trust pledged to the payment of the obligations being refinanced. If a trust would be created, a separate deposit would be required to be made for each issue being refinanced. Each deposit would be required to be with the State Treasurer or a bank or trust company that is a member of the Federal Deposit Insurance Corporation.

Specify that if the total amount of any deposit to a trust, including available monies other than sale proceeds, is less than the principal amount of the obligations being refinanced together with applicable redemption premiums and interest to accrue, then the sale proceeds would be legally sufficient only if: (a) the money deposited is invested in securities issued by the United States or one of its agencies, or securities fully guaranteed by the United States; and (b) the principal and income of the securities at maturity would be sufficient and available, without any other investment, to pay the principal amount of the obligations being refinanced, any applicable redemption premiums and interest accrued. Any income from the securities would be required to be applied solely to the payment of the principal, interest and redemption premiums on the obligations being refinanced. However, provision could be made for the disposition of any surplus income.

Specify that none of the requirements relating to the use of refunding proceeds could be considered: (a) as a limitation on the duration of any deposit in trust for the retirement of obligations being refinanced that have not matured; or (b) to prohibit reinvestment of the income of a trust if sufficient cash would be available to pay interest, applicable premiums, and principal on the obligations being refinanced.

Administrative Requirements. Require the State Treasurer to act as registrar for each appropriation obligation. Specify that no transfer of a registered appropriation obligation would be valid unless made on a register maintained by the State Treasurer. Authorize the State Treasurer to enter into a contract for the performance of any of his or her functions relating to appropriation obligations. Require the State Treasurer, or agent, to maintain records containing a description of each appropriation obligation issued, and showing its date, issue, amount, interest rate, payment dates, payments made, registration, destruction, and other relevant transaction.

Provide that the state could treat the registered owner as the owner for all purposes. Unless otherwise provided by DOA, require that payments of principal and interest could only be made by electronic funds transfer, check, share draft, or other draft to the registered owner at the owner's address, as it appears on the register. Specify that information in the register would not be available for inspection and copying under state law relating to access to public records. Authorize DOA to make any other provision with respect to registration that it considers necessary or useful.

Authorize the DOA Secretary to appoint one or more trustees and fiscal agents for each issue of appropriation obligations. Provide that the State Treasurer could be the trustee and the sole fiscal agent or a co-fiscal agent. Require that every other fiscal agent be an incorporated bank or trust company, authorized by the laws of the United States or of the state in which it is located for banking or trust company business. Specify that monies could be deposited with a trustee in a special account, to be used only for the purposes provided in the certification authorizing the issuance of appropriation obligations or in an agreement between DOA and the trustee. Authorize DOA to make other arrangements with respect to trustees and fiscal agents as it considers necessary or useful. Authorize DOA to enter into a contract with any trustee or fiscal agent containing terms, including compensation, it considers necessary or useful.

If any evidence of appropriation obligation would be destroyed, lost, or stolen, require DOA to deliver a new evidence of appropriation obligation if the following is provided to DOA: (a) satisfactory evidence that the appropriation obligation has been destroyed, lost, or stolen; (b) proof of ownership of the appropriation obligation; (c) a satisfactory indemnity; (d) compliance with other DOA rules; and (e) payment of any expenses that DOA or the State Treasurer could incur.

Require DOA to cancel any evidences of appropriation obligation surrendered to DOA. Specify that unless otherwise directed by DOA, every evidence of appropriation obligation that is paid or otherwise retired would be marked canceled and delivered, through the State Treasurer, to the State Auditor. Require the State Auditor to destroy the canceled obligation and provide the State Treasurer a certificate indicating that the obligations have been destroyed.

Allowable Investors in Appropriation Obligations. Specify that the following could legally invest sinking funds or other funds belonging to them or under their control in appropriation obligations issued by DOA:

a. the state, the Investment Board, public officers, municipal corporations, political subdivisions, and public bodies;

b. banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies and associations, and other persons carrying on a banking or insurance business; and

c. personal representatives, guardians, trustees, and other fiduciaries.

Legislative Finding. Create a legislative finding that the state, by prepaying its unfunded prior service liability, could reduce its costs and better ensure payment of retirement benefits. Specify that the Legislature determines that it is in the public interest for the state to issue appropriation obligations.

Lapse Amounts of State Agency Payments for Unfunded Prior Service Liability

If these revenue obligations or appropriation obligations would be issued, require the DOA Secretary to determine for each state agency, the amount by appropriation that each agency would have been required to expend for its portion of the state's unfunded prior service pension liability during the 2003-05 biennium had the obligations not been issued. Specify that this would exclude the Department of Employee Trust Funds and the Investment Board, which are funded using pension trust fund monies. Estimate these lapse or transfer amounts at $33,100,000 in 2003-04 and $36,100,000 in 2004-05.

Require the Secretary to lapse to the general fund, from GPR, PR and PR-S appropriations, the amounts determined by the Secretary that would otherwise have been expended from each of the appropriations for the state's unfunded prior service liability. For SEG and SEG-S appropriations, require the Secretary to lapse the amount that would otherwise have been expended from each of the appropriations to each underlying segregated fund and transfer an amount equal to the lapsed amount from each underlying segregated fund to the general fund. Require the DOA Secretary to make these lapses on the day on which the state agency would otherwise have been required to make the expenditure. Specify that after the Secretary makes the lapse, each of the sum certain appropriations would be decreased by the amount identified for that appropriation.

Specify that for each GPR and SEG sum sufficient appropriations that would be subject to the lapse requirement, the expenditure estimate for the appropriation during the 2003-05 biennium would be required to be reestimated to subtract the amount identified to be lapsed from these appropriations. For each FED or SEG-F appropriation, the DOA Secretary would be required to determine the amount that would be lapsed or transferred to the general fund from each appropriation.

Joint Finance/Legislature: Reestimate the GPR-Lapse amounts associated with the Governor's proposal to be $68,922,000, which would be $278,000 less than the GPR lapse estimates included under the bill (estimated savings would be $1,310,000 greater in 2003-04 and $1,588,000 less in 2004-05).

Direct the DOA Secretary to determine for each state agency, other than for ETF and the State of Wisconsin Investment Board, the amounts credited by ETF to each agency's nonfederal PR, PR-S, SEG and SEG-S appropriations during 2003-04 associated with the state liquidating its unfunded accrued prior service pension liability. Direct the DOA Secretary, in making the calculation, to determine the amounts credited by ETF for the payment of unfunded pension liability contributions under the WRS since the last principal payment was credited to that liability in January, 2003. During 2003-04, direct the Secretary of DOA to transfer the amounts calculated from each affected state agency's nonfederal PR and PR-S appropriations to the general fund. Similarly, direct the Secretary to lapse the amounts calculated from each affected agency's nonfederal SEG and SEG-S appropriations to the appropriate segregated fund. After making this lapse, direct the Secretary to transfer an amount equal to the amounts lapsed from the appropriate segregated funds to the general fund. This action would result in an estimated additional GPR-lapse of $20,000,000 in 2003-04.

Direct the DOA Secretary to assess each PR and SEG account, and FED account, if federal funds are involved in the transaction, for the percentage of debt service costs that are associated with each fund's share of the unfunded pension liability that would have otherwise been paid by those funding sources. In making this determination, require the DOA Secretary to include in their biennial budget fringe benefit calculations the percentage each fund source's contribution to debt service on the pension bonds in that biennium, which would be based on the percentage that each fund source makes up of the state's unfunded liability at the time liability is liquidated. Extend, until the pension bonds are retired, the authority provided under the bill that would allow the DOA Secretary to lapse or transfer each agency's unfunded liability payments to the general fund.

Accumulated Sick Leave Conversion Credit Program Liability. Extend the Governor's proposal to include the issuance of bonds to pay off the state's unfunded accumulated sick leave conversion credit program liability. Authorize DOA or the Building Commission to pay off all or part of the state's unfunded accumulated sick leave conversion credit program liability through the issuance of up to $600 million in either revenue obligation bonds or appropriation obligation bonds. Authorize DOA to lapse or transfer to the general fund, an estimated $51,693,300 ($25,145,600 in 2003-04 and $26,547,700 in 2004-05) from agency appropriations from which fringe benefit funding is provided that would otherwise have been expended to make the state's unfunded accumulated sick leave conversion credit program liability payments in the 2003-05 biennium.

In addition, direct the DOA Secretary to assess each PR and SEG account, and FED account, if federal funds are involved in the transaction, for the percentage of debt service costs that are associated with each fund's share of the unfunded accumulated sick leave conversion credit program liability that would have otherwise been paid by those funding sources. In making this determination, require the DOA Secretary to include in the biennial budget fringe benefit calculations the percentage of each fund source's contribution to debt service on bonds issued to pay of the state's accumulated sick leave conversion credit program liability in that biennium. Specify that the calculation be based on the percentage that each fund source makes up of the state's unfunded accumulated sick leave conversion credit program liability at the time the liability is liquidated. Authorize, until the bonds are retired, the DOA Secretary to lapse or transfer each agency's unfunded accumulated sick leave conversion credit program liability payments to the general fund. Include debt service payments on bonds, issued for paying off the state's accumulated sick leave conversion credit program liability as an allowable use of funds under the debt service appropriation created under the bill.

Require that the any amount of excise tax revenue bond obligation issued for either liability would reduce the bonding authority for appropriation obligation bonds, and vice versa. This would statutorily limit the overall amount of bonds authorized to $1,350,000,000 for both the unfunded prior service liability and the accumulated sick leave conversion credit program liability.

[Act 33 Sections: 21, 171m, 172m, 181, 182, 182d, 252 thru 267, 567, 571, 577 thru 580, 835, 860, and 9101(9)&(9q)]

7. AGREEMENTS AND ANCILLARY ARRANGEMENTS ON GENERAL OBLIGATION DEBT AND OPERATING NOTES [LFB Paper 193]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Lapse	$4,500,000	- $4,500,000	$0

Governor: Modify current law authorizing agreements or ancillary arrangements relating to state general obligation debt, and operating notes.

Based on information from the administration, these modifications would allow the state to sell certain investment options associated with general obligation bonds to a third party at the time such obligations are issued. Under these investment options, the state would sell a right associated with a long-term obligation issue to a financial institution. The right would allow that institution to compel the state to call its fixed rate long-term bonds in the future. To meet this call, the state would issue lower variable rate bonds, which the financial institution would agree to pay off. In exchange, the state would continue to pay the investment bank the long-term fixed rate on the new amount borrowed. This option allows the state to sell an agreement or arrangement for a future right to a financial institution now that could allow the financial institution the ability to take advantage of any future interest rate differences on the state's fixed rate debt and the corresponding variable rates at that time.

DOA Capital Finance officials estimate that the state could receive $4,500,000 in 2003-04 associated with the sale of these agreements or arrangements. These amounts would be applied to the GPR debt service appropriations that correspond to the purposes for which the initial bonds are sold. Because the purposes of bonds for which these agreements or arrangements may be sold are not known, for the purposes of the state's general fund condition statement the amounts would be considered to lapsed from these GPR sum sufficient debt service appropriations.

The bill would make the following modifications to relating to the payment and receipt of funds on agreements and ancillary arrangements associated with state general obligation bonds and operating notes:

Modifications to State General Obligation Debt. Specify that the Building Commission could enter into agreements or ancillary arrangements at the time of, or in anticipation of, or after issuing public debt. Authorize the Building Commission to determine whether any payments received or paid on agreements or ancillary arrangements relating to public debt would be deposited into, or made from, the bond security redemption fund (BSRF) or the capital improvement fund (CIF). Require that the Commission make this determination when the Commission contracts for any such agreement or ancillary arrangements. Specify that the Commission, in making payment from these funds, would also have the authority to determine the timing of any transfer of funds.

Provide that monies received from the issuance of public debt or payments from any agreement or ancillary arrangement relating to public debt would be deposited in the CIF, except as follows: (a) any monies representing accrued interest or that are for funding or refunding bonds would be credited to the BSRF or the building trust fund; and (b) any monies that represent a premium or that are from an agreement or ancillary arrangement relating to public debt could be credited to the BSRF or the CIF, as determined by the Building Commission. Under current law, monies received from the issuance of public debt are deposited in the CIF, except that any monies representing a premium or accrued interest or that are for funding or refunding bonds are credited to the BSRF or the building trust fund.

Authorize expenditures from the CIF for any payment due under an agreement or ancillary arrangement with respect to public debt and modify current law governing the transfer of the proceeds of public debt to the CIF to pay loans or notes, to also apply to these payments.

Modify current law governing expenditures from the BSRF to add payments due under an agreement or ancillary arrangement as an allowable purpose. Under current law, the BSRF is used to pay principal, interest and premium, if any, on public debt. Related provisions concerning debt service appropriations and the BSRF would be modified to reflect this additional spending purpose.

Delete the current law limitation that an interest exchange agreement is not considered public debt of the state.

Modifications to Operating Note Obligations. Delete current law references that specify that the Building Commission's authority to enter into agreements and ancillary arrangements for public debt applies to operating notes. Instead, create similar authority under the statutes governing operating notes, except specify that the Commission would have that authority at the time of, or in anticipation of, and after issuing operating notes. Delete the Building Commission's specific authority to purchase insurance on operating notes, which, under the bill, could be purchased as part of an agreement or ancillary arrangement.

In addition, specify that any payment made or received under such agreements or arrangements would be made from, or deposited to, the general fund or the operating note redemption fund, as determined by the Commission.

Specify that all moneys resulting from payments to be received under an agreement or ancillary arrangement regarding operating notes would be credited to the general fund. Authorize the operating note redemption fund to make payments due on an agreement or ancillary arrangement entered into with respect to operating notes. Specify that the payments due under these agreements or arrangements with respect to operating notes would be an allowable purpose for which funds could be transferred from the GPR sum sufficient appropriation for debt service on operating notes to the operating note redemption fund.

Joint Finance/Legislature: Delete provision.

8. GENERAL OBLIGATION AND REVENUE OBLIGATION MODIFICATIONS

Governor/Legislature: Make the following modifications to the statutes relating to general obligation and revenue obligation debt:

a. delete the requirement that the Building Commission periodically require competitive proposals, under procedures established by the Commission, for fiscal agent services and that the Commission consult the State Treasurer in doing so;

b. delete current law that authorizes the deposit with a fiscal agent, in a special dedicated account, of monies sufficient to enable the fiscal agent to pay the principal and interest on public debt which will come due not more than 15 days after the deposit;

c. delete the current law references to interest coupons in provisions relating to required features of evidences of indebtedness;

d. clarify that current law authorizing the procurement of financial services by the Building Commission would also apply to revenue obligation debt;

e. authorize payments of principal and interest for registered public debt to be made by electronic transfer;

f. delete references to interest coupons on bonds acquired by a sinking fund that was generated by those bonds;

g. delete current law for revenue obligations requiring that refunding obligations be exchanged for a like or greater principal amount, unless the Building Commission determines that additional obligations are needed to pay redemption premiums and unpaid interest to the date of exchange. Instead, authorize the exchange of amounts refunding obligations determined by the Commission to be necessary or advisable; and

h. expand current law that limits the investment of the bond security and redemption fund to direct obligations of the United States, to allow the fund's assets to be invested in securities issued by the United States, or one of its agencies, and securities fully guaranteed by the United States.

[Act 33 Sections: 243, 249, 250, 251, 252, 268, and 842]

BUILDING PROGRAM

Budget Change Items

1. 2003-05 ENUMERATED PROJECTS [LFB Papers 200, 201, and 391]

	Governor/Bldg. Comm. (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg)	Net Change
All Funds	$533,934,800	$84,502,000	$3,000,000	- $3,000,000	$618,436,800

Building Commission: Provide $533,934,800 from all funding sources of enumerated 2003-05 financing authority for: (a) specific enumerated projects ($288,294,800); and (b) all agency projects ($245,640,000).

Specify that funding for these projects be drawn from the following sources: (a) $475,077,300 from new general obligation bonding authority; (b) $2,702,000 from general obligation bonding authority that is currently authorized; (c) $10,690,400 of revenue bonding authority; (d) $12,338,100 from agency operating funds; (e) $14,918,000 from federal funds; and (f) $18,209,000 from agency gifts, grants and other receipts.

Joint Finance: Modify the Building Commission's 2003-05 state building program recommendations as follows:

a. Decrease Building Commission all agency general fund supported, general obligation bonding by $30,198,000 ($18,575,000 for facility maintenance and repair projects, $7,570,000 for utilities repair and renovation projects, and $4,053,000 for health safety and environmental protection projects);

b. Enumerate the purchase of a Walnut Street Steam and Chilled-Water Plant on the University of Wisconsin-Madison campus for $90,000,000. Provide $90,000,000 in University System self amortizing general obligation bonding to fund the purchase of the facility;

c. Enumerate a $30,000,000 Phoenix Sport Center Addition project on the University of Wisconsin-Green Bay campus. Provide $7,500,000 general fund supported, general obligation bonding, $15,000,000 in agency operating funds (segregated fees) and $7,500,000 in gifts and grants funding for the project; and

d. Decrease State Fair Park Board self amortizing general obligation bonding by $5,300,000 for projects at the Park that were proposed to be enumerated.

Senate/Legislature: Enumerate a $3,000,000 Hmong Cultural Center project to be constructed at the corner of 16th and National Avenue in Milwaukee as part of the 2003-05 state building program. Provide the Building Commission $3,000,000 in general fund supported, general obligation bonding for the project.

The funding sources for the 2003-05 enumerated project authority by agency are shown in Table 1. A listing of individual major agency projects enumerated as part of the 2003-05 state building program as recommended by the Building Commission is provided in Table 2.

Veto by Governor [D-14]: Delete the enumeration of the $3,000,000 Hmong Cultural Center project as part of the 2003-05 state building program.

[Act 33 Section: 9106(1)]

[Act 33 Vetoed Section: 9106(1)(hm)]

TABLE 1

Building Commission Recommended Financing Sources for the 2003-05 Enumerated Projects

	New General Obligation Bonds				Existing General	Agency			
	GPR	PR	SEG	Revenue Bonds	Obligation Bonds	Operating Funds	Gifts and Grants	Federal	Total
Administration	$0	$7,745,400	$0	$2,204,600	$0	$0	$0	$0	$9,950,000
Corrections	6,619,800	0	0	0	0	0	0	0	6,619,800
Health and Family Services*	734,300	0	0	0	0	0	0	0	734,300
Military Affairs	2,346,900	0	0	0	0	0	0	12,395,100	14,742,000
Natural Resources	0	0	13,941,500	0	2,399,000	2,937,000	1,383,000	0	20,660,500
State Fair Park	0	11,300,000	0	0	0	0	0	0	11,300,000
Transportation	0	0	250,000	4,178,800	0	0	0	0	4,428,800
UW System	49,159,600	144,354,400	0	0	0	5,831,000	15,490,000	345,000	215,180,000
Veterans Affairs	87,700	3,891,700	0	0	0	246,100	0	453,900	4,679,400
Subtotal	$58,948,300	$167,291,500	$14,191,500	$6,383,400	$2,399,000	$9,014,100	$16,873,000	$13,194,000	$288,294,800
All Agency									
Facilities Repair and Renovation	$120,118,000	$9,642,000	$529,000	$4,307,000	$303,000	$1,294,000	$296,000	$934,000	$137,423,000
Utilities Repair and Renovation	48,949,000	10,150,000	0	0	0	2,030,000	0	565,000	61,694,000
Health, Safety and Environmental Protection	26,206,000	827,000	0	0	0	0	1,040,000	0	28,073,000
Preventative Maintenance Program	6,000,000	0	0	0	0	0	0	0	6,000,000
Programmatic Remodeling and Renov.	6,775,000	0	0	0	0	0	0	225,000	7,000,000
Land and Property Acquisition	2,950,000	2,500,000	0	0	0	0	0	0	5,450,000
Subtotal	$210,998,000	$23,119,000	$529,000	$4,307,000	$303,000	$3,324,000	$1,336,000	$1,724,000	$245,640,000
TOTAL	$269,946,300	$190,410,500	$14,720,500	$10,690,400	$2,702,000	$12,338,100	$18,209,000	$14,918,000	$533,934,800

*Bonding is provided for the Department of Veterans Affairs' central chilled water plant project at Southern Center.

TABLE 1 (continued)

Joint Finance Committee Recommended Financing Sources for the 2003-05 Enumerated Projects

	New General Obligation Bonds				Existing				
				Revenue	General Obligation	Agency Operating	Gifts		
	GPR	PR	SEG	Bonds	Bonds	Funds	and Grants	Federal	Total
Administration	$0	$7,745,400	$0	$2,204,600	$0	$0	$0	$0	$9,950,000
Corrections	6,619,800	0	0	0	0	0	0	0	6,619,800
Health and Family Services*	734,300	0	0	0	0	0	0	0	734,300
Military Affairs	2,346,900	0	0	0	0	0	0	12,395,100	14,742,000
Natural Resources	0	0	13,941,500	0	2,399,000	2,937,000	1,383,000	0	20,660,500
State Fair Park	0	6,000,000	0	0	0	0	0	0	6,000,000
Transportation	0	0	250,000	4,178,800	0	0	0	0	4,428,800
UW System	56,659,600	234,354,400	0	0	0	20,831,000	22,990,000	345,000	335,180,000
Veterans Affairs	87,700	3,891,700	0	0	0	246,100	0	453,900	4,679,400
Subtotal	$66,448,300	$251,991,500	$14,191,500	$6,383,400	$2,399,000	$24,014,100	$24,373,000	$13,194,000	$402,994,800
All Agency									
Facilities Repair and Renovation	$101,543,000	$9,642,000	$529,000	$4,307,000	$303,000	$1,294,000	$296,000	$934,000	$118,848,000
Utilities Repair and Renovation	41,379,000	10,150,000	0	0	0	2,030,000	0	565,000	54,124,000
Health, Safety and Environmental Protection	22,153,000	827,000	0	0	0	0	1,040,000	0	24,020,000
Preventative Maintenance Program	6,000,000	0	0	0	0	0	0	0	6,000,000
Programmatic Remodeling and Renov.	6,775,000	0	0	0	0	0	0	225,000	7,000,000
Land and Property Acquisition	2,950,000	2,500,000	0	0	0	0	0	0	5,450,000
Subtotal	$180,800,000	$23,119,000	$529,000	$4,307,000	$303,000	$3,324,000	$1,336,000	$1,724,000	$215,442,000
TOTAL	$247,248,300	$275,110,500	$14,720,500	$10,690,400	$2,702,000	$27,338,100	$25,709,000	$14,918,000	$618,436,800

*Bonding is provided for the Department of Veterans Affairs' central chilled water plant project at Southern Center.

TABLE 1 (continued)

Senate/Legislature Recommended Financing Sources for the 2003-05 Enumerated Projects

	New General Obligation Bonds			Revenue Bonds	Existing General Obligation Bonds	Agency Operating Funds	Gifts and Grants	Federal	Total
	GPR	PR	SEG						
Administration	$0	$7,745,400	$0	$2,204,600	$0	$0	$0	$0	$9,950,000
Building Commission	3,000,000	0	0	0	0	0	0	0	3,000,000
Corrections	6,619,800	0	0	0	0	0	0	0	6,619,800
Health and Family Services*	734,300	0	0	0	0	0	0	0	734,300
Military Affairs	2,346,900	0	0	0	0	0	0	12,395,100	14,742,000
Natural Resources	0	0	13,941,500	0	2,399,000	2,937,000	1,383,000	0	20,660,500
State Fair Park	0	6,000,000	0	0	0	0	0	0	6,000,000
Transportation	0	0	250,000	4,178,800	0	0	0	0	4,428,800
UW System	56,659,600	234,354,400	0	0	0	20,831,000	22,990,000	345,000	335,180,000
Veterans Affairs	87,700	3,891,700	0	0	0	246,100	0	453,900	4,679,400
Subtotal	$69,448,300	$251,991,500	$14,191,500	$6,383,400	$2,399,000	$24,014,100	$24,373,000	$13,194,000	$405,994,800
All Agency									
Facilities Repair and Renovation	$101,543,000	$9,642,000	$529,000	$4,307,000	$303,000	$1,294,000	$296,000	$934,000	$118,848,000
Utilities Repair and Renovation	41,379,000	10,150,000	0	0	0	2,030,000	0	565,000	54,124,000
Health, Safety and Environmental Protection	22,153,000	827,000	0	0	0	0	1,040,000	0	24,020,000
Preventative Maintenance Program	6,000,000	0	0	0	0	0	0	0	6,000,000
Programmatic Remodeling and Renov.	6,775,000	0	0	0	0	0	0	225,000	7,000,000
Land and Property Acquisition	2,950,000	2,500,000	0	0	0	0	0	0	5,450,000
Subtotal	$180,800,000	$23,119,000	$529,000	$4,307,000	$303,000	$3,324,000	$1,336,000	$1,724,000	$215,442,000
TOTAL	$250,248,300	$275,110,500	$14,720,500	$10,690,400	$2,702,000	$27,338,100	$25,709,000	$14,918,000	$621,436,800

*Bonding is provided for the Department of Veterans Affairs' central chilled water plant project at Southern Center.

TABLE 1 (continued)

Act 33 Recommended Financing Sources for the 2003-05 Enumerated Projects

	New General Obligation Bonds GPR	PR	SEG	Revenue Bonds	Existing General Obligation Bonds	Agency Operating Funds	Gifts and Grants	Federal	Total
Administration	$0	$7,745,400	$0	$2,204,600	$0	$0	$0	$0	$9,950,000
Corrections	6,619,800	0	0	0	0	0	0	0	6,619,800
Health and Family Services*	734,300	0	0	0	0	0	0	0	734,300
Military Affairs	2,346,900	0	0	0	0	0	0	12,395,100	14,742,000
Natural Resources	0	0	13,941,500	0	2,399,000	2,937,000	1,383,000	0	20,660,500
State Fair Park	0	6,000,000	0	0	0	0	0	0	6,000,000
Transportation	0	0	250,000	4,178,800	0	0	0	0	4,428,800
UW System	56,659,600	234,354,400	0	0	0	20,831,000	22,990,000	345,000	335,180,000
Veterans Affairs	87,700	3,891,700	0	0	0	246,100	0	453,900	4,679,400
Subtotal	$66,448,300	$251,991,500	$14,191,500	$6,383,400	$2,399,000	$24,014,100	$24,373,000	$13,194,000	$402,994,800
All Agency									
Facilities Repair and Renovation	$101,543,000	$9,642,000	$529,000	$4,307,000	$303,000	$1,294,000	$296,000	$934,000	$118,848,000
Utilities Repair and Renovation	41,379,000	10,150,000	0	0	0	2,030,000	0	565,000	54,124,000
Health, Safety and Environmental Protection	22,153,000	827,000	0	0	0	0	1,040,000	0	24,020,000
Preventative Maintenance Program	6,000,000	0	0	0	0	0	0	0	6,000,000
Programmatic Remodeling and Renov.	6,775,000	0	0	0	0	0	0	225,000	7,000,000
Land and Property Acquisition	2,950,000	2,500,000	0	0	0	0	0	0	5,450,000
Subtotal	$180,800,000	$23,119,000	$529,000	$4,307,000	$303,000	$3,324,000	$1,336,000	$1,724,000	$215,442,000
TOTAL	$247,248,300	$275,110,500	$14,720,500	$10,690,400	$2,702,000	$27,338,100	$25,709,000	$14,918,000	$618,436,800

*Bonding is provided for the Department of Veterans Affairs' central chilled water plant project at Southern Center.

TABLE 2

State Agency 2003-05 Enumerated Major Projects
Total Project Authority (All Funding Sources)

	Building Commission	Jt. Finance	Senate/Leg.	Act 33
Administration				
Hill Farms State Office Building Remodeling	$9,950,000	$9,950,000	$9,950,000	$9,950,000
Building Commission				
Hmong Cultural Center	0	0	3,000,000	0
Corrections				
Wisconsin Secure Program Facility Indoor/Outdoor Recreation Facilities Remodeling and Addition	$3,400,000	$3,400,000	$3,400,000	$3,400,000
Green Bay Correctional Institution - Secure Workstations	1,419,800	1,419,800	1,419,800	1,419,800
800 Megahertz Radio Systems -- Statewide	1,800,000	1,800,000	1,800,000	1,800,000
Total	$6,619,800	$6,619,800	$6,619,800	$6,619,800
Military Affairs				
Armory -- Camp Douglas	$6,600,000	$6,600,000	$6,600,000	$6,600,000
Repair and Expansion of Helicopter Parking and Taxiways	5,892,000	5,892,000	5,892,000	5,892,000
Motor Vehicle Storage Buildings -- Antigo, Hayward, and Medford	2,250,000	2,250,000	2,250,000	2,250,000
Total	$14,742,000	$14,742,000	$14,742,000	$14,742,000
Natural Resources				
Horicon Marsh State Wildlife Area -- International Education Center	$2,864,000	$2,864,000	$2,864,000	$2,864,000
Rib Mountain State Park Water Supply Sys. Replacement	1,093,000	1,093,000	1,093,000	1,093,000
Badger State Trail Surfacing	1,056,000	1,056,000	1,056,000	1,056,000
Wild Rose Fish Hatchery Renovation -- Phase 1	12,710,500	12,710,500	12,710,500	12,710,500
Ranger Stations -- Pembine and Winter	1,586,000	1,586,000	1,586,000	1,586,000
Wilson State Nursery Expansion	1,351,000	1,351,000	1,351,000	1,351,000
Total	$20,660,500	$20,660,500	$20,660,500	$20,660,500
State Fair Park Board				
Site Lighting	$1,500,000	$0	$0	$0
Parking Lot Development	3,000,000	0	0	0
Land Acquisition	5,000,000	0	0	0
Racetrack Infield Improvements	1,800,000	0	0	0
Site Lighting, Parking Lot Development, Land Acquisition and Racetrack Infield Improvements	0	6,000,000	6,000,000	6,000,000
Total	$11,300,000	$6,000,000	$6,000,000	$6,000,000
Transportation				
Radio Towers -- Statewide	$4,428,800	$4,428,800	$4,428,800	$4,428,800
University of Wisconsin System				
Eau Claire - Children's Center	$1,842,000	$1,842,000	$1,842,000	$1,842,000
Extension - WHA Television and Radio Equipment	1,405,000	1,405,000	1,405,000	1,405,000
- Lowell Hall Improvements	1,144,000	1,144,000	1,144,000	1,144,000
Green Bay - University Union Expansion	6,000,000	6,000,000	6,000,000	6,000,000
- Phoenix Sports Center Addition	0	30,000,000	30,000,000	30,000,000
La Crosse - Residence Hall	22,344,000	22,344,000	22,344,000	22,344,000

		Building Commission	Jt. Finance	Senate/Leg.	Act 33
Madison	- Integrated Dairy Program Facilities	$8,268,000	$8,268,000	$8,268,000	$8,268,000
	- Distribution Services Facility Purchase	5,300,000	5,300,000	5,300,000	5,300,000
	- Parking Ramps	20,000,000	20,000,000	20,000,000	20,000,000
	- Kemp Station Housing	696,000	696,000	696,000	696,000
	- Observatory Preservation & Remodeling	3,000,000	3,000,000	3,000,000	3,000,000
	- Hancock Agricultural Research Station -- Potato Research Building	1,500,000	1,500,000	1,500,000	1,500,000
	- Walnut Street Heat and Chilled-Water Plant Purchase	0	90,000,000	90,000,000	90,000,000
Oshkosh	- Recreation and Wellness Center	20,206,000	20,206,000	20,206,000	20,206,000
	- Titan Stadium Expansion	6,500,000	6,500,000	6,500,000	6,500,000
	- Reeve Union Development and Plaza	1,000,000	1,000,000	1,000,000	1,000,000
Parkside	- Student Union Expansion & Admissions Office	22,164,000	22,164,000	22,164,000	22,164,000
Platteville	- Glenview Commons Improvements	2,946,000	2,946,000	2,946,000	2,946,000
River Falls	- Dairy Learning Center -- Phase 2	3,782,000	3,782,000	3,782,000	3,782,000
Stevens Point	- University Ctr. Remodeling & Addition	16,720,000	16,720,000	16,720,000	16,720,000
Stout	- Holvid Hall Remodeling and Addition	8,570,000	8,570,000	8,570,000	8,570,000
	- Price Commons Addition Completion	514,000	514,000	514,000	514,000
Superior	- Wessman Arena Locker Room Addition	1,124,000	1,124,000	1,124,000	1,124,000
	- Student Center Renovation - Phase 1	7,500,000	7,500,000	7,500,000	7,500,000
System	- Classroom Renovation/Inst. Technology	5,000,000	5,000,000	5,000,000	5,000,000
	- Movable and Special Equipment	1,500,000	1,500,000	1,500,000	1,500,000
	- Utilities Improvements	19,585,000	19,585,000	19,585,000	19,585,000
Whitewater	- Upham Hall Science Building Renovation and Addition -- Phase 2	16,743,000	16,743,000	16,743,000	16,743,000
	- Conner University Center Addition and Remodeling -- Phase 1	7,430,000	7,430,000	7,430,000	7,430,000
	- Moraine Hall Remodeling	2,397,000	2,397,000	2,397,000	2,397,000
Total		$215,180,000	$335,180,000	$335,180,000	$335,180,000
Veteran's Affairs					
Southern Wisconsin Veterans Retirement Center					
	- Central Chilled Water Plant	$2,363,700	$2,363,700	$2,363,700	$3,636,700
	- Housing Unit Remodeling	2,350,000	2,350,000	2,350,000	2,350,000
Transitional Housing Unit -- Madison		700,000	700,000	700,000	700,000
Total		$5,413,700	$5,413,700	$5,413,700	$5,413,700
All Agency					
Facility Maintenance and Repair		$137,423,000	$118,848,000	$118,848,000	$118,848,000
Utilities Repair and Renovation		61,694,000	54,124,000	54,124,000	54,124,000
Health, Safety and Environmental Protection		28,073,000	24,020,000	24,020,000	24,020,000
Preventative Maintenance Program		6,000,000	6,000,000	6,000,000	6,000,000
Programmatic Remodeling and Renovation		7,000,000	7,000,000	7,000,000	7,000,000
Land and Property Acquisition		5,450,000	5,450,000	5,450,000	5,450,000
Total		$245,640,000	$215,442,000	$215,442,000	$215,442,000
Total -- All Projects		$533,934,800	$618,436,800	$621,436,800	$618,436,800

2. MODIFICATIONS TO 2001-03 STATE BUILDING PROGRAM [LFB Paper 391]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
All Funds	$19,278,000	- $34,000,000	- $14,722,000

Building Commission: Provide $15,278,000 in additional general obligation bonding including and $4,000,000 in gifts, grants, and other receipts funding for the following University of Wisconsin System projects enumerated in the 2001-03 state building program.

	General Obligation Bonding GPR	General Obligation Bonding PR	Gifts	Subtotal Additional Funding	Total Project Funding
University of Wisconsin System					
Veterinary Diagnostic Laboratory - Madison	$2,400,000	$2,500,000	$0	$4,900,000	$28,500,000
Student Union - River Falls	0	3,684,000	0	3,684,000	28,786,000
North Campus Master Plan Phase 1 - Stout	0	6,694,000	0	6,694,000	16,694,000
Fine Arts Center Addition and Remodeling - Stevens Point	0	0	4,000,000	4,000,000	30,120,000
Total	$2,400,000	$12,878,000	$4,000,000	$19,278,000	$104,100,000

Adjust the funding totals for these projects under the 2001-03 state building program enumerations to reflect the additional funding for the projects. Provide the additional general obligation bonding amounts for these projects as follows: (a) $2,400,000 of general fund supported bonding and $2,500,000 in program revenue supported bonding for the Veterinary Diagnostic Laboratory at UW Madison; (b) $6,694,000 in program revenue supported bonding for the North Campus Master Plan Phase 1 project at UW-Stout; and (c) $3,684,000 in program revenue supported borrowing for the Student Union at UW-River Falls. Modify the project enumeration for the Fine Arts Center Addition and Remodeling project at UW-Stevens Point to add $4,000,000 in gifts, grants and other receipts.

Joint Finance/Legislature: Delete the enumeration of a $34,000,000 Exposition Hall project at State Fair Park which was enumerated under the 2001-03 state building program. The $34,000,000 in State Fair Park Board self-amortizing bonding provided for the project would also be deleted. Adjust the 2001-03 Building Program totals to reflect the deletion of the Exposition Hall project enumeration.

[Act 33 Sections: 680e, 680g, 690m, 2813e thru 2813j, and 9106(6)&(7)]

3. BONDING AUTHORIZATIONS IN BUILDING PROGRAM

Building Commission: Provide $490,355,300 in new general obligation bonding authority for 2003-05 and 2001-03 building program projects, as shown in the following table.

Joint Finance: Provide $518,357,300 in new general obligation bonding authority for 2003-05 and 2001-03 building program projects as shown in the following table.

Senate/Legislature: Provide $521,357,300 in new general obligation bonding authority for 2003-05 and 2001-03 building program projects as shown in the following table.

Veto by Governor [D-14]: Delete $3,000,000 in new general obligation bonding authority for the Hmong Cultural Center.

2003-05 Building Program Bonding Authorizations

Purpose	Building Commission	Jt. Finance	Senate/Leg.	Act 33
Building Commission				
Other Public Purposes (All Agency Projects)	$210,998,000	$180,800,000	$180,800,000	$180,800,000
Housing State Agencies	16,721,400	16,721,400	16,721,400	16,721,400
Project Contingencies	2,953,700	2,953,700	2,953,700	2,953,700
Capital Equipment Acquisitions	1,203,500	1,203,500	1,203,500	1,203,500
Hmong Cultural Center	0	0	3,000,000	0
Corrections				
Correctional Facilities	6,092,800	6,092,800	6,092,800	6,092,800
Health and Family Services				
Mental Health Facilities	734,300	734,300	734,300	734,300
Military Affairs				
Armories and Military Facilities	1,971,900	1,971,900	1,971,900	1,971,900
Natural Resources				
SEG Supported Facilities	14,720,500	14,720,500	14,720,500	14,720,500
State Fair Park				
Self-Amortizing Facilities	11,300,000	6,000,000	6,000,000	6,000,000
University of Wisconsin				
Academic Facilities	45,992,100	53,492,100	53,492,100	53,492,100
Self-Amortizing Facilities	157,497,400	247,497,400	247,497,400	247,497,400
Veterans Affairs				
Self-Amortizing Facilities	4,891,700	4,891,700	4,891,700	4,891,700
Subtotal	$475,077,300	$537,079,300	$540,079,300	$537,079,300

2001-03 Building Program Bonding Authorizations

Purpose	Building Commission	Jt. Finance	Senate/Leg.	Act 33
University of Wisconsin System				
Academic Facilities	$2,400,000	$2,400,000	$2,400,000	$2,400,000
Self-Amortizing Facilities	12,878,000	12,878,000	12,878,000	12,878,000
State Fair Park Board				
Self-Amortizing Facilities	0	-34,000,000	-34,000,000	-34,000,000
Subtotal	$15,278,000	-$18,722,000	-$18,722,000	-$18,722,000
GRAND TOTAL	$490,355,300	$518,357,300	$521,357,300	$518,357,300

[Act 33 Sections: 680e, 680g, 683b, 685g, 685r, 687e thru 687m, 689e, 690e, and 690m]

[Act 33 Vetoed Section: 687p]

4. PR DEBT SERVICE -- VETERINARY DIAGNOSTIC LABORATORY

Building Commission/Legislature: Modify the current program revenue appropriation to which veterinary diagnostic laboratory fees are deposited and expended to include debt service on program revenue supported bonds issued for the construction of the veterinary diagnostic laboratory as an eligible expenditure from the appropriation.

Modify the Building Commission appropriation from the bond security and redemption fund to include the veterinary diagnostic laboratory program revenue appropriation as an appropriation that can be used to make debt service payments on state debt. Require the DOA Secretary, on a continuing basis, to encumber moneys from this program revenue account to reimburse this state debt appropriation for the debt service costs incurred in financing the veterinary diagnostic laboratory. Further, require that such moneys be encumbered as soon as practicable after ensuring that the general program operations of the laboratory are adequately funded.

Further, include the veterinary diagnostic laboratory as a facility for which the Building Commission's state building program PR debt service appropriation would guarantee full payment debt service if program revenues associated with the self amortizing project are not sufficient to meet those payments. Under current law, if Building Commission funds are used under this appropriation, those funds are to be repaid to the general fund whenever funds become available to make such a reimbursement.

[Act 33 Sections: 386L, 680, 690t, and 9101(10z)]

5. UW-MADISON COGENERATION PLANT [LFB Paper 201]

Joint Finance/Legislature: Enumerate a UW-Madison Walnut Street steam and chilled-water plant purchase project and authorize $90,000,000 in program revenue supported general obligation bonding. This project would involve the construction of a 150 MW cogeneration facility at UW-Madison to provide electricity, along with steam and chilled water services. Modify the current UW self-amortizing bonding appropriation to add facilities that support self-amortizing facilities to the allowable purposes of the bonding.

Create a program revenue continuing debt service appropriation for the UW-System that would authorize the expenditure of all monies received from utility charges to non-state entities that receive utility services from the campus's central utility plants including the UW Hospitals and Clinics Authority and agencies of the federal government (the Forest Products Research Lab, and the Veterans Administration Hospital). In addition, create a similar PR continuing debt service appropriation to receive payments from campus facilities through chargebacks and credits.

Require UW-Madison to report annually to DOA on the utility charges in the following fiscal year that would be used to fund debt service incurred in purchasing the plant and the methodology used to calculate those charges. Specify that the utility charges related to the project could not be assessed until approved by DOA.

The fiscal effect of this project is included in the totals under Items 1 and 2.

[Act 33 Sections: 386r, 386w, 680, 680g, 690t, 932m, and 9106(1)(g)]

6. UW-GREEN BAY PHOENIX SPORTS CENTER ADDITION

Joint Finance/Legislature: Enumerate a Phoenix Sports Center Addition project at UW-Green Bay with a total budget of $30,000,000 in all funds as part of the 2003-05 building program. Provide $7,500,000 of general fund supported general obligation bonding and specify that the remaining funding be enumerated as $7,500,000 in gifts and grants funding and $15,000,000 in other agency funds (student segregated fees). Specify that the general obligation bonds could not be issued before July 1, 2005.

The fiscal effect of this project is included in the totals under Items 1 and 2.

[Act 33 Sections: 680e, 9106(1)(g), and 9106(5)]

7. STATEMENT OF BUILDING PROGRAM CONTINUATION

Building Commission/Legislature: Continue the building and financing authority enumerated under all previous building programs into the 2003-05 biennium. Each building program is approved only for the current biennium; this provision would continue all past building programs into the 2003-05 biennium.

[Act 33 Section: 9106(2)]

8. PROJECT CONTINGENCY FUNDING RESERVE

Building Commission/Legislature: Specify that the Commission could, during the 2003-05 biennium, use bonding provided for project contingencies for any project in the building program. Generally, projects include an allowance of 5% to 7% of the total budget to cover unanticipated costs during construction.

[Act 33 Section: 9106(4)(a)]

9. CAPITAL EQUIPMENT ACQUISITION BONDING

Building Commission/Legislature: Authorize the Building Commission during the 2003-05 biennium to use bonding provided for capital acquisition in connection with any project in the authorized state building program.

[Act 33 Section: 9106(4)(b)]

10. PROJECT LOANS

Building Commission/Legislature: Authorize the Commission, during the 2003-05 biennium, to make loans from general fund-supported borrowing or the building trust fund to state agencies for any 2003-05 building program projects funded from non-GPR sources.

[Act 33 Section: 9106(3)]

11. HMONG CULTURAL CENTER

Senate/Legislature: Enumerate the construction of a $3,000,000 Hmong Cultural Center at the corner of National Avenue and 16th Street in Milwaukee as part of the 2003-05 state building program. Provide $3,000,000 in general fund supported general obligation bonding for the purpose of constructing the Center, and specify that there is a public purpose for this project. Create an appropriation to fund the debt service associated with the bonding.

Establish the following requirements related to the release of up to $3,000,000 in general fund supported borrowing: (a) specify that the Building Commission would authorize the bonding to provide a grant to an organization designated by the Secretary of the Department of Administration (DOA) that represents the Hmong people for the construction of the Center in

Milwaukee; (b) specify that DOA would review and approve the plans for the project although DOA could not supervise any services or work or let any contract for the project; and (c) specify that if the Building Commission makes a grant for the construction of the facility, the state would retain an ownership interest in the facility equal to the amount of the state's grant if the facility is not used as a Hmong Cultural Center or is not operated to serve the nonsectarian interests of the Hmong people. As a condition of the grant, the organization would be required to enter into an agreement with the DOA Secretary guaranteeing that the center would be operated to serve the nonsectarian cultural interests of the Hmong people.

Specify that Legislature finds that it will have a direct and immediate effect on a matter of statewide concern for the state to construct and operate a Hmong Cultural Center.

The fiscal effect of this project is included in the totals under Items 1 and 2.

Veto by Governor [D-14]: Delete provision as well as references to the project in summary schedules in Act 33.

[Act 33 Vetoed Sections: 26m, 285ag (as it relates to the Hmong Cultural Center), 286 (as it relates to s. 20.867(3)(bn)), 680 (as it relates to S. 20.867(3)(bn)), 687p, 690q, 9106(1)(hm), and 9106(7k)]

12. HR ACADEMY YOUTH AND FAMILY CENTER

Senate/Legislature: Modify current law relating to the HR Academy project that was enumerated as part of the 2001-03 building program with a project budget of $5,000,000 ($1,500,000 in general fund supported bonding and $3,500,000 in gifts and grants) as follows: (a) specify that the youth and family center would be open to the public and operated by HR Academy; (b) provide that before committing state funding, the Secretary of Administration would have to determine that no part of the center would be used for devotional activities, religious worship, or sectarian instruction and that HR Academy owns interests in real estate that are adequate for the siting and operation of the center; (c) require the HR Academy to enter into a land use restriction agreement limiting the use of the facilities funded by this state bonding to a youth and family center; (d) specify that if HR Academy fails to operate the center as a youth and family center that is open to the public or is used for devotional activities, religious worship, or sectarian instruction, the state may at the option of the Secretary of Administration pursue any legal remedies available, including requiring specific performance of the covenants contained in the land use restriction agreement; and (e) specify that the Legislature finds that building a youth center would deter delinquent behavior, build strong families and create viable communities and therefore would have a direct effect on these state responsibilities of statewide dimension.

[Act 33 Sections: 26e thru 26i]

CHILD ABUSE AND NEGLECT PREVENTION BOARD

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
FED	$780,000	$780,000	$780,000	$780,000	$780,000	$0	0.0%
PR	4,295,800	4,625,800	4,625,800	4,625,800	4,625,800	330,000	7.7
SEG	46,200	46,200	46,200	46,200	46,200	0	0.0
TOTAL	$5,122,000	$5,452,000	$5,452,000	$5,452,000	$5,452,000	$330,000	6.4%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
PR	4.00	4.00	4.00	4.00	4.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the Board's budget to reflect: (a) full funding of salaries and fringe benefits (-$3,900 PR annually); and (b) reclassification of positions ($3,900 PR annually).

2. PROGRAM REVENUE LAPSE

GPR-REV	$32,800

Governor/Legislature: Lapse $16,400 annually to the general fund from the Board's general operations PR appropriation.

Veto by Governor [D-3]: Allow the Board to submit an alternative plan to the DOA Secretary for the allocation of the lapse amount. After reviewing the plan, the Secretary would have the authority to implement it.

[Act 33 Section: 9260(1)]

[Act 33 Vetoed Section: 9260(1)]

3. FEDERAL ACCESS AND VISITATION GRANT

PR	$330,000

Governor/Legislature: Provide $165,000 in 2003-04 and 2004-05 to fund grants ($150,000) and program administration ($15,000) for eligible activities under the federal Access and Visitation grant. Currently, the Department of Workforce Development (DWD) receives the federal funds and transfers this funding to the Department of Health and Family Services (DHFS) to administer. DHFS would continue to receive the grant from DWD, but would transfer this funding to the Board to administer.

According to federal guidelines, states may use the federal grant to fund programs that support and facilitate access and visitation by non-custodial parents with their children, which may include mediation, counseling, education, visitation enforcement, and the development of parenting plans and guidelines for visitation and alternative custody arrangements.

CIRCUIT COURTS

Budget Summary							
Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$148,167,800	$157,841,300	$156,955,500	$156,955,500	$156,955,500	$8,787,700	5.9%

FTE Position Summary						
Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	511.00	511.00	511.00	511.00	511.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$8,571,200	- $101,600	$8,649,600

Governor: Provide $4,375,600 annually for the following adjustments to the base budget: (a) full funding of continuing salaries and fringe benefits ($4,324,800 annually); and (b) fifth week of vacation as cash ($50,800 annually). Full funding of salaries and fringe benefits includes 2000-01 judicial pay plan costs, and 2001-02 and 2002-03 judicial and non-judicial pay plan costs ($1,494,400 annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash ($50,800 annually).

2. INCREASE THE FEE FOR COURT SUPPORT SERVICES [LFB Paper 210]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$20,493,300	$2,108,000	$22,601,300

Governor: Increase the fee for court support services by 30%, as follows: (a) increase the $52 court support services fee under current law to $67.60 for certain civil actions and special proceedings, third-party complaints, appeals from municipal court, reviews of administrative decisions or forfeiture actions in circuit court; (b) increase the $130 court support services fee under current law to $169 for certain civil actions and special proceedings, third-party complaints or certain garnishment or wage earner actions, if the party paying the fee seeks the recovery of money and the amount claimed exceeds $5,000; and (c) increase the $39 court support services fee under current law to $50.70 for certain small claims actions (including counterclaims or cross complaints), civil actions and special proceedings, third-party complaints or certain garnishment or wage earner actions, if the party paying the fee seeks the recovery of money and the amount claimed is $5,000 or less. Specify that the fee increases would first apply to actions commenced on the effective date of the bill. The court support services fee is in addition to other court fees that may apply to these actions. The Governor estimates that the fee increases will generate revenues of $9,287,700 in 2003-04 and $11,205,600 in 2004-05, to be deposited to the general fund.

The state provides funding for various programs to offset county court costs, including circuit court support grants, guardian ad litem services grants and funding for the costs of transcripts for eligible indigent defendants. The court support services fee was created in 1993 to offset the cost of these programs to the state. In 2001-02, the court support services fee generated $28,224,200 in revenue. The administration's summary of the bill indicates that the Governor recommends increasing these fees to assist with funding court operations and to allow the state to increase reimbursement to counties for interpreter services.

Joint Finance/Legislature: Reestimate revenues generated by the court support services fee and establish the fees to whole numbers as follows: (a) increase to $68 the $52 fee for certain civil actions and special proceedings, third-party complaints, appeals from municipal court, reviews of administrative decisions or forfeiture actions; (b) increase to $169 the $130 fee for certain large claim civil actions and special proceedings, third-party complaints or certain garnishment or wage earner actions; and (c) increase to $51 the $39 fee for certain small claims actions, civil actions and special proceedings, third-party complaints or certain garnishment or wage earner actions. Total additional revenue would be $9,137,400 in 2003-04 and $13,463,900 in 2004-05.

[Act 33 Sections: 2708 thru 2710, and 9308(2)]

3. COURT INTERPRETERS [LFB Paper 211]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$922,300	- $784,200	$138,100

Governor: Provide $357,000 in 2003-04 and $565,300 in 2004-05 to increase state reimbursement to counties for court interpreter services (foreign language interpreters and interpreters for the hearing impaired). Modify statutory language to specify that a court, in all criminal and civil proceedings, must provide an interpreter for a party or witness who has limited English proficiency, regardless of indigence. Specify that the modification would first apply to actions commenced on the effective date of the bill.

Under current law, the state provides reimbursement to counties for interpreter services for indigent persons in criminal, delinquency, protective, services, Chapter 48 (children's code) and Chapter 51 (alcohol, drug abuse, development disabilities and mental health act) proceedings at the rate of $40 per hour for certified interpreters and $30 per hour for qualified interpreters, with base level funding of $595,000. Funding would be divided as follows: (a) $59,500 in 2003-04 and $119,000 in 2004-05 for projected increased use of interpreters under current law; and (b) $297,500 in 2003-04 and $446,300 in 2004-05 for the requested statutory change to provide interpreters in civil cases and regardless of indigence. Under the bill, total court interpreter reimbursement funding would be $952,000 in 2003-04 and $1,160,300 in 2004-05.

Joint Finance/Legislature: Delete $297,500 in 2003-04 and $446,300 in 2004-05 and the provision which would provide interpreters in civil cases and regardless of indigence. Reestimate funding for the current court interpreter reimbursement program by -$14,600 in 2003-04 and -$25,800 in 2004-05. Total funding for the program would increase by $44,900 in 2003-04 and $93,200 in 2004-05.

4. APPROPRIATION LAPSES AND REESTIMATES [LFB Paper 705]

Governor/Legislature: Specify that the Chief Justice of the Supreme Court, acting as the administrative head of the judicial system, take actions during the 2003-05 fiscal biennium to ensure that from GPR state operations appropriations for the Circuit Courts, Court of Appeals, and Supreme Court, $750,000 annually is lapsed from sum certain appropriations or is subtracted from expenditure estimates for any other type of appropriation, or both. The adjustment represents 1.1% of the adjusted base budget for state operations of the Circuit Courts, Court of Appeals, and the Supreme Court. (See "Supreme Court.")

[Act 33 Section: 9248(1)]

COMMERCE

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$36,637,200	$42,892,600	$40,910,900	$40,910,900	$40,910,900	$4,273,700	11.7%
FED	75,089,400	146,759,800	146,757,400	146,757,400	146,757,400	71,668,000	95.4
PR	86,714,800	94,215,000	89,511,900	89,511,900	89,511,900	2,797,100	3.2
SEG	169,924,200	151,976,900	166,751,100	166,751,100	166,551,100	- 3,373,100	- 2.0
TOTAL	$368,365,600	$435,844,300	$443,931,300	$443,931,300	$443,731,300	$75,365,700	20.5%
BR		$115,000,000	$94,000,000	$94,000,000	$94,000,000		

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	73.00	68.00	68.00	68.00	68.00	- 5.00
FED	48.50	54.15	54.15	54.15	54.15	5.65
PR	262.45	237.45	236.45	236.45	236.45	- 26.00
SEG	99.30	77.90	82.40	82.40	82.40	- 16.90
TOTAL	483.25	437.50	441.00	441.00	441.00	- 42.25

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV			$58,800		$58,800	
GPR	- $156,800	0.00	- $21,400	0.00	- $178,200	0.00
FED	466,400	- 0.60	- 2,400	0.00	464,000	- 0.60
PR	- 50,000	0.00	- 79,800	0.00	- 129,800	0.00
SEG	121,500	- 3.00	- 19,000	0.00	102,500	- 3.00
Total	$381,100	- 3.60	- $122,600	0.00	$258,500	- 3.60

Governor: Provide adjustments of -$80,000 GPR, $92,600 SEG and -2.0 SEG positions in 2003-04, and -$76,800 GPR, $28,900 SEG and -3.0 SEG positions in 2004-05, and $233,200 FED and -$25,000 PR and -0.6 FED positions annually as standard budget adjustments. Adjustments are for: (a) turnover reduction (-$76,700 GPR, -$330,600 PR, and -$60,100 SEG annually); (b) removal of noncontinuing funding and positions (-$90,800 SEG and -2.0 SEG positions in 2003-04, and -$154,500 SEG and -3.0 SEG positions in 2004-05, and -$127,000 GPR, -$163,900 FED, -0.60 FED position and -$175,000 PR annually); (c) full funding of continuing salaries and fringe benefits ($92,400 GPR, $392,000 FED, $335,600 PR, and $203,500 SEG annually); (d) reclassifications ($20,600 GPR in 2003-04, and $23,800 GPR in 2004-05, and $3,900 FED, $5,200 PR and $30,500 SEG annually); (e) overtime ($99,900 PR annually); (f) fifth week vacation as cash ($10,700 GPR, $1,200 FED, $39,900 PR, and $9,500 SEG annually); and (g) minor transfers within the same alpha appropriation. In total, changes due to standard budget adjustments would increase funding by $220,800 and decrease positions by 2.0 in 2003-04, and increase funding by $160,300 and decrease positions by 3.0 in 2004-05.

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$10,700 GPR, -$1,200 FED, -$39,900 PR, and -$9,500 SEG annually). Require the agency to lapse to the general fund in each year a total of $49,400 from those PR and SEG accounts or funds from which the fifth week vacation as cash payments had been budgeted. Estimate GPR-REV to be $29,400 annually. Specify, however, that the agency is not required to lapse to the general fund any such PR or SEG amount that is from federal funds or that is from another fund source whose lapse to the general fund would be prohibited by state or federal laws or the state or federal constitution. Federal accounting requirements may prevent a lapse to the general fund of up to $20,000 PR annually from the administrative services appropriation.

[Act 33 Section: 9160(3f)]

2. BASE BUDGET REDUCTIONS

	Funding	Positions
GPR	- $1,735,200	- 10.80

Governor/Legislature: Delete $867,600 GPR and 10.80 GPR annually to reflect base year state operations budget reductions of 14.0%. The reductions are as follows:

a. Delete $139,300 and 1.0 vacant Division Administrator position annually and consolidate the Division of Marketing, Advocacy and Technology Development into the Division of Economic Development. Reduce the number of unclassified positions authorized for Commerce by one, from seven to six.

The Division of Marketing, Advocacy and Technology Development advertises the state's economic advantages, publicizes business developments, and provides information on the specific public and private sector programs encouraging growth. The Division also provides entrepreneurial assistance for small businesses, advises small businesses on federal Clean Air Act compliance, conducts manufacturing assessments for small and medium-sized businesses (through the Manufacturing Assessment Center that would be eliminated under another provision in the bill), and consults with employers to improve workplace safety. Base level funding for salary, fringe benefits, supplies and services for the Division is $968,700 GPR, 12.0 GPR positions, $1,244,100 PR and 11.0 PR positions.

The Division of Economic Development consists of the Bureau of Business Finance, the Bureau of Business Development, and the Bureau of Minority Business Development. The Bureau of Business Finance is responsible for completing the due diligence process on requests for economic development financing, preparing comprehensive analyses and making funding recommendations for financing economic development projects. The Bureau of Business Development serves as the first point of contact between businesses, local development organizations and the Department. The Bureau also administers the business retention program for municipalities. The Bureau of Minority Business Development provides technical and financial assistance to minority individuals and businesses. The Bureau also administers the minority business certification program that certifies minority businesses for participation in the state's minority business purchasing and contracting program. Base level funding for salary, fringe benefits, supplies and services for the Division of Economic Development is $1,658,000 GPR, 23.11 GPR positions, $824,400 PR, 10.0 PR positions, $84,000 SEG and 1.0 SEG position.

b. Delete $287,800 and 4.8 positions annually to eliminate vacancies and other positions in the Department's economic development and administration programs.

c. Delete $189,000 and 2.0 positions annually to reduce the number of administrative manager positions in Commerce.

d. Delete $251,200 and 2.0 positions to downsize the operations of the Division of International and Export Services.

The Division of International and Export Services primarily assists small and medium-sized businesses in increasing their sales in the international marketplace. Division staff help state firms assess the demand for their products outside the U.S., help plan a systematic approach to international markets, and introduce them to potential customers, distributors, partners and service providers. Services are provided both through activities in Wisconsin and overseas offices. The Division is provided $1,295,600 GPR, 10.0 GPR positions, $57,800 PR, and 2.0 PR positions in 2002-03.

[Act 33 Section: 2394]

3. WISCONSIN DEVELOPMENT FUND

GPR	- $2,910,800

Governor: Delete $1,455,400 GPR annually from the Wisconsin Development Fund (WDF).

The WDF provides financial assistance to businesses, consortia, nonprofit organizations, and local governments for economic development projects through the following programs: (a) technology development grants and loans; (b) customized labor training grants and loans; (c) major economic development grants and loans; (d) urban early planning grants; (e) Wisconsin trade project; (f) employee ownership assistance grants; (g) manufacturing extension center grants; (h) revolving loan fund capitalization grants; and (i) the rapid response fund. Commerce and the Small Business Development Center of the University of Wisconsin-Extension partnered to develop, as a pilot program, the entrepreneurial training grant program. Commerce also makes business employee skills training (BEST) grants through the WDF. The WDF is funded through a GPR and program revenue repayments appropriation. Amounts received from WDF loan repayments are credited to the repayments appropriation and these monies are used to fund WDF grants and loans. Base level funding for WDF grants and loans is $10 million annually ($5,953,800 GPR and $4,050,000 PR). The bill would provide $8.5 million annually.

Joint Finance/Legislature: Include provision. In addition, require Commerce to:

a. Allocate $1 million in 2003-04 for grants to individuals, communities (an entire village or city would be eligible if a portion of the municipality is in a county that qualifies), consortia, and businesses that are affected by a plant closing on or after February 1, 2001, where (1) at least 500 people from a single plant closing, or 1,000 people from more than one plant closing in a county lose their jobs over a twelve month period, or (2) the unemployment rate in a county for that year is over 7.5%. A grant could be made only if (1) the applicant submitted a plan to the Department detailing the proposed use of the grants and the Secretary of Commerce approved the plan; (2) the applicant entered into a written agreement with the Department that specified the conditions for use of the proceeds of the grant including reporting and auditing requirements; and (3) the applicant agreed in writing to submit to Commerce within six months after spending the full amount of the grant, a report detailing how the grant proceeds were used.

b. Make a grant of $100,000 in each year of the biennium from the WDF to the Wisconsin Minority Business Opportunity Committee (MBOC) if: (1) MBOC submitted a plan to Commerce detailing the proposed use of the grants and the Secretary of Commerce approved the plan; (2) MBOC submitted a statement to Commerce indicating that the grants would match federal funding that has been or will be provided to MBOC for the proposed use indicated in the plan submitted to the Department; (3) MBOC entered into a written agreement with the Department that specified the conditions for use of the grant proceeds, including reporting and auditing requirements; and (4) MBOC agrees in writing to submit to Commerce within six months after spending the full amount of the grant, a report detailing how the grant proceeds were used.

Veto by Governor [B-11]: Delete the following criteria for grants related to plant closings or high unemployment: (1) that the plant closing or unemployment rate must occur during a 12-month period after February 1, 2001; (2) that 500 jobs must be lost in the case of a single plant closing or 1,000 jobs must be lost if there are multiple plant closings; and (3) that the total amount of grants that could be made under these provisions would be $1 million. As a result of the partial veto, applicants would be eligible if they resided or were located in a county where a plant closing eliminated jobs or the unemployment rate was at least 7.5% during any period.

[Act 33 Sections: 292c, 293, and 9109(1d)&(2q)]

[Act 33 Vetoed Section: 9109(1d)]

4. ELIMINATE THE MANUFACTURING ASSESSMENT CENTER

	Funding	Positions
GPR	- $437,600	- 2.00

Governor/Legislature: Eliminate the Manufacturing Assessment Center (MAC) by deleting $218,800 GPR and 2.0 GPR positions annually to eliminate funding and staff for the MAC.

The MAC assists small and medium-sized manufacturing businesses (businesses with 500 or fewer employees) in adopting readily available and reasonably standardized new manufacturing processes and techniques. The center conducts assessments that help a company define a basic course of action, recommend strategies and improvements, and identify resources to assist in the implementation of actions. MAC assessments cover topics such as overall business strategy, employee attitudes, industrial marketing, energy efficiency, and competitive benchmarking. These services are provided through MAC's participation in the Wisconsin Manufacturing Extension Partnership (WMEP).

5. FORWARD WISCONSIN [LFB Paper 215]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $190,000	- $120,000	- $310,000

Governor: Delete $95,000 annually in funding for Forward Wisconsin.

Forward Wisconsin is a nonprofit organization created in 1984 to attract business to the state. Forward Wisconsin focuses on marketing Wisconsin to out-of-state companies to attract new businesses, jobs, and increased economic activity to the state. Forward Wisconsin has also created the Great Jobs Wisconsin division to recruit workers to Wisconsin. Forward Wisconsin is provided base funding of $475,000 GPR annually through Commerce ($380,000 under the bill). The Secretary of Commerce also serves on Forward Wisconsin's Board of Directors.

Joint Finance/Legislature: Include provision and delete an additional $60,000 GPR annually ($320,000 annually would remain).

6. COMMUNITY-BASED ECONOMIC DEVELOPMENT PROGRAM

GPR	- $100,000

Governor/Legislature: Delete $50,000 annually from the Community-Based Economic Development (CBED) program. Under the bill, the program would be provided $712,100 GPR annually.

The CBED program provides the following types of financial assistance:

a. Grants to community-based organizations to conduct local economic development projects. (Community-based organizations are organizations involved in economic development that assist businesses likely to employ persons.)

b. Grants to community-based organizations that use the funds to provide management services to small businesses planning a start-up or expansion project.

c. Grants to political subdivisions to develop economic development or diversification plans.

d. Grants to community-based organizations that use the grant monies to support business incubators or technology-based incubators.

e. Grants to community-based organizations that join with political subdivisions to conduct regional economic development projects.

f. Grants to private nonprofit organizations for entrepreneurship training for disadvantaged and at-risk children.

g. Grants to community-based organizations for local revolving loan funds for small businesses.

h. Grants to community-based organizations or private nonprofit organizations to conduct venture capital development conferences.

7. RURAL ECONOMIC DEVELOPMENT PROGRAM [LFB Paper 216]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $100,000	- $237,700	- $337,700
PR	0	237,700	237,700
Total	- $100,000	$0	- $100,000

Governor: Delete $50,000 annually from the Rural Economic Development (RED) program.

The RED program provides grants to rural businesses for professional services, entrepreneurial training, and for dairy farm and other agricultural business start-ups, modernizations, and expansions. The RED program also provides grants and loans for working capital and fixed asset financing in starting or expanding a business and to pay certain employee relocation and certain retraining costs. Business employee skills training (BEST) grants are made through the program. RED grants and loans are made from both a GPR appropriation, as well as a program revenue repayments appropriation. Loan repayments are placed in the program revenue repayments appropriation and used to fund additional RED awards. Base level funding for the RED program is $776,600 annually ($656,500 GPR and $120,100 PR).

Joint Finance/Legislature: Include provision. In addition, reduce GPR funding for the RED by $237,700 in 2003-04 and increase expenditure authority from the RED repayments appropriation by $237,700 PR in 2003-04.

8. ECONOMIC DEVELOPMENT PROMOTION

GPR	- $73,800

Governor/Legislature: Delete $36,900 annually in economic development promotion funding. Commerce promotes its programs and activities and other aspects of economic development in the state using economic development promotion funds. Promotional activities include research, advertising, direct mail, publication development, and conferences. Under the bill, Commerce would retain $30,000 GPR annually for its economic development promotion activities.

9. MINORITY BUSINESS DEVELOPMENT PROGRAM [LFB Paper 217]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $50,000	- $254,200	- $304,200
PR	0	254,200	254,200
Total	- $50,000	$0	- $50,000

Governor: Delete $25,000 annually from the Minority Business Development (MBD) grant and loan program.

The Minority Business Development program provides the following types of financial assistance to minority businesses or minority group members: (a) early planning grants; (b) entrepreneurial training grants; (c) business development grants and loans; (d) grants and loans to local development corporations for development projects and local revolving loan fund programs; (e) business incubator grants; and (f) education and training grants. Entrepreneurial training grants were developed as a pilot program by Commerce in partnership with the Small Business Development Center at the University of Wisconsin-Extension. The Department makes business employee's skills training (BEST) grants through MBD. The MBD is funded through both a GPR appropriation and a program revenue repayments appropriation. Loan repayments are placed in the program revenue repayments appropriation and used the fund MBD awards. Base level funding for MBD grants and loans is $596,400 annually ($279,200 GPR and $317,200 PR).

Joint Finance/Legislature: Include provision. In addition, reduce GPR funding for the MBD program by $254,200 in 2003-04 and increase expenditure authority from the MBD repayments appropriation by $254,200 PR in 2003-04.

10. MINORITY BUSINESS CERTIFICATION

Senate/Legislature: Require statewide uniform certification of minority businesses through the Department of Commerce. Commerce would be required to prescribe a uniform application process by rule, but could not require applicants to file a copy of their tax return, or federal certification application, as a condition for qualification for certification. However, Commerce may require a signed affidavit stating all information that is submitted is true and correct. All school board, local governmental, and county ordinances regarding minority business certification would be required to conform to state certification rules and laws.

Under current law, Commerce certifies firms for eligibility to participate in the state's minority business bid preference program. A minority-owned business (sole proprietorship, partnership, corporation or joint venture) must meet the following criteria: (a) belong to a minority group including Native American, Black, Hispanic, Asian Indian, Asian Pacific, Aleut, Eskimo, or Native Hawaiian; (b) be at least 51% owned, controlled and actively managed by minority group members; (c) serve a useful business function and have customers other than the state of Wisconsin; and (d) the business must be at least one year old under the current ownership. In order to be certified, the business must complete an application for certification, provide documentation of ethnic status, and provide financial records and other information.

Veto by Governor [B-9]: Delete provision. In his veto message, the Governor indicates that he is requesting Commerce to review minority certification issues in consultation with affected parties and to formulate a process that would foster economic development by leading to increased minority certification, while also complying with federal law and court orders, and minimizing the burden on minority businesses and local governments.

[Act 33 Vetoed Sections: 221m, 842t, 924g, 943p, 1029r, 1524r, 1527g, 1528g, 1528m, 1528n, 1528s, 1528t, 1533b, 1682d, 1682m, 1683d, 1683m, 2022b, 2031p, 2325h, 2325j, 2325k, 2325m, 2384c, 2384cj, 2384cm, 2384cr, 2440m, 2442r, 2448g, 2448r, 2618v, 2618vd, 2618vg, 2618vm, 2618vp, and 2628fg]

11. MAIN STREET PROGRAM

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $12,000	- $200,000	- $212,000

Governor: Delete $6,000 annually in funding for the Main Street program. The Wisconsin Main Street program provides technical assistance to help communities plan, manage and implement programs to revitalize their downtown business areas through comprehensive economic redevelopment and historic preservation. Up to five municipalities are selected annually for the program based on review and ranking of applications.

Joint Finance/Legislature: Include provision. Further, delete an additional $100,000 GPR annually. The Main Street program would be provided $332,500 GPR in 2003-04 and $335,700 in 2004-05 with 4.5 GPR positions.

12. MANUFACTURING EXTENSION GRANTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$0	$200,000	$200,000
PR	- 1,000,000	0	- 1,000,000
Total	- $1,000,000	$200,000	- $800,000

Governor: Repeal the manufacturing extension grant program and delete $500,000 PR annually in tribal gaming revenues and the PR appropriation provided for these grants. Authority to make manufacturing extension grants from the Wisconsin Development Fund (WDF) would be eliminated.

Under current law, Commerce is authorized to make grants to provide financial support to the programs and operation of technology-based nonprofit organizations. A program revenue appropriation funded with tribal gaming revenue and annual expenditure authority of $500,000 PR provides a separate source of funding for manufacturing extension grants. Commerce is also authorized to make such grants from the WDF. However, a technology-based nonprofit organization that receives a grant from the separate tribal gaming funds appropriation cannot receive a grant or loan from the WDF.

Manufacturing extension grants are only made to provide assistance to the Wisconsin Manufacturing Extension Partnership (WMEP). WMEP is operated by an organization, the Wisconsin Center for Manufacturing and Productivity, Inc., that includes the Department of Commerce, University of Wisconsin System and Extension, Wisconsin Technical College System (WTCS), Marquette University, Milwaukee School of Engineering, labor and business. WMEP provides process improvement and technology transfer services to small and medium-sized manufacturers.

Joint Finance/Legislature: Modify the provision to retain the manufacturing extension grant program at a reduced level. Create a separate GPR appropriation for manufacturing extension grants and provide $100,000 GPR annually to make grants to WMEP.

[Act 33 Sections: 292f, 294, 608, 2624d, and 2628]

13. ADMINISTRATIVE SERVICES LAPSE [LFB Paper 218]

	Funding	Positions
GPR-REV	$898,000	
PR	- $898,000	- 8.40

Governor: Decrease the program revenue administrative services appropriation by $449,000 PR (a 10.6% reduction from base level expenditure authority) and 8.4 PR positions annually. Transfer $449,000 in each year from the appropriation account to the general fund. Program revenues deposited in the appropriation are from fees charged to the Department's programs for administrative services provided.

The Division of Administrative Services provides internal management services to the Department in areas of information technology, telecommunications, personnel, payroll, employee development, affirmative action, policy and budget development, procurement and printing, health and safety, fiscal management, property and space management, and mail handling. Base level funding for the Division is $1,523,500 GPR, 11.00 GPR positions, $4,282,800 PR, 54.90 PR positions, $319,300 FED, and 7.4 FED positions.

Joint Finance/Legislature: Include provision. In addition, provide that Commerce may submit to the Secretary of the Department of Administration (DOA) an alternative plan for reallocating the required lapse from the administrative services appropriation to the appropriations that are charged for administrative services. If the plan relates to a lapse for 2003-04 it must be submitted by May 1, 2004. If the plan relates to a lapse for 2004-05 it must be submitted no later than May 1, 2005. If the Secretary approves the plan, the Secretary must, no later than seven days after receiving the plan, submit the plan for approval by the Joint Committee on Finance under a 14 day passive review process. If the Secretary of Administration or the Joint Committee on Finance does not approve the plan, the Department must lapse the funds from the administrative services appropriation as originally specified. This provision was added to address concerns with federal requirements that may affect Commerce's mechanism for accomplishing the lapse.

Veto by Governor [D-3]: Delete language requiring that Commerce submit a plan for reallocating the lapse by a specific date and that the Secretary of Administration submit the plan to the Joint Committee on Finance under a 14-day passive review process. In addition, the Governor partially vetoed the provision so as to allow agencies, including Commerce, that are required to lapse certain amounts from program revenue accounts to submit alternative plans to the Secretary of Administration for the allocation of lapse amounts. After reviewing the plan, the Secretary would have the authority to implement it.

[Act 33 Section: 9260(1)]

[Act 33 Vetoed Section: 9260(1)]

14. BROWNFIELDS GRANT PROGRAM TRANSFER [LFB Paper 573]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	- $14,616,800	- 2.50	$14,616,800	2.50	$0	0.00

Governor: Repeal the brownfields grant program and related annual funding of $7.0 million in environmental fund SEG and create a new brownfields grant program in the Department of Natural Resources (DNR). Statutory authority for Commerce to administer the brownfields grant program, annual funding of $7,000,000 SEG and related appropriations, and responsibility for preparing a report on the effectiveness of state brownfields activities would be deleted. In addition, annual funding of $308,400 SEG from the petroleum inspection fund and 2.5 SEG positions that administer the Brownfields Grant program would be deleted, along with the related appropriation.

The brownfields grant program provides financial assistance to businesses, municipalities, and nonprofit organizations that conduct brownfields redevelopment and related environmental remediation projects.

Joint Finance/Legislature: Delete provision. As a result, the brownfields grant program, $7.0 million SEG in annual base funding, administrative staff of 2.5 SEG positions, and related annual funding of $308,400 SEG would be restored to Commerce. In addition, Commerce would be authorized to review applications for brownfields grants received by the Department in October 2002, rank them using the 2002-03 scoring structure, and make awards to eligible applicants totaling up to $6,250,000 in funding provided for the program in 2003-04. (Brownfields grants funding for 2002-03 was deleted and lapsed to the general fund under the provisions of 2003 Wisconsin Act 1.)

[Act 33 Section: 9109(1z)]

15. FORESTRY EDUCATION GRANT PROGRAM

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

Governor: Eliminate the forestry education grant program and annual funding of $100,000 from the forestry account of the conservation fund. The program provides grants to nonprofit organizations for forestry education programs for school children conducted in conjunction with the University of Wisconsin-Stevens Point, College of Natural Resources, timber management program.

Joint Finance/Legislature: Delete provision.

Veto by Governor [B-12]: Delete all funding for the program by vetoing the appropriation to $0. In his veto message, the governor requests the Secretary of Administration not to allot the funds.

[Act 33 Vetoed Section: 286 (as it relates to s. 20.143(1)(t))]

16. CERTIFIED CAPITAL COMPANIES ADMINISTRATIVE LAPSE [LFB Paper 219]

GPR-REV	$113,400

Joint Finance/Legislature: Require the Secretary of Administration to lapse the year-end unencumbered balance in the certified capital companies (CAPCO) administration appropriation to the general fund. This would increase GPR-Earned by $98,400 in 2003-04 and by $15,000 in 2004-05.

The CAPCO program was created by 1997 Wisconsin Act 215. Under the program, an insurance premiums tax credit is provided for insurance company investments in certified capital companies. The certified capital companies are required to use these funds to provide capital to certain small businesses. Commerce administers the CAPCO program and certified capital companies must pay an application fee of $7,500 and an annual certification fee of $5,000 to the Department. Fees are placed in a program revenue appropriation for administrative expenses.

[Act 33 Section: 292m]

17. AMERICAN INDIAN ECONOMIC DEVELOPMENT FUNDING REDUCTION

	Funding	Positions
PR	- $315,200	- 1.00

Joint Finance/Legislature: Make the following changes to the American Indian economic development program: (a) repeal the American Indian economic liaison grant program and delete $25,000 annually to eliminate funding; and (b) delete $132,600 and 1.0 position annually to reduce funding and positions by one-half for the Department's liaison and administration of gaming economic development and diversification grants.

The American Indian economic development program was created in 1991 and provides tribal gaming funding for the Department's liaison and for another position and marketing expenses related to the tribal gaming economic development and diversification grant and loan program. The Department's liaison position provides technical and economic development assistance to American Indian entrepreneurs and tribal communities. Commerce also administers two programs that provide funds to the Great Lakes Inter-Tribal Council (GLITC)--an economic development liaison grant and an economic development technical assistance grant. The program components are funded with tribal gaming revenues through three separate appropriations. Base funding for each appropriation in 2002-03 is as follows: (a) American Indian economic liaison, gaming grants administration and marketing--$265,100; (b) American

Indian economic development technical assistance--$94,000; and (c) American Indian economic development liaison grants--$25,000.

Veto by Governor [B-13]: Eliminate the repeal of the American Indian economic liaison grant program and associated appropriation. In his veto message, the Governor indicates that retaining the program would allow Commerce to request funding at a future date.

[Act 33 Vetoed Sections: 293s, 293u, 607u, and 2628m]

18. GAMING ECONOMIC DEVELOPMENT AND DIVERSIFICATION PROGRAM [LFB Paper 131]

PR	- $800,000

Joint Finance/Legislature: Delete $400,000 annually from the gaming economic development and diversification grant and loan program. Further, specify that Commerce transfer $300,000 annually to the Wisconsin Technical College System Board for work-based learning programs.

The gaming economic development and diversification grant and loan program provides financial assistance to businesses that are affected by American Indian gaming operations and to fund projects that diversify the local economy. Annual base level funding for the program is $3,238,700 in tribal gaming revenues ($2,838,700 annually under the bill).

[Act 33 Sections: 293v and 551e]

19. TRANSFER HOUSING FUNCTIONS FROM DOA [LFB Paper 117]

	Funding	Positions
GPR	$10,673,200	7.80
FED	71,204,000	6.25
PR	13,645,200	3.95
Total	$95,522,400	18.00

Governor/Legislature: Provide $5,336,600 GPR, $35,602,000 FED, and $6,822,600 PR and 7.80 GPR, 6.25 FED, and 3.95 PR positions annually to reflect the transfer of most of the DOA Division of Housing functions, funding and positions, as determined by the DOA Secretary, to Commerce effective 30 days after the publication of the act. [See "Administration" for a complete summary of this provision.]

20. TRANSFER OF OPERATION FRESH START PROGRAM FROM DOA [LFB Papers 117 and 835]

Joint Finance/Legislature: Transfer the Operation Fresh Start program from DOA to the Department of Commerce. The Operation Fresh Start program was begun under DOA's Division of Housing and Intergovernmental Relations as a result of a directive from the Governor in 1998-99. The program is based on a long-running Madison program of the same name that is designed to provide at-risk young people with education, employment skills and career direction leading to economic self-sufficiency. [See "Administration" for a complete summary of this provision.]

21. TRANSFER VOLUNTEER FIREFIGHTER PROGRAM FROM DOA [LFB Paper 118]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$1,348,400	- $1,348,400	$0

Governor: Provide $674,200 annually to reflect the transfer of the DOA volunteer firefighter and EMT service award program to Commerce, effective 30 days after the publication of the act. [See "Administration" for a complete summary of this provision.]

Joint Finance/Legislature: Delete provision.

22. PECFA REVENUE OBLIGATION AUTHORITY [LFB Paper 220]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	$115,000,000	- $21,000,000	$94,000,000

Governor: Provide an additional $115,000,000 in revenue obligation authority for the petroleum environmental cleanup fund award (PECFA) program, by increasing revenue obligation authority under the program from $342 million to $457 million. The PECFA program reimburses owners for a portion of the cleanup costs of discharges from petroleum product storage systems and home heating oil systems. The revenue obligation proceeds are used to pay PECFA claims submitted under the program. Debt service for revenue obligations is paid from the 3¢ per gallon petroleum inspection fee imposed on all petroleum products that are brought into the state.

Joint Finance/Legislature: Approve $94,000,000 instead of $115,000,000 in revenue obligation authority for the PECFA program. Total revenue obligation authority under the program would be $436 million.

[Act 33 Section: 1839]

23. PETROLEUM INSPECTION FUND [LFB Paper 220]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$3,118,600		$12,000,000		$5,452,600		$20,571,200	
SEG	- $3,118,600	- 12.90	$0	0.00	$0	0.00	- $3,118,600	- 12.90

Governor: Decrease Environmental Regulatory Services Division general operations appropriations by $1,559,300 annually with 12.9 positions from the segregated petroleum inspection fund. The appropriation reductions would include: (a) $1,348,000 annually with 8.9 positions (a 21% reduction from base level funding) in the petroleum inspection program that inspects petroleum tanks at gas stations and other facilities and inspects petroleum products that enter the state (as of February 22, 2003, 9.9 of 57.4 positions in the appropriation were vacant); and (b) $211,300 annually (a 7% reduction from base level funding) with 4.0 positions for PECFA administration related to contaminated site and claim review (as of February 22, 2003, six of 36.8 positions in the appropriation were vacant). Further, transfer $1,657,400 in each of 2003-04 and 2004-05 from the petroleum inspection fund to the general fund. (The amount transferred to the general fund under the bill ($1,657,400 annually) is $98,100 greater each year than the amount of the Commerce SEG appropriation reductions because an additional $98,100 annually is deleted from a DNR appropriation and transferred to the general fund.)

Joint Finance/Legislature: Transfer an additional $6,000,000 in each of 2003-04 and 2004-05 from the petroleum inspection fund to the general fund.

Veto by Governor [B-10]: Increase the transfer by $5,452,600, to $20,767,400. The veto accomplishes this by modifying the provision of the enrolled bill that had read, "$7,657,400 in fiscal year 2003-04 and $7,657,400 in fiscal year 2004-05," by vetoing "7,657,400 in fiscal year", "03-04 and $", the "," between "7" and "6", the "5" between "6" and "7" and "in fiscal year 2004-05" to create a new number "$20767,400". As a result of the partial veto, the act does not specify when the transfer would be made. The Governor's veto message indicates that it is the Governor's intent that the transfer of $20,767,400 be made in 2003-04. (The amount transferred to the general fund under the act is $196,200 greater than the amount shown under Commerce because an additional $196,200 is deleted from a DNR appropriation during the biennium and transferred to the general fund).

[Act 33 Section: 9209(1)]

[Act 33 Vetoed Section: 9209(1)]

24. SAFETY AND BUILDINGS PROGRAM

	Funding	Positions
GPR-REV	$4,197,000	
PR	- $4,197,000	- 20.55

Governor/Legislature: Decrease the Safety and Buildings Division general operations appropriation by $2,098,500 annually (a 12% reduction from base level expenditure authority) with

20.55 positions (as of February 22, 2003, 28.45 of 189.35 positions in the appropriation were vacant). Transfer $2,098,500 in each year from the appropriation account to the general fund. Program revenues deposited in the safety and buildings appropriation are provided from several plan review and inspection activities related to construction such as commercial buildings, multi-family and manufactured dwellings, plumbing, private sewage systems, electrical and heating systems, and elevators.

Veto by Governor [D-3]: The Governor partially vetoed the provision so as to allow Commerce to submit an alternative plan to the Secretary of Administration for the allocation of the lapse amounts. After reviewing the plan, the Secretary would have the authority to implement it. This authority for the DOA Secretary to reallocate the source of the lapses to the general fund is created by selectively striking words and phrases.

[Act 33 Section: 9260(1)]

[Act 33 Vetoed Section: 9260(1)]

25. RECYCLING MARKET DEVELOPMENT BOARD [LFB Paper 221]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$2,400,000		$157,000		- $800,000		$1,757,000	
PR-Lapse	$2,400,000		$0		- $800,000		$1,600,000	
SEG	$0	0.00	- $157,000	- 1.00	$0	0.00	- $157,000	- 1.00
PR	0	0.00	- 4,000,000	0.00	0	0.00	- 4,000,000	0.00
Total	$0	0.00	- $4,157,000	- 1.00	- $0	0.00	- $4,157,000	- 1.00

Governor: Lapse $1,200,000 PR to the general fund in each of 2003-04 and 2004-05 from the Recycling Market Development Board (RMDB) loan repayments appropriation in Commerce. The Board provides grants, loans or manufacturing rebates to governmental or business entities to assist waste generators in the marketing of recovered materials or to develop markets for recovered materials. The source of the program revenue is repayments of loans. Under 2003 Act 1 (January 2003 Special Session Senate Bill 1), the entire $3,800,000 estimated June 30, 2003, unencumbered appropriation account balance is lapsed to the general fund. It is unlikely that repayments received in 2003-05 would be sufficient to meet the full $2,400,000 lapse requirement under the bill.

Joint Finance/Legislature: Modify the Governor's recommendation to lapse the July 1, 2003, RMDB loan repayment balance and all revenues deposited in the appropriation after July 1, 2003, to the general fund (estimated at up to $2.1 million during the 2003-05 biennium). In addition, direct that Commerce lapse amounts from three financial assistance appropriations (the Wisconsin Development Fund repayments, rural economic development program repayments and the community-based economic development program) so that if the RMDB loan repayment lapse is less than $2,400,000, the difference would come from one or more of the three programs, for a total lapse to the general fund of $2,400,000 for the 2003-05 biennium.

In addition, on the effective date of the bill, repeal: (a) the RMDB and related grant program; (b) the PR financial assistance appropriation of $2,000,000 annually; and (c) the SEG recycling fund appropriation of $78,500 SEG annually with 1.0 SEG position annually. Transfer $78,500 from the recycling fund to the general fund in each of 2003-04 and 2004-05.

Finally, require DNR, rather than Commerce, to make the two statutory awards specified under current law. Direct DNR to make the awards from the existing waste reduction and recycling demonstration grant program appropriation. (The program is provided with $500,000 SEG annually from the recycling fund.) Currently, Commerce is required to: (a) provide a grant of $50,000 annually to a private, nonprofit organization that provides waste reduction and recycling assistance through business-to-business peer exchange (Commerce provided the grant to WasteCap Wisconsin Inc. in each year from 1999-00 through 2002-03); and (b) annually contract for a statewide materials exchange program with a materials exchange program that received funding from the RMDB in the 1997-99 biennium. (While the statutes do not specify a grant amount, Commerce awarded $100,000 in each year from 1999-00 through 2002-03 to the Business Materials Exchange of Wisconsin maintained by the Greater Beloit Chamber of Commerce.)

Veto by Governor [B-17 and D-3]: Delete the requirement that if RMDB loan repayments total less than $2,400,000 during the 2003-05 biennium, Commerce would have to lapse an amount equal to the difference from three financial assistance appropriations. Based on preliminary 2002-03 revenues and expenditures, it is estimated that RMDB loan repayments totaling up to approximately $1,600,000 would be deposited in the general fund during the 2003-05 biennium. Under the act, the program revenue lapse to the general fund would be approximately $800,000 less than under the enrolled bill.

Delete the requirement that DNR make the two awards specified under current law. Under the act, the two organizations could apply for grant funds under the award process for the DNR waste reduction and recycling demonstration grant program. Under the program, DNR is authorized to provide cost-share grants to organizations for projects that implement innovative waste reduction and recycling activities. A grant may not exceed 50% of the project's actual eligible 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 that cumulatively total more than $250,000.

[Act 33 Sections: 100p, 294j thru 297m, 2474kd thru 2474kq, 2618t, 2628fd, 2628ff, 2628fh thru 2628hh, and 9260(1)]

[Act 33 Vetoed Sections: 406e, 2474L, and 9260(1)]

26. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	- $133,400	- 3.00	$133,400	3.00	$0	0.00

Governor: Delete $57,200 in 2003-04 and $76,200 in 2004-05 and 3.0 permanent positions annually from the segregated petroleum inspection fund to reflect consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Further, reallocate $158,600 in 2003-04 and $211,500 in 2004-05 of base level salary and fringe benefits that currently supports two of the attorney positions to the Commerce supplies and services budget to pay for DOA legal services. Commerce also has a chief counsel position that would not be subject to transfer to DOA under the bill.

The 3.0 affected attorney positions are funded from the PECFA administration appropriation. Currently, Commerce has two project and one permanent attorneys in the PECFA program. The PECFA project attorneys end on September 1, 2004, and January 13, 2006. (One project attorney is deleted in 2004-05, along with $63,700, under standard budget adjustments.) Therefore, while under standard budget adjustments, the Commerce PECFA appropriation would have one permanent and two project positions authorized in 2003-04 and one permanent and one project positions authorized in 2004-05, the bill would delete three permanent positions annually and provide two permanent attorneys to DOA in 2003-04.

Joint Finance/Legislature: Delete provision. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the Department of Employee Trust Funds, the Investment Board, and the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Eliminate the exemption of the University of Wisconsin System so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

CORRECTIONS

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$1,649,059,200	$1,728,363,400	$1,702,971,700	$1,702,971,700	$1,702,971,700	$53,912,500	3.3%
FED	5,179,800	5,179,800	$5,179,800	5,179,800	5,179,800	0	0.0
PR	319,784,600	285,287,600	276,984,800	276,984,800	276,984,800	- 42,799,800	- 13.4
SEG	674,800	590,900	590,900	590,900	590,900	- 83,900	- 12.4
TOTAL	$1,974,698,400	$2,019,421,700	$1,985,727,200	$1,985,727,200	$1,985,727,200	$11,028,800	0.6%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	8,784.06	8,916.23	9,311.67	9,311.67	9,311.67	527.61
FED	3.00	0.00	0.00	0.00	0.00	- 3.00
PR	1,430.10	1,123.31	1,100.81	1,100.81	1,100.81	- 329.29
SEG	3.00	2.00	2.00	2.00	2.00	- 1.00
TOTAL	10,220.16	10,041.54	10,414.48	10,414.48	10,414.48	194.32

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 225]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR-REV	$0		$46,200		$46,200	
GPR	$27,980,100	- 60.28	- $4,110,100	0.00	$23,870,000	- 60.28
FED	155,400	- 1.00	0	0.00	155,400	- 1.00
PR	3,999,700	- 9.25	- 437,600	0.00	3,562,100	- 9.25
SEG	- 5,700	0.00	0	0.00	- 5,700	0.00
TOTAL	$32,129,500	- 70.53	- $4,547,700	0.00	$27,581,800	- 70.53

Governor: Provide $16,506,000 and -57.03 positions in 2003-04 ($14,336,700 GPR and -0.78 GPR positions, $77,700 FED and -1.0 FED position, $2,094,600 PR and -5.25 PR positions, and -$3,000 SEG) and $15,623,500 and -70.53 positions in 2004-05 ($13,643,400 GPR and -60.28 GPR positions, $77,700 FED and -1.0 FED position, $1,905,100 PR and -9.25 PR positions, and -$2,700 SEG) for the following adjustments to the base budget: (a) turnover reduction (-$7,233,300 GPR and -$1,085,800 PR annually); (b) removal of non-continuing items (-$5,320,400 GPR and -50.78 GPR positions, -$33,300 FED and -1.0 FED position, and -$237,700 PR and -5.25 PR positions in 2003-04; and -$6,017,200 GPR and -60.28 GPR positions, -$33,300 FED and -1.0 FED position, and -$472,900 PR and -9.25 PR positions in 2004-05); (c) full funding of salaries and fringe benefits ($4,702,900 GPR, $111,000 FED, -$218,100 PR, and -$21,800 SEG annually); (d) overtime costs ($15,381,600 GPR, $2,376,000 PR, and $18,800 SEG in 2003-04 and $15,381,600 GPR, $2,421,100 PR, and $19,100 SEG in 2004-05); (e) night and weekend pay differential ($6,642,200 GPR and $1,237,400 PR annually); and (f) fifth week of vacation as cash ($163,700 GPR and $22,800 PR in 2003-04, and $167,200 GPR and $23,400 PR in 2004-05). The 70.53 project positions removed as non-continuing elements include: (a) 57.08 two-year project positions associated with prison population management; (b) 2.2 four-year project positions provided for out-of-state contract beds; (c) 5.25 four-year project positions provided for alcohol and drug treatment funding; and (d) 6.0 other project positions which expire during the 2003-05 biennium including, 1.0 administrative policy advisor, 1.0 program specialist, 1.5 teachers, 1.5 teacher assistants, and 1.0 industries specialist. Base funding for overtime costs ($13,661,200 GPR, $2,271,000 PR, and $24,600 SEG) is removed in the calculation of full funding of salaries and fringe benefits. The overtime funding amount represents the Department's total estimated overtime costs for the 2003-05 biennium.

Joint Finance/Legislature: Reduce funding by $1,889,600 GPR and $195,700 PR annually, as follows: (a) delete $1,881,700 GPR and $195,800 PR annually associated with turnover reduction adjustments; (b) delete $10,700 GPR and $1,300 PR annually associated with adjustments to full funding and fringe benefits; and (c) provide $2,800 GPR and $1,400 PR annually associated with adjustments to overtime costs. In addition, delete funding for fifth week of vacation as cash ($163,700 GPR and $22,800 PR in 2003-04 and $167,200 GPR and $23,400 PR in 2004-05). Require Corrections to lapse to the general fund $22,800 in 2003-04 and $23,400 in 2004-05 from those PR accounts or funds from which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $22,800 in 2003-04 and $23,400 in 2004-05.

[Act 33 Section: 9160(3f)]

2. BASE BUDGET REDUCTIONS [LFB Paper 226]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR	- $19,332,000	- 164.98	$0	0.50	- $19,332,000	- 164.48
FED	- 155,400	- 2.00	0	0.00	- 155,400	- 2.00
PR	- 3,612,400	- 30.00	174,400	- 0.50	- 3,438,000	- 30.50
Total	- $23,099,800	- 196.98	$174,400	0.00	- $22,925,400	- 196.98

Governor: Delete $11,549,900 and 196.98 annually (-$9,666,000 GPR and -164.98 GPR positions annually, -$77,700 FED and -2.0 FED positions annually, -$1,806,200 PR and -30.0 PR positions annually) in Corrections' state operations appropriations, as indicated in the table below. The reductions represent a 1.6% reduction to the Department's GPR state operations budget, less debt service, and fuel and utilities ($620,535,200 GPR); 1.3% of PR state operations ($141,124,100 PR); and 3.0% of FED state operations ($2,589,900 FED).

Joint Finance/Legislature: Modify provision to delete $11,462,700 and 196.98 positions annually (-$9,666,000 GPR and -164.48 GPR positions annually, -$1,719,000 PR and -30.5 PR positions annually, and -$77,700 FED and -2.0 FED positions annually) in Corrections' state operations appropriations. In addition, reduce the number of authorized division administrator positions in the Department of Corrections from five to four. The following table shows the reduction under SB 44 and modifications made by the Joint Committee on Finance.

	Governor Funding	Positions	Joint Finance/Leg. Funding	Positions	Change to Governor Funding	Positions	Source
Division of Management Services							
Central Office	-$280,200	-3.00	-$275,700	-3.00	$4,500	0.00	GPR
Bureau of Finance & Administrative Services	-671,100	-11.10	-619,500	-10.50	51,600	0.60	GPR
	-37,800	-1.00	-37,800	-1.00	0	0.00	PR
Bureau of Personnel & Human Resources	-537,000	-11.25	-455,100	-10.25	81,900	1.00	GPR
Training Centers	-335,700	-5.00	-252,100	-4.00	83,600	1.00	GPR
	-94,600	-2.00	-209,500	-4.00	-114,900	-2.00	PR
Bureau of Technology Management	-2,281,800	-35.00	-2,225,900	-34.00	55,900	1.00	GPR
Bureau of Budget & Facilities Management	-555,700	-7.50	-551,400	-7.50	4,300	0.00	GPR
	-53,200	-0.50	-53,200	-0.50	0	0.00	PR
Office of Procurement Services	-211,200	-4.00	-173,600	-3.00	37,600	1.00	GPR
	-292,300	-5.00	-235,500	-4.00	56,800	1.00	PR
Division of Adult Institutions							
Central Office	-1,546,700	-27.00	-384,300	-6.00	1,162,400	21.00	GPR
Bureau of Classification & Movement	-224,500	-4.00	-462,900	-9.00	-238,400	-5.00	GPR
Badger State Industries	-117,200	-2.00	-115,500	-3.00	1,700	-1.00	PR
Waupun Correctional Institution	-42,900	-1.00	-122,500	-2.00	-79,600	-1.00	GPR
Green Bay Correctional Institution	0	0.00	-221,500	-3.00	-221,500	-3.00	GPR
Fox Lake Correctional Institution	0	0.00	-74,700	-1.00	-74,700	-1.00	GPR
Columbia Correctional Institution	-42,900	-1.00	0	0.00	42,900	1.00	GPR
Kettle Moraine Correctional Institution	0	0.00	-55,300	-1.00	-55,300	-1.00	GPR
Dodge Correctional Institution	0	0.00	-109,400	-1.75	-109,400	-1.75	GPR
Racine Correctional Institution	0	0.00	-16,900	-0.50	-16,900	-0.50	GPR

	Governor		Joint Finance/Leg.		Change to Governor		
	Funding	Positions	Funding	Positions	Funding	Positions	Source
Oshkosh Correctional Institution	-$32,000	-1.00	-$83,400	-1.00	-$51,400	0.00	GPR
Redgranite Correctional Institution	-42,800	-1.00	0	0.00	42,800	1.00	GPR
Wisconsin Correctional Center System	-319,400	-6.00	-419,800	-9.00	-100,400	-3.00	GPR
	0	0.00	-71,400	0.00	-71,400	0.00	PR
Highview Geriatric Correctional Institution	0	0.00	-44,700	-1.00	-44,700	-1.00	GPR
Milwaukee Secure Detention Facility	-200,100	-6.00	-195,800	-7.00	4,300	-1.00	GPR
Prairie du Chien Correctional Institution	-65,300	-1.00	-41,800	-1.00	23,500	0.00	GPR
Stanley Correctional Institution	0	0.00	-48,200	-1.50	-48,200	-1.50	GPR
Division of Correctional Programs							
Central Office	-491,100	-6.50	-403,600	-5.50	87,500	1.00	GPR
Bureau of Health Services	-85,800	-2.63	-91,900	-2.63	-6,100	0.00	GPR
Bureau of Offender Programs	-604,500	-11.00	-800,600	-14.00	-196,100	-3.00	GPR
Office of Education	-194,000	-3.00	-178,400	-3.00	15,600	0.00	GPR
	-77,700	-2.00	-77,700	-2.00	0	0.00	FED
	-61,300	-1.00	-49,600	-1.00	11,700	0.00	PR
Division of Community Corrections							
Central Office	-553,400	-10.00	-504,000	-8.00	49,400	2.00	GPR
Probation, Parole, and Extended Supervision	-150,400	-3.00	-180,100	-4.00	-29,700	-1.00	GPR
Monitoring Center	-36,200	-1.00	-35,400	-1.00	800	0.00	GPR
	-81,400	-2.00	-39,800	-1.00	41,600	1.00	PR
Secretary's Office	-69,700	-1.50	-95,300	-2.35	-25,600	-0.85	GPR
Parole Commission	0	0.00	-145,900	-4.50	-145,900	-4.50	GPR
Division of Management Services--Juvenile							
Bureau of Finance & Administrative Services	-31,800	-0.50	-30,600	-0.50	1,200	0.00	PR
Training Centers	-64,300	-1.00	-62,900	-1.00	1,400	0.00	PR
Division of Correctional Programs--Juvenile							
Office of Education	-17,000	-0.50	-17,100	-0.50	-100	0.00	PR
Division of Juvenile Corrections							
Central Office	0	0.00	-139,300	-2.50	-139,300	-2.50	GPR
	-897,400	-13.50	-778,500	-13.50	118,900	0.00	PR
Juvenile Field Programs Central Office	-91,600	-1.50	0	0.00	91,600	1.50	GPR
Southern Oaks Girls School	0	0.00	-17,600	-0.50	-17,600	-0.50	PR
Lincoln Hills School	-57,900	-1.00	0	0.00	57,900	1.00	PR
Additional Funding Reduction	0	0.00	-257,000	0.00	-257,000	0.00	GPR
Total	-$11,549,900	-196.98	-$11,462,700	-196.98	$87,200	0.00	
	-9,666,000	-164.98	-9,666,000	-164.48	0	0.50	GPR
	-1,806,200	-30.00	-1,719,000	-30.50	87,200	-0.50	PR
	-77,700	-2.00	-77,700	-2.00	0	0.00	FED

[Act 33 Section: 2394m]

3. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $305,100	- 6.80	$305,100	6.80	$0	0.00

Governor: Delete $130,800 in 2003-04 and $174,300 in 2004-05 and 6.8 positions annually to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate $423,100 in 2003-04 and $564,200 in 2004-05 of remaining base level salary and fringe benefits funding that currently supports 4.8 attorney positions to Corrections' supplies and services budget to pay for legal services supplied by DOA. Corrections' chief counsel position would not be subject to transfer to DOA under the Governor's recommendation.

Joint Finance/Legislature: Delete provision. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Veto by Governor [D-2]: Delete all references to the word "attorney", so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

4. BASE BUDGET REDUCTION -- COMPUTER RECYCLING PROGRAM

	Funding	Positions
SEG	- $78,200	- 1.00

Governor/Legislature: Delete $39,100 annually and 1.0 position from Corrections' computer recycling program funded from the recycling fund. Base SEG funding for the program is $337,400 and 3.0 positions. Corrections administers a computer recycling program under which inmates salvage, repair, and upgrade donated computers. The program is designed to reduce the number of computers deposited in landfills and to provide computers to state agencies and non-profit organizations at a low cost. Under the program, inmates clean, reformat, and match components for recycling and remanufacturing, test electronic equipment for operating condition, and demanufacture any unsalvageable equipment for parts recycling or proper disposal.

5. RENT

GPR	$4,783,400
PR	- 47,600
Total	$4,735,800

Governor/Legislature: Provide $2,249,700 ($2,291,700 GPR and -$42,000 PR) in 2003-04 and $2,486,100 ($2,491,700 GPR and -$5,600 PR) in 2004-05 for rent costs on a departmentwide basis. Funding would be divided as follows: (a) Division of Management Services, $1,946,400 GPR and $15,600 PR in 2003-04 and $2,078,800 GPR and $25,200 PR in 2004-05; (b) Division of Adult Institutions, $53,800 GPR and -$74,900 PR in 2003-04 and $63,600 GPR and -$65,100 PR in 2004-05; (c) Division of Community Corrections, $296,400 GPR and $2,500 PR in 2003-04 and $351,600 GPR and $3,100 PR in 2004-05; (d) Division of Correctional Programs, $10,100 annually; (e) Secretary's Office, $400 GPR annually; (f) Division of Juvenile Corrections, $10,600 GPR and $14,800 PR in 2003-04 and $12,200 GPR and $31,200 PR in 2004-05; and (g) Parole Commission, -$26,000 GPR in 2003-04 and -$25,000 GPR in 2004-05. Base funding for rent is $9,474,200 ($3,851,200 GPR and $5,623,000 PR). Under the bill, total funding for rent would be $11,723,900 ($6,142,900 GPR and $5,581,000 PR) in 2003-04 and $11,960,300 ($6,342,900 GPR and $5,617,400 PR) in 2004-05. Of the total rent costs, $5,131,800 ($4,519,700 GPR and $612,100 PR) in 2003-04 and $5,290,300 ($4,662,600 GPR and $627,700 PR) in 2004-05 are associated with lease costs for the Corrections headquarters building. The duration of the lease is from July 1, 2002, to June 30, 2011.

6. DEBT SERVICE REESTIMATES [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $3,394,300	- $700,900	- $4,095,200
PR	- 348,400	0	- 348,400
Total	- $3,742,700	- $700,900	- $4,443,600

Governor: Provide $119,700 GPR and -$297,900 PR in 2003-04 and -$3,514,000 GPR and -$50,500 PR in 2004-05 to reflect a reestimate of debt service costs in the Department of Corrections. The reestimates include: (a) adult corrections, -$85,700 GPR in 2003-04 and -$3,616,300 GPR in 2004-05; (b) juvenile corrections, $205,400 GPR in 2003-04 and $102,300 GPR in 2004-05; and (c) Badger State Industries, -$297,900 PR in 2003-04 and -$50,500 PR in 2004-05. In total, debt service costs for Corrections would be: (a) adult corrections, $71,027,900 GPR in 2003-04 and $67,497,300 GPR in 2004-05; (b) juvenile corrections, $4,600,000 GPR in 2003-04 and $4,496,900 GPR in 2004-05; and (c) Badger State Industries, $270,000 PR in 2003-04 and $517,400 PR in 2004-05.

Joint Finance/Legislature: Delete $465,600 GPR in 2003-04 and $235,300 GPR in 2004-05 to reestimate debt service costs associated with adult and juvenile correctional institutions. Funding would be reestimated as follows: (a) - $507,200 GPR in 2003-04 and - $3,831,700 GPR in

2004-05 for adult correctional institutions; and (b) $161,300 GPR in 2003-04 and $82,400 GPR in 2004-05 for juvenile correctional institutions. In total, reestimated debt service costs for Corrections would be: (a) adult corrections, $70,606,400 GPR in 2003-04 and $67,281,900 GPR in 2004-05; and (b) juvenile corrections, $4,555,900 GPR in 2003-04 and $4,477,000 GPR in 2004-05.

7. FUEL AND UTILITY REESTIMATES [LFB Paper 227]

GPR	$2,124,700

Governor/Legislature: Provide $970,600 in 2003-04 and $1,154,100 in 2004-05 for estimated fuel and utility costs for the Division of Adult Institutions. Base funding for fuel and utilities is $12,497,600.

8. INFORMATION TECHNOLOGY SYSTEMS AND EQUIPMENT

GPR	$5,530,600

Governor/Legislature: Provide $1,930,600 in 2003-04 and $3,600,000 in 2004-05 for information technology systems and equipment as follows:

a. Information Technology Master Lease Repayment. $1,324,300 in 2003-04 and $2,993,700 in 2004-05 to fund the master lease costs associated with the continued development of the web-based Integrated Corrections System (ICS). Base funding for the master lease repayment is $760,500 annually. Total funding would be $2,084,800 in 2003-04 and $3,754,200 in 2004-05. The ICS is designed to serve as a single correctional database that includes arrest and conviction data, medical and other treatment records; and location and status information of each offender. The system is intended to provide information for Corrections staff, law enforcement and the general public.

b. Funding of Data Communications Lines. $606,300 annually to fully fund costs of existing T-1 data communications lines.

9. PROGRAM REVENUE REESTIMATES [LFB Paper 228]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$2,545,600	- $359,300	$2,186,300

Governor: Provide $1,080,200 in 2003-04 and $1,465,400 in 2004-05 associated with the following program revenue appropriation reestimates: (a) -$132,100 in 2003-04 and -$139,100 in 2004-05 for home detention costs provided to counties based on estimated usage; (b) $312,500 in 2003-04 and $336,900 in 2004-05 for operations and maintenance costs from fees paid by employees of the Department or vendors, including employee parking costs; (c) -$96,200 in 2003-04 and -$97,100 in 2004-05 for operations and charges in the Division of Community Corrections; (d) $259,300 in 2003-04 and $317,400 in 2004-05 for inmate telephone company commissions at new or expanded correctional facilities; (e) $644,300 in 2003-04 and $954,900 in

2004-05 for increased inmate room and board collections in the Division of Adult Institutions; (f) $90,000 annually for with sex offender honesty and testing costs; and (g) $2,400 annually for Division of Juvenile Correction's gifts and grants appropriation.

Joint Finance/Legislature: Reestimate program revenue expenditures as follows: (a) inmate telephone commission revenues, $221,400 in 2003-04 and $234,100 in 2004-05 (-$37,900 in 2003-04 and -$83,300 in 2004-05); and (b) room and board collections, $570,000 in 2003-04 and $791,100 in 2004-05 (-$74,300 in 2003-04 and -$163,800 in 2003-04).

10. BASE LEVEL FUNDING AND POSITIONS REALLOCATIONS

Governor/Legislature: Reallocate base level funding and positions between and within appropriations in the Department to reflect the following organizational changes: (a) from the Division of Community Corrections (DCC), transfer responsibility of the Wisconsin Correctional Center System and Milwaukee Secure Detention Facility to the Division of Adult Institutions (DAI); (b) from the Division of Correctional Programs (DCP), transfer the Bureau of Classification and Movement and the Contract Monitoring Unit to DAI; (c) from DCP, transfer the community corrections monitoring center to DCC; (d) transfer the Bureau of Health Services and Office of Education from DAI to DCP; (e) from the Division of Management Services (DMS), transfer the Cashier's Unit and Central Records Unit to DCC's central office; (f) from DMS, transfer Employee Health and Wellness to DCP; and (g) consolidate the business office for DCP into one bureau under DCP.

While funding and position totals by funding source and fiscal year do not change, the following changes occur by appropriation: (a) general program operations, adult corrections, $54,805,200 GPR and 942.98 GPR positions annually; (b) services for community corrections, -$54,909,800 GPR and –943.98 GPR positions annually; (c) general program operations, juvenile corrections, $104,600 GPR and 1.0 GPR position annually; (d) juvenile correctional services, -$40,400 PR and –0.68 PR position annually; (e) juvenile aftercare, $20,300 PR and 0.34 PR position annually; (f) juvenile corrective sanctions program, $20,100 PR and 0.34 PR position annually; (g) correctional institution enterprises, inmate activities and employment, -1.0 PR position annually; and (h) prison industries, 1.0 PR position annually.

Adult Corrections

1. ADULT CORRECTIONAL FACILITY POPULATIONS [LFB Paper 235]

Governor: Estimate an average daily population in adult correctional facilities (correctional institutions and centers) and contract beds of 22,105 in 2003-04 and 22,031 in 2004-05. The following table identifies the distribution of this population.

	March 7, 2003 Actual Population	Average Daily Population 2003-04	2004-05
Institutions	15,973	17,208	17,208
Centers	2,070	2,260	2,433
Contract Beds[1]	3,505	2,637	2,390
Total	21,548	22,105	22,031

[1]Contract beds in 2003-05 include 25 inmates held in federal facilities.

Joint Finance/Legislature: Reestimate an average daily population in adult correctional facilities (correctional institutions and centers) and contract beds of 21,928 in 2003-04 and 22,415 in 2004-05. In addition, decrease the reestimated average daily population for 2004-05 by 433 to account for the following population reduction provisions in the bill: (a) creation of the Black River Correctional Center boot camp; (b) creation of the Drug Abuse Correctional Center earned release program; (c) expanded use of alternatives to revocation (ATR), including designating 50 beds at Highview Correctional Institution for ATRs; and (d) creation of a pilot program for non-violent offenders. The following table identifies the distribution of this population.

	Average Daily Population 2003-04	2004-05
Institutions	17,513	18,757
Centers	2,301	2,469
Contract Beds[1]	2,114	756
Total	21,928	21,982

[1]Contract beds in 2003-05 include 25 inmates held in federal facilities.

2. POPULATION AND INFLATIONARY COST INCREASES [LFB Paper 236]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$38,205,400	- $6,485,300	$31,720,100

Governor: Provide $17,532,300 in 2003-04 and $20,673,100 in 2004-05 to reflect population-related cost adjustments for prisoners in facilities operated by the Division of Adult Institutions as follows: (a) $471,500 in 2003-04 and $1,101,500 in 2004-05 for food costs; (b) $1,933,200 in 2003-04 and $1,966,600 in 2004-05 for variable non-food costs, such as clothing, laundry, inmate wages, and other supplies; and (c) $15,127,600 in 2003-04 and $17,605,000 in 2004-05 for inmate health care. Inmate health care costs include costs associated with pharmaceutical costs, the University of Wisconsin healthcare contract, and hospital service contracts. Base level funding for inmate health care costs is $29,978,700. Funding for inmate-related costs associated with the opening of new facilities is included with each institution. In

2003 Act 1, $7,269,800 was provided in 2002-03 for inmate health care. Total funding for inmate health care in 2002-03 is $37,822,100.

Joint Finance/Legislature: Delete $3,110,900 in 2003-04 and $3,374,400 in 2004-05 associated with inmate food and health costs, as follows: (a) -$45,600 in 2003-04 and -$183,700 in 2004-05 associated with food costs; and (b) -$3,065,300 in 2003-04 and -$3,190,700 in 2004-05 associated with inmate health care. Total funding for food would be $25,430,300 in 2003-04 and $25,922,200 in 2004-05; and funding for inmate health care would be $42,041,000 in 2003-04 and $44,393,000 in 2004-05.

3. PRISON CONTRACT BED FUNDING [LFB Paper 235]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$18,947,400	- $8,275,400	$10,672,000

Governor: Provide $3,719,600 in 2003-04 and $15,227,800 in 2004-05 related to in-state and out-of-state prison contract beds. Funding would be divided as follows: (a) $3,240,500 in 2003-04 and $14,748,700 in 2004-05 for contract beds; (b) $191,100 annually associated with staff and inmate transportation expenses; and (c) $288,000 annually in increased purchase of services funding for an alternative to revocation of community supervision program for contract beds in the Rock County jail which was previously funded from the contract bed appropriation.

Base funding for contract beds is $60,102,700. Total funding for contract beds would be $63,534,300 in 2003-04 and $75,042,500 in 2004-05. This funding would support 3,150 contract beds in 2003-04 (2,824 out-of-state and 326 in-state) and 3,680 contract beds in 2004-05 (3,354 out-of-state and 326 in-state). The contract beds appropriation also funds the costs of youthful adult offenders held in juvenile correctional facilities (14 offenders annually), and temporary lockup of correctional center system inmates in both years of the biennium.

Under the bill, funding for contract beds is reduced by other provisions, indicated in the following table.

	2003-04		2004-05	
	Amount	Beds	Amount	Beds
Base Funding	$60,102,700		$60,102,700	
Prison Contract Bed Funding	3,431,600		14,939,800	
Total	$63,534,300	3,150	$75,042,500	3,680
Funding Reductions				
Conversion of Prairie du Chien Facility to Adult Prison	-$10,920,700	-326	-$11,215,600	-326
Inmate Workhouses Staffing	-2,926,400	-162	-5,556,600	-300
Black River Correctional Center Boot Camp Program	0	0	-1,828,100	-99
Population Management	0	0	-10,000,000	-540
Total	$49,687,200	2,662	$46,442,200	2,415

As of March 7, 2003, Corrections was authorized to contract for 4,833 out-of-state prison contract beds, and had 2,969 inmates out-of-state. In addition, the Department had 196 inmates in Wisconsin county jails, 25 inmates in federal facilities, and 315 inmates at the Prairie du Chien Juvenile Correctional Facility. In 2003 Act 1, $9,247,800 was provided for prison contract bed funding. Total funding for contract beds in 2002-03 is $69,350,500.

Joint Finance/Legislature: Delete $3,416,500 in 2003-04 and $4,858,900 in 2004-05 related to in-state and out-of-state prison contract beds as a result of reestimated populations. Total funding for contract beds would be $60,070,600 in 2003-04 and $70,052,900 in 2004-05. Funding would support 2,983 contract beds in 2003-04 and 3,440 contract beds in 2004-05. However, additional reductions in contract beds are made by other provisions in the bill as shown in the table below.

	2003-04		2004-05	
	Amount	Beds	Amount	Beds
Base Funding	$60,102,700		$60,102,700	
Prison Contract Bed Funding - Governor*	3,384,400	3,150	14,809,100	3,680
Prison Contract Bed Funding - JFC	- 3,416,500	- 167	- 4,858,900	-240
Total	$60,070,600	2,983	$70,052,900	3,440
Funding Adjustments				
Conversion of Prairie du Chien Facility to Adult Prison - Governor*	- $10,873,400	-326	- $11,084,900	-326
Inmate Workhouses	- 2,926,400	-162	- 5,556,600	-300
Highview	- 1,689,300	- 94	- 9,285,100	- 501
New Lisbon	- 1,022,800	- 57	- 16,973,700	- 916
Black River Correctional Center Boot Camp Program	0	0	-1,828,100	-99
Population Management	- 4,567,200	- 255	- 10,002,700	- 540
Non-Violent Offender Community Reintegration Pilot Program	0	0	- 500,500	-27
Total	$38,991,500	2,089	$14,821,300	731

*Modified by $47,300 in 2003-04 and $130,700 in 2004-05 subsequent to introduction of the bill.

4. CONVERSION OF PRAIRIE DU CHIEN CORRECTIONAL FACILITY TO AN ADULT PRISON [LFB Paper 237]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $1,536,700	164.50	- $178,000	0.00	- $1,714,700	164.50
PR	- 20,599,600	- 164.50	178,000	0.00	- 20,421,600	- 164.50
Total	- $22,136,300	0.00	$0	0.00	- $22,136,300	0.00

Governor: Provide -$691,400 GPR and 164.50 GPR positions and -$10,229,300 PR and -164.50 PR positions in 2003-04 and -$845,300 GPR and 164.50 GPR positions and -$10,370,300 PR and -164.50 PR positions in 2004-05 to convert the Prairie du Chien Correctional Institution from a juvenile correctional institution to an adult prison. Prairie du Chien has been operating as an adult contract facility since it opened on July 1, 1997. Expenditures for the facility are paid through the juvenile correctional services PR appropriation, and then reimbursed through Corrections' GPR appropriation for contracts beds. The bill would modify statutory language to allow the facility to become an adult prison by deleting the specification that Prairie du Chien's expenditures be paid through the juvenile correctional services appropriation. Funding and position changes are shown in the following chart.

	2003-04				2004-05			
	GPR		PR		GPR		PR	
Division	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
Adult Institutions								
Contract Beds	-$10,920,700	0.00	$0	0.00	-$11,215,600	0.00	$0	0.00
Operational Costs	10,229,300	164.50	0	0.00	10,370,300	164.50	0	0.00
Juvenile Institutions								
Operational Costs	0	0.00	-10,229,300	-164.50	0	0.00	-10,370,300	-164.50
Total	-$691,400	164.50	-$10,229,300	-164.50	-$845,300	164.50	-$10,370,300	-164.50

Under 1995 Act 27, the Prairie du Chien Correctional Facility was designed as a juvenile correctional facility. In 1997 Act 4, Corrections was authorized to utilize Prairie du Chien as a facility for young adult prisoners from July 1, 1997, until July 1, 1998. In 1997 Act 27, the authority to operate the facility as an adult prison was extended until July 1, 1999. Also, 1997 Act 27 specified that inmates at the facility could not be more than 21 years of age and must be nonviolent offenders, as determined by the Department of Corrections. In 1999 Act 9, the authority to use the prison for nonviolent, youthful adult offenders was again extended until July 1, 2001. This period was extended again under 2001 Act 16 to July 1, 2003.

Joint Finance/Legislature: Reduce GPR operating costs at the Prairie du Chien Correctional Institution by $47,300 GPR in 2003-04 and $130,700 GPR in 2004-05, and provide

$47,300 PR in 2003-04 and $130,700 PR in 2004-05 associated with an estimate of the amount of PR reductions that would occur as a result of converting Prairie du Chien to GPR funding.

The following table identifies the fiscal effect under SB 44 and the modifications to the bill.

Prairie du Chien Correctional Institution

	SB 44		Joint Finance		Change to SB 44	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
GPR Funding						
Contract Bed Funding						
Base Funding	$10,038,900	$10,038,900	$10,038,900	$10,038,900	$0	$0
Contract Bed Funding Increase	881,800	1,176,700	834,500	1,046,000	-47,300	-130,700
Total Prairie du Chien Contract Bed Funding	$10,920,700	$11,215,600	$10,873,400	$11,084,900	-$47,300	-$130,700
Prairie du Chien Conversion						
Institutional Operating Costs--GPR	$10,229,300	$10,370,300	$10,182,000	$10,239,600	-$47,300	-$130,700
Contract Bed Reduction	-10,920,700	-11,215,600	-10,873,400	-11,084,900	47,300	130,700
Total Prairie du Chien Conversion Costs	-$691,400	-$845,300	-$691,400	-$845,300	$0	$0
Net Change to Base GPR	$190,400	$331,400	$143,100	$200,700	-$47,300	-$130,700
Program Revenue Funding						
Base Operating Costs--PR	$9,622,100	$9,622,100	$9,622,100	$9,622,100	$0	$0
Institutional Operating Costs--PR	-10,229,300	-10,370,300	-10,182,000	-10,239,600	47,300	130,700
Net Change to Base PR	-$607,200	-$748,200	-$559,900	-$617,500	$47,300	$130,700

[Act 33 Sections: 441d, 2501, 2806 thru 2808, and 2810]

5. FUNDING AND STAFFING ASSOCIATED WITH PRISON OPENINGS, EXPANSIONS AND DELAYED OPENINGS [LFB Papers 238, 239, and 241]

Governor: Provide funding and positions over the 2003-05 biennium associated with the operation of an additional 690 beds and the delayed openings of various facilities. The following table identifies the institution, the total number of additional beds and the total operational and staffing increases provided in the bill.

Institution	Additional Beds	2003-04 (All Funds) Operating Costs	Positions	2004-05 (All Funds) Operating Costs	Positions
Sturtevant P&P Hold[1]	150	$2,255,400	62.35	$4,189,800	62.35
Inmate Workhouses[2]	300	4,688,700	59.00	5,085,600	59.00
Redgranite[3]	240	1,184,300	27.88	1,109,900	27.88
Highview[4]	---	278,700	0.00	353,700	0.00
New Lisbon[5]	---	264,600	0.00	264,600	0.00
Oshkosh[6]	---	35,800	0.00	35,800	0.00
Total	690	$8,707,500	149.23	$11,039,400	149.23

[1] The Sturtevant probation and parole hold facility is scheduled to open in May, 2004. The additional 150 beds will not result in increased prison capacity.

[2] Operating costs are offset by a reduction in contract bed funding. The inmate workhouses would open in December, 2003.

[3] Additional capacity is added through increased double occupancy of cells. Total capacity of the facility would increase to 990. As of March 7, 2003, the facility had a population of 926.

[4] Total operating capacity of the facility is 300 beds. Opening is delayed until the 2005-07 biennium.

[5] Total operating capacity of the facility is 750 beds. Opening is delayed until the 2005-07 biennium.

[6] The additional 50 segregation beds will not result in increased prison capacity. Opening is delayed until the 2005-07 biennium.

Joint Finance/Legislature: Increase funding for staffing of prisons by a total of $13,234,400 in 2003-04 and $25,662,500 in 2004-05 and 453.64 positions annually. The following table identifies the institution, the total number of beds, and the total operational costs and staffing provided (contract bed funding reductions associated with opening the facilities are not included).

Institution	Additional Beds	2003-04 (All Funds) Operating Costs	Positions	2004-05 (All Funds) Operating Costs	Positions
Sturtevant P&P Hold	150	$2,198,600	61.43	$4,052,800	61.43
Inmate Workhouses	300	4,592,900	58.68	4,887,900	58.68
Redgranite	240	1,019,200	23.50	941,000	23.50
Highview[1]	450	6,127,200	152.35	9,119,800	152.35
New Lisbon[2]	950	7,968,200	306.91	17,664,600	306.91
Oshkosh	---	35,800	0.00	35,800	0.00
Total	2,090	$21,941,900	602.87	$36,701,900	602.87

[1] Total operating capacity of the facility is 450 beds. Highview would open in April, 2004.

[2] Total operating capacity of the facility is 750 beds. New Lisbon would open in April, 2004.

6. STURTEVANT PROBATION AND PAROLE HOLD FACILITY STAFFING [LFB Paper 238]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$6,445,200	62.35	- $193,800	- 0.92	$6,251,400	61.43

Governor: Provide $2,255,400 in 2003-04 and $4,189,800 in 2004-05 and 62.35 positions annually to staff the Sturtevant Probation and Parole Hold Facility. The 150-bed regional hold facility is scheduled to open in May, 2004. The Sturtevant Probation and Parole Hold Facility will be attached to the Sturtevant Workhouse. The Executive Budget Book indicates that the facility will be used to provide alternative to revocation placements for offenders at risk of being sent to prison because they have violated the conditions of their probation, parole, or extended supervision.

Under the bill, the following 62.35 positions are provided: 14.0 correctional officers for the housing unit, 10.5 correctional officers for inmate intake, 10.5 correctional officers for inmate transportation, 9.5 correctional officers for other institutional security duties, 5.25 supervising officers, 1.75 positions for psychological services, 1.0 maintenance position, 1.5 food service positions, 1.0 records assistant, 1.0 program assistant for administration, and 6.35 positions for health services (0.25 physician, 1.0 nursing supervisor, 1.0 program assistant, 0.5 physician assistant, 2.5 nurse clinicians, 0.25 dentist, 0.25 dental assistant, 0.5 dental hygienist, and 0.1 psychiatrist). The health services unit would also provide medical and dental services to inmates in the Sturtevant Workhouse. Funding includes $66,400 in 2003-04 and $613,000 in 2004-05 for food and health costs, $422,800 in 2003-04 for correctional officer training, $402,500 in 2003-04 for institutional start-up costs, $233,700 in 2003-04 for vehicle purchases, and $8,300 in 2003-04 and $50,000 in 2004-05 to purchase interpretive and religious services.

Joint Finance/Legislature: Delete $56,800 in 2003-04 and $137,000 in 2004-05 and 0.92 positions annually associated with: (a) turnover reduction adjustments; (b) adjustments associated with reduced correctional officer preservice training costs; (c) adjustments associated with staffing of correctional officer posts; and (d) reduces inmate-related costs.

7. INMATE WORKHOUSES STAFFING [LFB Paper 238]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$1,291,300	59.00	- $293,500	- 0.32	$997,800	58.68

Governor: Provide $1,762,300 in 2003-04 and -$471,000 in 2004-05 and 59.0 positions annually to staff and operate two inmate workhouses (one at the Winnebago Correctional Center, $814,500 in 2003-04 and -$310,700 in 2004-05, and the other in the Sturtevant area,

$947,800 in 2003-04 and -$160,300 in 2004-05), with opening dates of December, 2003. Construction of the Winnebago facility was completed in January, 2003, and the Sturtevant facility will be completed in May, 2003. Costs of operating the facilities ($4,688,700 in 2003-04 and $5,085,600 in 2004-50) are offset by a reduction in contract bed funding (-$2,926,400 in 2003-04 and -$5,556,600 in 2004-05). Each facility is estimated to have an average daily population of 81 inmates in 2003-04 and 150 inmates in 2004-05.

Staffing for the Winnebago facility includes the following 28.5 positions: 13.75 correctional officers for housing unit security, 1.5 correctional officers for mailroom, property and transportation, 2.5 supervising officers, 2.5 correctional officers for work release coordination, 2.5 correctional officers for work crew supervision, 1.0 social worker, 1.0 maintenance position, 1.0 food service position, 2.0 program assistants for administration, 0.25 physician, 0.25 dentist, and 0.25 dental assistant. Staffing for the Sturtevant facility includes the following 30.5 positions: 1.0 correctional center superintendent, 2.0 program assistants for administration, 13.75 correctional officers for housing unit security, 1.5 correctional officers for mailroom, property and transportation, 2.5 supervising officers, 2.5 correctional officers for work release coordination, 2.5 correctional officers for work crew supervision, 1.0 social worker, 1.0 maintenance position, 1.0 food service position, 0.25 physician, 1.0 nurse clinician, 0.25 dentist, and 0.25 dental assistant. Staffing at the Sturtevant facility would also provide administrative and support services for the Sturtevant probation and parole hold facility, and would share a health services unit with the probation and parole hold facility. Funding includes $751,600 GPR in 2003-04 and $1,512,200 in 2004-05 for inmate food, health and inmate variable costs, $386,800 in 2003-04 for correctional officer training, $471,400 in 2003-04 for startup costs, $468,800 in 2003-04 for vehicles, and $144,200 in 2003-04 and $247,200 in 2004-05 for purchase of services for inmates.

Joint Finance/Legislature: Delete $95,800 in 2003-04 and $197,700 in 2004-05 and 0.32 positions annually associated with: (a) turnover reduction adjustments; (b) adjustments associated with reduced correctional officer preservice training costs; (c) adjustments associated with staffing of correctional officer posts; and (d) reduces inmate-related costs.

8. REDGRANITE CORRECTIONAL INSTITUTION STAFFING [LFB Paper 239]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$2,294,200	27.88	- $334,000	- 4.38	$1,960,200	23.50

Governor: Provide $1,184,300 and 27.88 positions in 2003-04 and $1,109,900 and 27.88 positions in 2004-05 at Redgranite Correctional Institution. Staffing includes 25.88 correctional officers and 2.0 teachers. Redgranite is a medium-security facility that opened in January, 2001, with an operating capacity of 750 inmates. The additional positions are provided to support an institutional population of 990 inmates. As of March 7, 2003, Redgranite had 926 inmates.

Joint Finance/Legislature: Delete $165,100 in 2003-04 and $168,900 in 2004-05 and 4.38 positions annually associated with: (a) turnover reduction modifications; and (b) providing 21.5 correctional officer positions instead of 25.88 to maintain correctional officer staffing at current levels.

9. HEALTH SERVICE UNIT POSITIONS [LFB Paper 240]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$3,687,900	23.50	$415,700	0.00	$4,103,600	23.50

Governor: Provide $2,051,800 in 2003-04 and $1,636,100 in 2004-05 and 23.5 positions annually in the health services units at the Redgranite and Prairie du Chien Correctional Institutions and at the Wisconsin Secure Program Facility (WSPF). In 2004-05, convert the project health service positions to permanent positions. [Under the bill, fringe benefits and turnover costs of $415,700 were not accounted for in 2004-05 funding.] At the September 12, 2002, s. 13.10 meeting of the Joint Committee on Finance, 23.5 project positions were created for the period of January 1, 2003, to June 30, 2004, to assume staffing of the health services units from Prison Health Services, Inc. at Redgranite, WSPF, and Prairie du Chien.

Joint Finance/Legislature: Provide an additional $415,700 in 2004-05 for fringe benefits and turnover costs in 2004-05 funding.

10. HIGHVIEW CORRECTIONAL INSTITUTION [LFB Paper 241]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$632,400	0.00	$3,640,200	152.35	$4,272,600	152.35

Governor: Provide $278,700 in 2003-04 and $353,700 in 2004-05 for repair and maintenance ($254,200 in 2003-04 and $329,200 in 2004-05), risk management ($1,400 annually), and capital costs ($23,100 annually) at the Highview Correctional Institution, associated with its delayed opening. The facility is a 300-bed medium-security geriatric prison on the grounds of the Department of Health and Family Service's Northern Center for the Developmentally Disabled in Chippewa Falls. Base funding for Highview is $725,800 and 10.63 positions. The administration's summary of the bill indicates that the opening date for Highview will be delayed until the 2005-07 biennium. Under 2001 Act 109, the facility was scheduled to open in January, 2004.

Joint Finance/Legislature: Provide $4,159,200 in 2003-04 and -$519,000 in 2004-05 and 152.35 positions annually to open the Highview Correctional Institution in April, 2004, with intensive AODA programming and an operating capacity of 450 inmates. Specify that the facility operate as a minimum-security facility with 50 beds designated for alternative to revocation programming. Costs of operating the facility ($6,127,200 in 2003-04 and $9,119,800 in 2004-05) would be offset by a reduction in contract bed funding of -$1,689,300 in 2003-04 and -$9,285,100 in 2004-05.

Veto by Governor [C-2]: Delete provision designating 50 beds for alternatives to revocation programming. The Governor's veto message indicates that the Department will use an unspecified number of beds at Highview for alternative to revocation placements.

[Act 33 Section: 2490d]

[Act 33 Vetoed Section: 2490d]

11. NEW LISBON CORRECTIONAL INSTITUTION [LFB Paper 241]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$529,200	0.00	$6,923,700	303.91	$7,452,900	303.91
PR	0	0.00	183,400	3.00	183,400	3.00
TOTAL	$529,200	0.00	$7,107,100	306.91	$7,636,300	306.91

Governor: Provide $264,600 annually for repair and maintenance ($176,500 annually), risk management ($8,100 annually), and capital costs ($80,000 annually) at the New Lisbon Correctional Institution, associated with its delayed opening. The facility is a 750-bed medium-security correctional institution in New Lisbon. Base funding for New Lisbon is $1,622,800 GPR and 39.38 GPR positions and $1,200 PR and 0.4 PR position. The administration's summary of the bill indicates that the opening date for New Lisbon will be delayed until the 2005-07 biennium. Under 2001 Act 109, the facility was scheduled to open in January, 2004.

Joint Finance/Legislature: Provide $6,624,900 GPR and $55,900 PR in 2003-04 and $298,800 GPR and $127,500 PR in 2004-05 and 303.91 GPR positions and 3.0 PR positions annually to open the New Lisbon Correctional Institution in April, 2004. Costs of operating the facility ($7,912,300 GPR in 2003-04 and $17,537,100 GPR in 2004-05) would be offset by a reduction in contract bed funding (-$1,022,800 GPR in 2003-04 and -$16,973,700 GPR in 2004-05). New Lisbon would have an average daily population of 57 inmates in 2003-04 and 916 inmates in 2004-05.

12. OSHKOSH CORRECTIONAL INSTITUTION SEGREGATION BUILDING DELAYED OPENING

GPR	$71,600

Governor/Legislature: Provide $35,800 annually for fuel and utilities ($17,700 annually), repair and maintenance ($13,500 annually), risk management ($600 annually), and capital costs ($4,000 annually) at the Oshkosh Correctional Institution associated with the delayed opening of the 50-bed expansion of the segregation unit. Under 2001 Act 109, the opening date of the unit was delayed until July, 2004. Construction of the segregation unit was substantially complete in October, 2002.

13. FULL FUNDING OF NON-SALARY COSTS OF CORRECTIONAL INSTITUTIONS [LFB Paper 242]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$1,301,000	- $21,400	$1,279,600
PR	6,800	0	6,800
TOTAL	$1,307,800	- $21,400	$1,286,400

Governor: Provide $650,500 GPR and $3,400 PR in each year to annualize non-salary costs, including purchase of services for offenders, fuel and utility costs, supplies and services, and internal service charges associated with positions created for only a portion of a year under previous legislation. Annual funding would be for: (a) Stanley Correctional Institution, $400,800 GPR and $2,800 PR; (b) New Lisbon Correctional Institution, $237,800 GPR and $600 PR for costs associated with 31.78 FTE positions created under 2001 Act 16; and (c) Highview Correctional Institution, $11,900 GPR for costs associated with 10.63 FTE positions created under 2001 Act 16.

Joint Finance/Legislature: Delete $10,700 GPR annually to remove training supplies and services (a one-time funding item) associated with non-salary costs for the New Lisbon Correctional Institution.

14. MILWAUKEE WOMEN'S CENTER FUNDING

GPR	$169,200

Governor/Legislature: Provide $98,900 in 2003-04 and $70,300 in 2004-05 for costs associated with the opening of the new Milwaukee Women's Center. The Milwaukee Women's Center is a 100-bed minimum-security correctional center for adult female offenders in Milwaukee County and will replace the 42-bed Milwaukee Women's Correctional Center (MWCC). Funding would be divided as follows: (a) fuel and utilities, and repair and maintenance, $49,500 in 2003-04 and $54,600 in 2004-05; (b) permanent property, $14,200 in 2003-04 and $14,700 in 2004-05; (c) risk management charges, $1,000 annually; (d) one-time start-up costs, $11,200 in 2003-04; and (e) one-time vehicle purchases (a maintenance truck) $23,000 in 2003-04. Under 2001 Act 16, $5.1 million in general fund supported borrowing was provided for construction of the new Milwaukee Women's Center. The facility is scheduled to open in June, 2003.

15. FEMALE FELONY DRUG OFFENDER PROGRAM [LFB Paper 243]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$991,500	7.50	- $553,100	- 3.50	$438,400	4.00

Governor: Provide $446,100 in 2003-04 and $545,400 in 2004-05 and 7.5 positions annually for a 50-bed felony drug offender alternative to prison program for female offenders at the Milwaukee Women's Center. Funding includes $288,600 in 2003-04 and $335,400 in 2004-05 for operating costs and, $157,500 in 2003-04 and $210,000 in 2004-05 for purchase of services for inmates. Under the bill the following positions are provided: 4.0 social workers, 0.5 psychologist, 1.0 program supervisor, 1.0 treatment specialist and 1.0 program assistant.

Under 2001 Act 16, purchase of services funding of $140,000 in 2001-02 and $210,000 in 2002-03 was provided for a drug offender alternative to prison program serving young male Milwaukee drug offenders. In addition, Act 16 specified that with the consent of Corrections, and when recommended in the presentence investigation, a court may order that a felony offender be confined in a facility located in Milwaukee for the purpose of allowing the offender to complete an alcohol and other drug abuse treatment program. Under the program, offenders enter as an alternative to prison as determined by the sentencing drug court judge. The program was designed by representatives of the Milwaukee County District Attorney's office, the State Public Defender's office, Milwaukee County circuit court judges and community organizations. The 12-month program includes intensive treatment during the first four- to six-month phase of incarceration. The intensive treatment phase is followed by up to two months at a correctional center where offenders are assisted to gain employment. A six-month period of enhanced supervision in the community, including aftercare services and close surveillance, is the final program phase. Upon successful completion, offenders are subsequently supervised by probation and parole agents until completion of their sentence.

Joint Finance/Legislature: Delete $246,200 in 2003-04 and $306,900 in 2004-05 and 3.5 positions annually for a 25-bed felony drug offender alternative to prison program for female offenders at the Milwaukee Women's Center. Deleted positions include 2.0 social workers, 0.5 treatment specialist, 0.5 program supervisor, and 0.5 program assistant.

16. POPULATION MANAGEMENT [LFB Paper 244]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $10,000,000	- $2,183,600	- $12,183,600

Governor: Reduce prison contract bed funding by $10,000,000 in 2004-05. Based on current out-of-state contract rates, reduced funding would result in 540 fewer contract beds in 2004-05. According to the Executive Budget Book, the reduction would be achieved by: (a) expanding the use of earned release programs; (b) increasing selected bed capacity at certain institutions; (c) administratively expanding alternatives to the revocation of probation, parole, or extended supervision; and (d) adjusting presentencing investigation reports to reflect the new truth-in-sentencing structure.

Modify statutory language associated with population management as follows:

Earned Release from Drug Abuse Correctional Center Program. Create an earned release program for eligible inmates who successfully complete the substance abuse treatment program at the Drug Abuse Correctional Center (DACC) in Winnebago. Specify that an inmate may be released to parole or extended supervision if the Department determines that the inmate has successfully completed the treatment program. Specify that all inmates are eligible for the DACC earned release program, except inmates who are incarcerated for crimes against life and bodily security (crimes under Chapter 940 of the statutes), or for sex crimes against a child. For inmates serving a bifurcated (truth-in-sentencing) sentence, specify that the sentencing court must decide at sentencing that the inmate is eligible to participate in the earned release program. Require that presentence investigation reports include a recommendation as to whether a defendant is eligible to participate in the program.

Specify that if an eligible inmate serving a sentence other than a bifurcated sentence successfully completes the DACC treatment program, the Parole Commission would be required to parole the inmate, regardless of the amount of time the inmate has served. Specify that the Parole Commission must require the parolee to participate in an intensive supervision program for drug abusers as a condition of parole.

If an eligible inmate serving a bifurcated sentence successfully completes the DACC treatment program, require the Department to notify the sentencing court. Require the sentencing court to: (a) reduce the prison portion of the bifurcated sentence so that the inmate will be released to extended supervision within 30 days of the date on which the court received notice; and (b) lengthen the term of extended supervision so that the total length of the bifurcated sentence does not change.

Specify that with Corrections' approval, an inmate serving a bifurcated sentence imposed before the effective date of the bill may petition the sentencing court to determine whether he or she is eligible or ineligible to participate in the DACC earned release program during the term of confinement. Specify that petitioning inmates must meet program eligibility criteria regarding the crimes committed. Require the inmate to serve a copy of the petition on the District Attorney who prosecuted him or her. Specify that the District Attorney may file a written response. Specify that the sentencing court must exercise its discretion in granting or denying the inmate's petition but must do so no later than 90 days after the inmate files the petition. If the court determines that the inmate is eligible to participate in the DACC earned release program, the court must inform the inmate of the process by which the sentence may be modified.

Specify that the Department may place intensive sanctions program participants in the treatment program, however, intensive sanctions participants are not eligible for earned release.

Specify that in sentencing offenders, the earned release program first applies to persons sentenced on the effective date of the bill.

Crimes under Chapter 940 for which inmates are ineligible for the earned release program include: (a) homicides; (b) felony murder; (c) mutilating or hiding a corpse; (d) assisting suicide; (e) abortion; (f) partial-birth abortion; (g) batteries; (h) mayhem; (i) sexual exploitation by therapist; (j) sexual assault; (k) reckless injury; (l) injury by negligent handling of dangerous weapon, explosives or fire; (m) injury by intoxicated use of a vehicle; (n) abuse of vulnerable adults or residents of penal facilities; (o) failure to render aid by a law enforcement officer; (p) abuse and neglect of patients and residents; (q) false imprisonment; (r) taking hostages; (s) kidnapping; (t) stalking; (u) duty to aid victim or report crime; and (v) intimidation or attempted intimidation of witnesses or victims. Sex crimes against a child for which inmates are ineligible for the earned release program include: (a) sexual assault of a child; (b) engaging in repeated acts of sexual assault of the same child; (c) physical abuse of a child; (d) sexual exploitation of a child; (e) causing a child to view or listen to sexual activity; (f) incest with a child; (g) child enticement; (h) use of a computer to facilitate a child sex crime; (i) soliciting a child for prostitution; and (j) sexual assault of a student by a school instructional staff person.

Increase Operating Capacity and Age Limit for Inmates at Racine Youthful Offender Correctional Facility. Allow Corrections to place up to 450 inmates at the Racine Youthful Offender Correctional Facility (RYOCF) and increase the maximum age limit at the facility to 24 years of age. Under current law, Corrections is authorized to place no more than 400 inmates at RYOCF and inmates must be at least 15 years of age, but not more than 21 years of age.

Joint Finance/Legislature: Modify the Governor's recommendation to provide inmate-related costs associated with the increase of prison capacity, and provide increased contract bed savings as follows: (a) increased prison bed capacity, -$3,459,100 in 2003-04 (-$4,567,200 associated with contract beds and $1,108,100 for inmate-related costs) and -$3,982,000 in 2004-05 (-$5,260,200 associated with contract beds and $1,278,200 for inmate-related costs); (b) alternatives to revocation, -$4,406,400 in 2004-05; and (c) the Drug Abuse Correctional Center earned release program, -$336,100 in 2004-05. The net change to the bill would be -$2,183,600 GPR (-$3,459,100 in 2003-04 and $1,275,500 in 2004-05).

[Act 33 Sections: 2490, 2505, 2506, 2508, 2748 thru 2751, and 9310(2)]

17. BLACK RIVER CORRECTIONAL CENTER BOOT CAMP PROGRAM [LFB Paper 245]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $375,100	17.50	- $77,700	0.00	- $452,800	17.50

Governor: Provide $705,000 in 2003-04 and -$1,080,100 in 2004-05 and 17.5 positions annually to create a challenge incarceration program ("boot camp") at the Black River Correctional Center in Black River Falls. Under the bill, increased costs for operating the facility ($705,000 in 2003-04 and $748,000 in 2004-05) are offset by a reduction in contract bed funding (-$1,828,100 in 2004-05). Staffing under the bill includes: 12.0 correctional officers; 2.0 supervising officers, 1.0 social worker, 1.0 food service position, and 1.5 program assistants. Currently, Black River has an operating capacity of 94 beds with a total staff of 25.5 positions.

Modify statutory language to provide that an inmate, who volunteers to participate in the program, is eligible for the program if the inmate has not attained the age of 40 as of the date on which they begin the program. Specify that the program provide strenuous physical exercise for participants who have not attained the age of 30 as of the starting date, or age-appropriate strenuous physical exercise for all other participants. Specify that the modification would first apply to persons sentenced on the effective date of the bill.

Under current law, the program provides inmates with strenuous physical exercise, manual labor, personal development counseling, substance abuse treatment and education, military drill and ceremony, and counseling. Corrections may place any inmate in the program if the inmate has not attained the age of 30 as of the start of the program, and also meets the following criteria: (a) the inmate volunteers to participate in the program; (b) the inmate is not incarcerated for a crime specified in Chapter 940 (crimes against life and bodily security) or for child sex crimes; (c) if the inmate is serving a bifurcated sentence, the sentencing court decided at sentencing that the inmate is eligible for the challenge incarceration program; (d) Corrections determines, during assessment and evaluation, that the inmate has a substance abuse problem; and (e) Corrections determines that the inmate has no psychological, physical or medical limitations that would preclude participation in the program.

Joint Finance/Legislature: Delete $72,300 in 2003-04 and $5,400 in 2004-05 associated with: (a) turnover reduction adjustments; (b) adjustments associated with reduced correctional officer preservice training costs; and (c) reducing the number of months of funding for 2003-04 positions by one month.

[Act 33 Sections: 2502 thru 2504, and 9310(1)]

18. SENTENCING COMMISSION -- TRANSFER FROM THE DEPARTMENT OF ADMINISTRATION TO CORRECTIONS [LFB Paper 246]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$603,400	2.00	- $603,400	- 2.00	$0	0.00

Governor: Transfer the Sentencing Commission from the Department of Administration to Corrections and provide $301,700 and 2.0 classified positions annually. Funding would be divided as follows: (a) salaries, $164,800; (b) fringe benefits, $59,600; and (c) supplies and services, $77,300. Modify Corrections' general program operations appropriation to also include funding for the Sentencing Commission.

The Sentencing Commission was created in 2001 Act 109 and is currently attached to DOA, with a base budget of $140,000 and 6.0 positions, including 1.0 unclassified director and 1.0 unclassified deputy director. Under the bill, full funding ($300,500 annually) and increased supplies and services funding ($60,000 annually) are provided for the Sentencing Commission in DOA prior to transfer to Corrections, increasing total funding to $500,500 annually. Subsequently, under DOA, $198,800 and 4.0 positions annually associated with the Sentencing Commission are removed as a DOA budget reduction, and $301,700 and 2.0 positions are transferred to Corrections. Under the bill, the net change to the Sentencing Commission is $161,700 and –4.0 positions annually.

Joint Finance/Legislature: Delete provision. [See "Administration -- Transfers from the Department to Other Agencies."]

19. COMMUNITY CORRECTIONS -- ADMINISTRATIVE AND MINIMUM SUPERVISION FEES

	Funding	Positions
PR	- $1,040,000	- 11.00

Governor/Legislature: Reduce funding by $520,000 and 11.0 positions annually associated with administrative and minimum supervision in the Division of Community Corrections. Delete the statutory provision that individuals on minimum and administrative supervision be charged a fee set "sufficient to cover the costs of supervision." Under current law, there is a separate provision for supervision fees collected from any probationer, parolee, or person on extended supervision who is placed on administrative and minimum supervision. For all other probationers, parolees, or persons on extended supervision, the Department sets varying rates based on ability to pay and with the goal of receiving at least $1 per day, if appropriate, from each offender. (As a result of 2001 Act 109, the goal was administratively increased to at least $2 per day.) Under the bill, supervision fees would no longer be based on the level of supervision. Rather, the Department of Corrections would set fees for all probationers, parolees, or persons on extended supervision based on their ability to pay, with the goal of receiving at least $2 per day, if appropriate, from each offender.

[Act 33 Sections: 440, 1606, 2509 thru 2511, and 2768 thru 2770]

20. DELETION OF UNIT SUPERVISOR POSITIONS

	Funding	Positions
GPR	- $7,706,000	- 57.00
PR	- 3, 296,000	- 25.00
Total	- $11,002,000	- 82.00

Joint Finance/Legislature: Delete $3,853,000 GPR and 57.0 GPR positions and $1,648,000 PR and 25.0 PR positions annually associated with corrections unit supervisor and assistant unit supervisor positions.

Veto by Governor [Veto Message, Page xxii, Item #2]: In the veto message, the Governor indicates that the Department will be given the flexibility to substitute other positions for the correctional unit supervisors and assistant unit supervisors.

21. ELIMINATE PROGRAM ASSIGNMENT WAGES

GPR	- $3,300,400

Joint Finance/Legislature: Delete $1,650,200 annually associated with wages for inmates who are in program assignments. Currently, inmates in educational and alcohol and other drug abuse programs are paid $0.28 per hour for program participation.

22. PILOT PROGRAM FOR NON-VIOLENT OFFENDER COMMUNITY REINTEGRATION

Joint Finance/Legislature: Create a pilot program to support two 25-bed halfway houses that would allow non-violent offenders to spend the last six months of their prison term at those facilities under the supervision of the Department of Corrections, notwithstanding current sentencing laws.

Require the Department to accept requests for proposals for the establishment of two, 25-bed halfway houses for non-violent offenders, with one to be located in an urban area and one in a rural area. Specify that the Department may not accept a proposal unless its daily cost per inmate is less than or equal to the highest daily cost per inmate provided for out-of-state contract beds. Increase purchase of services funding by $500,500 GPR in 2003-04 and decrease contract bed funding by $500,500 GPR in 2004-05 associated with creating the halfway house program. Provisions of the program would sunset on June 30, 2008.

Specify that an inmate would be eligible for the halfway house program if, upon petition by the Department within three months immediately preceding placement in the program, the sentencing court authorized the placement. Specify that a court may not directly commit persons to the program. In addition, specify that the inmate must be a nonviolent offender to whom one of the following applies: (a) the inmate is serving no more than the last six months of the term of confinement of a bifurcated sentence; (b) the inmate was returned to prison for violating his or her extended supervision and there are no more than six months remaining of incarceration; (c) the inmate is serving an indeterminate sentence for a crime other than a serious felony and there are no more than six months remaining until mandatory release; (d) the inmate is serving an indeterminate sentence and the Parole Commission has authorized release on parole within the next six months; or (e) the inmate is serving no more than the last six months of an indeterminate sentence.

Specify that inmates confined in the halfway houses would be under the care and control of the halfway house, subject to its rules and discipline, and subject to all laws pertaining to inmates of other state prisons. Specify that officers and employees of a halfway house would be subject to all laws pertaining to other state prisons.

Require a study of the program to evaluate: (a) the program's success at providing community reintegration versus offenders who are not placed in the program; (b) the cost effectiveness of the program; (c) the administration of the program; and (d) public opinion of the program. Require that the study be completed and submitted to the Governor and Legislature by January 1, 2007.

Veto by Governor [C-3]: Delete provisions: (a) requiring that the location of the halfway houses be in a rural area and an urban area; (b) specifying that the Department may not accept a proposal unless the daily costs per inmate is less than or equal to the highest daily cost per inmate provided for out-of-state contract beds; and (c) requiring a study of the program.

[Act 33 Section: 439t, 439w, 1189g, 1189r, 2485g, 2485r, and 9410(1q)]

[Act 33 Vetoed Section: 2485g]

23. CONTRACTING WITH COUNTY SHERIFFS FOR THE PLACEMENT OF STATE INMATES IN CONTRACT BEDS

Joint Finance/Legislature: Require that if the Department Corrections has an existing contract with a private provider for the placement of inmates out-of-state, the Department must accept proposals from county sheriffs annually by July 1 to place state inmates in county jails. Require that annually, by October 1, the Department must evaluate the proposals and notify the counties whether or not state inmates may be placed in the county's jails beginning on the following January 1, based on criteria established by the Department. If the Department determines that inmates may be placed in a county's jail facility, require the Department to give the county priority over the out-of-state private provider. Specify that the daily cost for placing an inmate in a county jail be determined by the Department and county. Require, however, that the daily cost may be no higher than the highest rate provided in existing contracts with private contractors.

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

[Act 33 Vetoed Section: 2491g]

24. PENALTY ASSESSMENT FUNDING REDUCTION [LFB Paper 120]

PR	- $143,200

Joint Finance/Legislature: Reduce expenditure authority by $133,000 in 2003-04 and $10,200 in 2004-05, as follows: (a) -$14,800 in 2003-04 and -$1,100 in 2004-05 under the victim services and programs appropriation; and (b) -$118,200 in 2003-04 and -$9,100 in 2004-05 under the correctional officer training appropriation. The reductions reflect a decrease of 6.5% in 2003-04 and 0.5% in 2004-05 to appropriations supported by penalty assessment receipts in order to address a deficit in penalty assessment funding (see "Administration -- Office of Justice Assistance").

25. REIMBURSEMENT OF COSTS INCURRED BY MUNICIPALITIES

Senate/Legislature: Allow a city that was incorporated in 1889 and that is located in a county that was created in 1856 (City of New Lisbon), before April 30, 2004, to apply to the Department of Corrections for reimbursement of costs, including debt service, for extending utility service in connection with the construction of a prison, if the construction of the prison was authorized by the Building Commission in September, 1998. Specify that costs must have been incurred between May 1, 2002, and March 31, 2004. Specify that Corrections must pay the city at least $215,000 of those costs no later than June 30, 2004, from the general program operations appropriation (s. 20.410(1)(a)).

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

[Act 33 Vetoed Section: 9110(1x)]

Juvenile Corrections

1. JUVENILE POPULATION ESTIMATES [LFB Papers 255 and 256]

Governor: Decrease the juvenile secured correctional facility average daily population (ADP) estimate from 961 in 2002-03 to 830 in 2003-04 and 829 in 2004-05, as shown in the following table. (Actual ADP at the facilities in 2002-03 was 799.) The population projections include juveniles funded under the serious juvenile offender (SJO) program. The SJO population projections by the Governor are summarized below under the "Serious Juvenile Offender Funding" entry. Under the bill, the population projections in the table are used in the calculation of daily rates for each type of care, excluding alternate care.

Average Daily Population
Governor

		Projected ADP	
	2002-03*	2003-04	2004-05
Secured Correctional Facilities	961	830	829
Other Placements			
Corrective Sanctions	136	136	136
Aftercare Services	255	242	238
Subtotal -- Other Placements	391	378	374
Total ADP	1,352	1,208	1,203
Alternate Care	199	171	168

* Estimates under the 2001-03 biennial budget act.

The secured correctional facilities include Ethan Allen School, Lincoln Hills School, Southern Oaks Girls School, the SPRITE Program, the Mendota Juvenile Treatment Center, and the Prairie du Chien facility. (Under current law, the Prairie du Chien facility is designated a temporary prison for young adult males until July 1, 2003. Under the bill, this use as an adult prison would be made permanent after July 1, 2003.)

Under the corrective sanctions program, juveniles are placed in the community, following a period in a secured correctional facility, and are provided with intensive surveillance. In addition, for each corrective sanctions slot, an average of $3,000 annually is provided to purchase community-based treatment services.

Aftercare services include juveniles under state supervision following release from a juvenile correctional facility. Placement may be in an alternate care setting, a relative's home or the juvenile's own home.

Alternate care includes residential care centers for children and youth (formerly termed child caring institutions), group homes, foster homes and treatment foster homes. The average daily population for alternate care is a subset of aftercare services.

Joint Finance/Legislature: Reestimate the average daily population (ADP) for secured correctional facilities at 800 juveniles annually in 2003-04 and 2004-05, and the total juvenile ADP at 1,178 in 2003-04 and 1,174 in 2004-05. Reestimate ADPs for alternate care at 161 juveniles in 2003-04 and 159 juveniles in 2004-05. The following table shows the changes to the estimates made by Joint Finance.

Average Daily Population
Act 33

	Governor 2003-04	Act 33 2003-04	Net Change	Governor 2004-05	Act 33 2004-05	Net Change
Secured Correctional Facilities	830	800	-30	829	800	-29
Other Placements						
Corrective Sanctions	136	136	0	136	136	0
Aftercare Services	242	242	0	238	238	0
Subtotal -- Other	378	378	0	374	374	0
Total ADP	1,208	1,178	-30	1,203	1,174	-29
Alternate Care	171	161	-10	168	159	-9

2. STATUTORY DAILY RATES [LFB Papers 225, 226, 255, 256, 258, 259, 260, and 261]

Governor: Under current law, daily rates for juvenile care in a given biennium are specified by fiscal year for secured correctional facilities, state aftercare supervision, and for each type of alternate care setting, including residential care centers for children and youth (formerly termed child caring institutions), group homes, treatment foster homes and foster homes. While a single rate for each type of alternate care is set in statute, facilities providing each type of care vary in the daily rates that are charged. It is the Department's responsibility to manage these costs within the total alternate care budget calculated on the basis of a single, average rate and estimated juvenile populations (see the "Alternate Care" entry below).

Establish the following statutory daily rates for juvenile correctional services provided or purchased by the Department that would be charged to counties and paid through counties' youth aids allocations, or paid by the state through the serious juvenile offender appropriation.

Statutory Daily Rates
Governor

	Current	Proposed	
	7-1-02 thru 6-30-03	7-1-03 thru 6-30-04	7-1-04 thru 6-30-05
Secured Correctional Facilities*	$172.51	$190.00	$194.00
Residential Care Centers	226.00	225.00	239.00
Group Homes	135.00	142.00	149.00
Corrective Sanctions	84.50	88.00	89.00
Treatment Foster Homes	85.00	88.00	92.00
Regular Foster Homes	43.00	47.00	49.00
Aftercare Supervision	22.66	25.00	26.00

*Including transfers from a secured correctional facility to the Mendota Juvenile Treatment Center.

Provide that the daily rates for state-provided services (secured correctional facilities, corrective sanctions, and aftercare supervision) be specified in statute rounded to the nearest dollar (as shown in the table above). These rates are calculated on the basis of budgeted funding levels, anticipated average daily populations, and the number of days in the year. Under current law, daily rates for alternate care settings (residential care centers, group homes, regular foster homes, and treatment foster homes) are rounded to the nearest dollar. Alternate care rates are determined by applying percentage adjustments to prior daily rates for each type of care (see the "Alternate Care" entry below).

Joint Finance/Legislature: Include the Governor's recommendation that the daily rates for state-provided services be specified in statute, rounded to the nearest dollar, but revise the daily rates for juvenile correctional services provided or purchased by the Department, as shown in the following table.

The table reflects changes to the daily rates for secured correctional facilities based on revised population estimates and certain budget corrections that affected the cost basis for calculating these rates (Papers 226 and 255), modifications of standard budget adjustments (Paper 225), population-related position reductions (Paper 258), an adjustment to address a program revenue deficit in the juvenile correctional services appropriation (Paper 259), adjustments for the Mendota Juvenile Treatment Center (Paper 260), population-related cost adjustments (Paper 261), the deletion of funding for the fifth week of vacation as cash, and the elimination of unit supervisors. Incorporate budget corrections that affect the cost basis for calculating the rates for corrective sanctions. The rates for residential care centers, group homes, treatment foster care, regular foster care and aftercare supervision are identical to the rates originally proposed by the Governor.

Statutory Daily Rates
Act 33

Type of Care	Governor 2003-04	Act 33 2003-04	Net Change	Governor 2004-05	Act 33 2004-05	Net Change
Secured Correctional Facilities*	$190.00	$183.00	-$7.00	$194.00	$187.00	-$7.00
Residential Care Centers	225.00	225.00	0.00	239.00	239.00	0.00
Group Homes	142.00	142.00	0.00	149.00	149.00	0.00
Corrective Sanctions	88.00	86.00	-2.00	89.00	87.00	-2.00
Treatment Foster Homes	88.00	88.00	0.00	92.00	92.00	0.00
Regular Foster Homes	47.00	47.00	0.00	49.00	49.00	0.00
Aftercare Supervision	25.00	25.00	0.00	26.00	26.00	0.00

*Includes transfers from a secured correctional facility to the Mendota Juvenile Treatment Center.

[Act 33 Sections: 2492d and 2493d]

3. ALTERNATE CARE [LFB Paper 256]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- $4,071,200	- $1,260,700	- $5,331,900

Governor: Reduce base funding by $2,274,500 in 2003-04 and $1,796,700 in 2004-05 for juvenile residential aftercare (alternate care), to reflect decreasing population estimates. The residential aftercare appropriation funds the costs of care for juveniles placed in residential care centers for children and youth (formerly termed child caring institutions), foster care homes, treatment foster care homes, group homes and certain other living arrangements. Base funding for the residential aftercare appropriation is $14,309,000, based on an estimated average daily population (ADP) of 199 juveniles in 2002-03. The ADP for alternate care totaled 176 in 2001-02 and 160 in 2002-03. Under the bill, the alternate care ADP is projected at 171 in 2003-04 and 168 in 2004-05.

Under the bill, alternate care rates are estimated by taking the actual average rates paid for each type of care for the first six months of 2002, and applying annual percentage rates of increase (6% for residential care centers for children and youth and 5% for the other types of alternate care) to estimate the 2002-03, 2003-04, and 2004-05 average rates. The estimated 2003-

04 and 2004-05 average rates and projected ADP are then used to calculate the required budget for alternate care.

In addition to the alternate care types specified in statute, the Department also utilizes other settings for certain placements. These settings are typically monitored living situations (dorm-style settings or small apartments) for individuals who are 18 to 21 years of age and still subject to a juvenile disposition, but who are too old to be placed in a juvenile facility. An average cost for these alternative types of living arrangements is also estimated by the Department in order to budget for the residential aftercare appropriation. (Under the Governor's recommendation, an ADP of approximately 4.0 juveniles would be served annually in these settings at an average daily cost of $72 in 2003-04 and $80 in 2004-05.)

The following table shows the statutory alternate care rates for 2002-03 and the average rates projected under the bill for 2003-04 and 2004-05.

	Statutory Rates	Governor	
	1-1-02 thru 6-30-03	7-1-03 thru 6-30-04	7-1-04 thru 6-30-05
Residential Care Centers	$226.00	$225.00	$239.00
Group Homes	135.00	142.00	149.00
Treatment Foster Homes	85.00	88.00	92.00
Regular Foster Homes	43.00	47.00	49.00

Joint Finance/Legislature: Delete $619,900 in 2003-04 and $640,800 in 2004-05 to reflect reestimated ADPs for alternate care of 161 juveniles in 2003-04 and 159 juveniles in 2004-05. Include the Governor's recommended daily rates for alternate care settings, as specified in the table above.

[Act 33 Sections: 2492d and 2493d]

4. DELETE REQUIREMENT TO OPERATE A JUVENILE BOOT CAMP PROGRAM

	Funding	Positions
PR	- $5,230,400	- 46.00

Governor/Legislature: Reduce funding by $2,615,200 and 46.0 positions annually for the operation of a juvenile boot camp program. Eliminate the statutory requirement to operate a juvenile boot camp program.

Under current law, Corrections is required provide a boot camp program for juveniles who have been placed under its supervision in secured correctional facilities. The program was designed to provide military academy-style training over 18 weeks with components on military drill and ceremonies, education, vocational training, treatment, adventure activities and community services. The boot camp was located at Camp Douglas in Juneau County until its closure in March, 2002. The Department indicates that the facility was closed due to declining populations at secured correctional facilities, declining program enrollment, and the high cost of operating the program. Following the closure of the Camp Douglas facility, a scaled-down version of the boot camp program has been continued on the grounds of the Lincoln Hills School.

[Act 33 Sections: 2484, 2727, 2729, and 2732]

5. POPULATION-RELATED POSITION REDUCTIONS AT SECURED CORRECTIONAL FACILITIES [LFB Paper 258]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $3,882,400	- 46.04	- $3,300,000	0.00	- $7,182,400	- 46.04

Governor: Reduce funding by $1,941,200 and 46.04 positions annually to reflect a projected decrease in juvenile populations for the state's secured correctional facilities. The position reductions would include: (a) 2.34 positions budgeted in the Division of Juvenile Corrections central office; (b) 21.05 positions at the Ethan Allen School; (c) 12.95 positions at the Lincoln Hills School; and (d) 9.70 positions at the Southern Oaks Girls School. The positions have been identified by the Department as long-term vacancies, which have remained unfilled for periods ranging from July 1, 1998, to March 9, 2002.

Joint Finance/Legislature: Delete $1,650,000 annually in expenditure authority relating to currently vacant positions. [The reductions and associated decreases in compensation reserves ($93,600 in 2003-04 and $117,000 in 2004-05) would remove $1,743,600 in 2003-04 and $1,767,000 in 2004-05 from the cost basis used for calculating daily rates of care for juveniles placed in secured correctional facilities.]

6. MENDOTA JUVENILE TREATMENT CENTER [LFB Paper 260]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- $1,952,500	$300,400	- $1,652,100

Governor: Reduce funding by $1,007,000 in 2003-04 and $945,500 in 2004-05 for cost adjustments associated with the care and treatment of juveniles placed at the Mendota Juvenile Treatment Center (MJTC). The MJTC facility, operated by the Department of Heath and Family Services (DHFS), provides evaluations for and mental health treatment of male juvenile offenders under state custody. Adjusted base funding for this purpose is $4,326,500 annually ($1,379,300 GPR and $2,947,200 PR).

Under current law, DHFS may charge DOC not more than the actual cost of providing those services. The current agreement between Corrections and DHFS specifies payments to DHFS for the facility of $3,330,700 in 2001-02 ($1,379,300 GPR and $1,951,400 PR) and $3,073,600 in 2002-03 ($1,379,300 GPR and $1,694,300 PR). Under the bill, these funding levels would be estimated at $3,319,500 in 2003-04 ($1,379,300 GPR and $1,940,200 PR) and $3,381,000 in 2004-05 ($1,379,300 GPR and $2,001,700 PR), based on a projected average daily population (ADP) at MJTC of 29 juveniles. The facility had an ADP of 33 juveniles in 2001-02 and 29 juveniles in 2002-03.

Joint Finance/Legislature: Provide $146,500 in 2003-04 and $153,900 in 2004-05 to increase the payments made to DHFS for the MJTC facility. Adjust the statutory funding levels to reflect total payments of $3,466,000 in 2003-04 ($1,379,300 GPR and $2,086,700 PR) and $3,534,900 in 2004-05 ($1,379,300 GPR and $2,155,600 PR).

[Act 33 Section: 1098d]

7. SERIOUS JUVENILE OFFENDER FUNDING [LFB Paper 257]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $1,341,100	- $1,659,800	- $3,000,900

Governor: Reduce funding by $318,000 in 2003-04 and $1,023,100 in 2004-05 to reflect decreased population estimates and cost changes associated with state-funded serious juvenile offenders (SJO). [These reductions are not based on the correct daily rates for institutional care and aftercare services provided in the bill. The amount of the reductions will require a technical correction.]

The SJO appropriation reimburses juvenile correctional institutions, secured child caring institutions, alternate care providers, aftercare supervision providers and corrective sanctions supervision providers for costs incurred, beginning on July 1, 1996, for: (a) the care of any juvenile 14 years of age or over who has been adjudicated delinquent for an act that is equivalent to a Class A or B felony or a juvenile 10 years of age or older who has attempted or committed first-degree intentional homicide or has committed first-degree reckless or second-degree intentional homicide, and who has a disposition as a serious juvenile offender; (b) juveniles less than 16 years of age under the jurisdiction of the adult court and sentenced to state prison, but placed by Corrections at a secured juvenile correctional facility or a secured child caring institution; (c) correctional services for juveniles adjudicated as violent juvenile offenders for certain offenses committed prior to July 1, 1996 (all violent juvenile offenders are now out of the juvenile correctional system); and (d) juveniles under extended jurisdiction orders prior to July 1, 1996, who receive juvenile correctional services.

A SJO disposition, under (a) above, may only be made if the judge finds that the only other disposition that would be appropriate is placement in a secured correctional facility. For a juvenile receiving a SJO disposition, the court is required to make the order apply for a period of five years (with a three-year maximum placement in a secured correctional facility or secured child caring institution), if the adjudicated act was a Class B felony offense, or until the juvenile reaches 25 years of age, if the adjudicated act was a Class A felony offense.

The adjusted base funding for the SJO appropriation is $17,034,300 annually. Under the bill, the following average daily populations (ADPs) for the SJO appropriation, including SJO juveniles and extended jurisdiction juveniles, are projected for the 2003-05 biennium:

Average Daily Population
Governor

	Serious Juvenile Offenders		Extended Jurisdiction Juveniles	
Type of Care	2003-04	2004-05	2003-04	2004-05
Secured Correctional Facilities	144	147	5	4
Corrective Sanctions Program	71	57	1	0.5
Aftercare Supervision	70	57	1	0.5
Total ADP	285	261	7	5
Alternate Care*	53	43	0	0

*A subset of aftercare supervision that includes residential care centers and group homes.

Joint Finance/Legislature: Delete $949,400 in 2003-04 and $710,400 in 2004-05 to reflect a reestimate of the serious juvenile offender appropriation. The reduction results from revised daily rates for care reflecting all Joint Finance actions and reestimated SJO populations and placement assumptions. The ADPs for the SJO appropriation, including both SJO juveniles and extended jurisdiction juveniles, are reestimated for the 2003-05 biennium, as follows:

Average Daily Population
Act 33

	Serious Juvenile Offenders		Extended Jurisdiction Juveniles	
Type of Care	2003-04	2004-05	2003-04	2004-05
Secured Correctional Facilities	141	147	2	1
Corrective Sanctions Program	66	54	3	2
Aftercare Supervision	94	76	2	1
Total ADP	301	277	7	4
Alternate Care*	46	37	0	0

*A subset of aftercare supervision that includes residential care centers, group homes, treatment foster homes, and monitored living situations.

8. POPULATION-RELATED COST ADJUSTMENTS [LFB Paper 261]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- $264,600	- $342,200	- $606,800

Governor: Delete $266,900 in 2003-04 and provide $2,300 in 2004-05 to reflect population-related cost adjustments as follows: (a) -$259,900 in 2003-04 and -$223,200 in 2004-05 for food costs at juvenile correctional institutions; (b) -$58,700 in 2003-04 and -$59,800 in 2004-05 for variable non-food costs (such as laundry, clothing and personal items) for institutionalized juveniles; and (c) $51,700 in 2003-04 and $285,300 in 2004-05 to reflect juvenile health care cost adjustments.

Joint Finance/Legislature: Delete $107,500 in 2003-04 and $234,700 in 2004-05 to reflect population-related cost adjustments, as follows: (a) -$39,500 annually for food costs at secured juvenile correctional facilities; (b) -$33,100 in 2003-04 and -$32,000 in 2004-05 for variable non-food costs; and (c) -$34,900 in 2003-04 and -$163,200 in 2004-05 for juvenile health care costs.

9. CALENDAR YEAR ALLOCATION OF YOUTH AIDS FUNDING [LFB Paper 262]

Governor: Modify statutory provisions relating to the calendar year allocation of community youth and family aids (youth aids) funding in the 2003-05 biennium. Continue to allocate additional funding provided under 1999 Wisconsin Act 9 according to a three-factor formula. Continue to allocate additional funding provided under 2001 Wisconsin Act 16 according to the same three-factor formula, but with an additional override factor.

Under current law, the calendar year allocations relate to the 2001-03 biennium. Statutory allocations are specified to reflect calendar year allocations in the following areas: (a) total GPR and PR youth aids funding appropriated in the biennium for distribution to counties; (b) the youth aids increases provided under 1999 Wisconsin Act 9, which are required to be distributed to counties according to a three-factor formula; (c) the youth aids increases provided under 2001 Wisconsin Act 16, which are required to be distributed to counties according to the three-factor formula and an additional override factor; (d) youth aids funding earmarked for emergency funding for small counties; (e) youth aids funding earmarked for counties participating in the corrective sanctions program; and (f) youth aids funding earmarked for alcohol and other drug abuse treatment programs.

Amend these statutory sections to reflect the calendar years in the 2003-05 biennium. However, the amounts specified for allocation to counties relating to the additional funding provided under 2001 Wisconsin Act 16 for the last six months of 2003 and calendar year 2004, require correction. The adjusted base funding for youth aids is $88,290,200 annually ($85,841,000 GPR and $2,449,200 PR). Under the bill, no change to base funding for youth aids is provided.

Joint Finance/Legislature: Correct the statutory allocation of additional funding provided under 2001 Wisconsin Act 16 to allocate $1,053,200 for the last six months of 2003 and $2,106,500 for calendar year 2004. There is no associated fiscal effect since the corrected allocation amounts reflect current base level funding.

[Act 33 Sections: 2494 thru 2500]

10. JUVENILE CORRECTIONAL SERVICES PROGRAM REVENUE DEFICIT [LFB Paper 259]

Joint Finance/Legislature: Provide that $2,876,300 of available program revenue balances in 2003-04 be transferred to the Department's juvenile correctional services appropriation account, as follows: (a) $439,200 from the balances in the juvenile residential aftercare appropriation account; and (b) $2,437,100 from the balances in the juvenile corrective sanctions program appropriation account.

Require that, on or before March 15 of each odd-numbered year, Corrections estimate the unexpended revenues, less encumbrances, that will remain in the juvenile correctional services appropriation account [s. 20.410(3)(hm)] on June 30 of that year and provide this estimate to DOA and to the Joint Committee on Finance. Provide that if the Committee determines that the estimated balance will be negative, the amount of the estimated deficit would be included in the cost basis used for the calculation of the secured correctional facilities daily rates for the subsequent biennium. Require that 50% of the deficit amount be added to the cost basis for the calculation of daily rates for the first year of the subsequent biennium and 50% of the deficit amount be added to the cost basis for the calculation of daily rates for the second year of the subsequent biennium. Require that the share of the daily rate revenue that is proportionate to the share of the increased cost basis associated with the estimated deficit be reserved for the purpose of retiring the deficit. Provide that any revenue reserved for this purpose that exceeds the amount of the deficit on June 30, of the odd-numbered year of the subsequent biennium, be reimbursed to the counties and the state, on before September 30, of that calendar year, in a manner proportionate to the total number of days of juvenile placements at the facilities for each county and the state.

Specify that $569,300 be added to the cost basis for the calculation of daily rates in the 2003-05 biennium under the procedure specified above.

Require Corrections to submit quarterly reports to the Joint Committee on Finance, on or before September 15, December 15, March 15, and June 15, of each year, detailing year-to-date revenues and expenditures under its s. 20.410(3)(hm) appropriation account, and to project, in each report, the unexpended revenues, less encumbrances, that will remain in the appropriation account on June 30 of that year. If the estimated unexpended revenue amount is projected to be negative, require the Department to report on what efforts it is making to reduce operating costs in order to minimize any potential deficit.

Veto by Governor [C-5]: Delete the provisions except for the requirement that $439,200 from the balances in the juvenile residential aftercare appropriation and $2,437,100 from the balances in the juvenile corrective sanctions program appropriation be transferred in 2003-04 to the Department's juvenile correctional services appropriation. While the veto eliminates the provision that $569,300 be added to the cost basis for the calculation of daily rates in the 2003-05 biennium to address the estimated 2002-03 deficit balance in the appropriation, Act 33 includes statutory daily rates that are calculated for each year on a cost basis that includes this amount ($284,700 in 2003-04 and $284,600 in 2004-05). The veto does not affect the statutory daily rates and, as a result, counties and the state's serious juvenile offender appropriation will pay the additional $569,300 over the 2003-05 biennium. Under the veto there is no requirement that these payments be reserved for the purpose of retiring the 2002-03 deficit.

[Act 33 Section: 9210(2d)]

[Act 33 Vetoed Sections: 441d, 2493m, 9130(2f), and 9430(2f)]

11. TRANSFER OF FOSTER CARE REIMBURSEMENTS TO THE GENERAL FUND

GPR-REV	$456,000

Senate/Legislature: Direct Corrections to transfer $456,000 PR to the general fund on the later of July 1, 2003, or the general effective date of the biennial budget act. This funding was received in 2001-02 as federal reimbursements under the foster care program for allowable administrative costs relating to juveniles determined to be eligible for the program. The funding was credited to a Corrections PR appropriation account for interagency and intra-agency programs. A subsequent Legislative Audit Bureau review determined that the reimbursements should instead be credited to the general fund.

[Act 33 Section: 9210(3f)]

COURT OF APPEALS

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$15,319,400	$16,469,800	$16,434,200	$16,434,200	$16,434,200	$1,114,800	7.3%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	75.50	75.50	75.50	75.50	75.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$1,150,400	- $35,600	$1,114,800

Governor: Provide $575,200 annually for the following: (a) removal of non-continuing elements (-$97,300 annually); (b) full funding of continuing salaries and fringe benefits ($654,700 annually); and (c) fifth week of vacation as cash ($17,800 annually). Full funding of salaries and fringe benefits includes 2000-01 judicial pay plan costs, and 2001-02 and 2002-03 judicial and non-judicial pay plan costs ($277,700 annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash ($17,800 annually).

2. INCREASE THE FILING FEE FOR THE COURT OF APPEALS [LFB Paper 210]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$150,000	$33,100	$183,100

Governor: Increase the fee for filing of an appeal, cross-appeal, petition to review, petition to bypass, or other proceeding by 30%, from $150 to $195. Specify that fee increase would first apply to actions commenced on the effective date of the bill. The filing fee is in addition to other court fees that may apply to these actions. The Governor estimates that the fee increase will generate additional revenue of $68,300 in 2003-04 and $81,700 in 2004-05, to be deposited to the general fund. In 2001-02, filing fees for cases reviewed by the Court of Appeals generated $224,500 in revenue.

Joint Finance/Legislature: Reestimate revenues generated by the fee for filing an appeal, cross-appeal, petition to review, petition to bypass, or other appellate proceeding from $150 to $195. Total additional revenue for the Court of Appeals filing fee increase would be $88,000 in 2003-04 and $95,100 in 2004-05.

[Act 33 Sections: 2690 and 9348(1)]

3. APPROPRIATION LAPSES AND REESTIMATES [LFB Paper 705]

Governor/Legislature: Specify that the Chief Justice of the Supreme Court, acting as the administrative head of the judicial system, take actions during the 2003-05 fiscal biennium to ensure that from GPR state operations appropriations for the Circuit Courts, Court of Appeals, and Supreme Court, $750,000 annually is lapsed from sum certain appropriations or is subtracted from expenditure estimates for any other type of appropriation, or both. The adjustment represents 1.1% of the adjusted base budget for state operations of the Circuit Courts, Court of Appeals, and the Supreme Court. (See "Supreme Court.")

[Act 33 Section: 9248(1)]

DISTRICT ATTORNEYS

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$72,791,800	$72,836,600	$72,569,000	$72,569,000	$72,569,000	- $222,800	- 0.3%
PR	3,291,600	4,305,200	4,860,200	4,860,200	3,540,200	248,600	7.6
TOTAL	$76,083,400	$77,141,800	$77,429,200	$77,429,200	$76,109,200	$25,800	< 0.1%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	390.40	375.40	375.40	375.40	375.40	- 15.00
PR	36.75	26.50	33.50	33.50	22.50	- 14.25
TOTAL	427.15	401.90	408.90	408.90	397.90	- 29.25

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$2,001,400	0.00	- $267,600	0.00	$1,733,800	0.00
PR	0	- 14.25	0	0.00	0	- 14.25
Total	$2,001,400	- 14.25	- $267,600	0.00	$1,733,800	- 14.25

Governor: Provide standard adjustments to the base budget totaling $989,600 GPR and -9.25 PR positions in 2003-04 and $1,011,800 GPR and -14.25 PR positions in 2004-05. Adjustments are for: (a) turnover reduction (-$195,000 GPR annually); (b) removal of noncontinuing elements from the base (-9.25 PR positions in 2003-04 and -14.25 PR positions in 2004-05); (c) full funding of continuing salaries and fringe benefits ($998,900 GPR annually); (d) night and weekend differential ($63,000 GPR annually); and (e) fifth week of vacation as cash ($122,700 GPR in 2003-04 and $144,900 GPR in 2004-05).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$122,700 GPR in 2003-04 and -$144,900 GPR in 2004-05).

2. BASE BUDGET REDUCTION [LFB Paper 270]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $1,800,000	- 15.00	$0	0.00	$0	0.00	- $1,800,000	- 15.00
PR	0	0.00	1,320,000	11.00	- 1,320,000	- 11.00	0	0.00
Total	- $1,800,000	- 15.00	$1,320,000	11.00	- $1,320,000	- 11.00	- $1,800,000	- 15.00

Governor: Reduce the GPR salaries and fringe benefits appropriation by $900,000 GPR and 15.0 GPR positions annually. The base reduction would be applied to amounts budgeted for salaries and fringe benefits. The adjustment represents a 2.5% annual reduction to the District Attorneys' GPR adjusted base for state operations. The bill does not identify how this base budget reduction would be distributed among individual district attorney offices.

Joint Finance/Legislature: Provide $660,000 PR ($165,000 PR in state penalty assessment matching funds and $495,000 PR in matched federal Byrne funding) and 11.0 PR positions annually to the District Attorneys' gifts and grants appropriation to partially restore deleted assistant district attorney positions. [See "Administration--Office of Justice Assistance" for additional information on the source of these funds.]

Veto by Governor [C-6]: Delete funding for the 11.0 PR positions by lining out the appropriated amounts and writing in reduced amounts to reflect the deletion of $660,000 PR annually. Further, the Governor's veto message requests the DOA Secretary not to allot the funding for these positions.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.475(1)(h)) and 9101(13p)]

3. MULTIJURISDICTIONAL ENFORCEMENT GROUP ASSISTANT DISTRICT ATTORNEY POSITIONS [LFB Paper 271]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$767,400	4.00	- $765,000	- 4.00	$2,400	0.00

Governor: Provide $376,900 in 2003-04 and $390,800 in 2004-05 and 4.0 project positions annually to provide 3.0 additional assistant district attorney positions to Milwaukee County and 1.0 additional assistant district attorney position to Dane County. The positions would be added to multijurisdictional enforcement groups in both counties to prosecute criminal violations of Chapter 961 (the Uniform Controlled Substances Act).

A multijurisdictional enforcement group is a cooperative law enforcement team in which local agencies combine resources across jurisdictional lines. The program revenue to support the new positions would be provided from federal Byrne anti-drug enforcement program grant money and matching penalty assessment funds.

Joint Finance/Legislature: Delete $376,900 in 2003-04 and $390,800 in 2004-05 and 4.0 project positions annually from the District Attorneys' interagency and intra-agency assistance appropriation to eliminate duplicative expenditure and position authority for these positions, which are already funded and authorized as permanent positions under the agency's gifts and grants appropriation. Provide standard budget adjustments of -$5,600 in 2003-04 and $8,300 in 2004-05 to the gifts and grants appropriation to fully fund the ongoing salary and fringe benefits for these existing positions.

[Act 33 Sections: 9101(1)&(2)]

4. SPECIAL PROSECUTION CLERKS FEE INCREASE AND ASSOCIATED OPERATION CEASEFIRE FUNDING CONVERSION [LFB Paper 272]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$176,200	$80,700	$256,900
PR-REV	0	256,900	256,900
GPR	- $156,600	$0	- $156,600
PR	164,600	0	164,600
Total	$8,000	$0	$8,000

Governor: *Special Prosecution Clerks Fee Increase.* Increase the special prosecution clerks fee from $2 to $3.50 and provide that the increase would first apply to pleadings filed on the effective date of the bill. The Governor estimates that this fee increase would generate additional revenue of $89,100 in 2003-04 and $87,100 in 2004-05. Under the bill, the increased special prosecution clerks fee revenue is incorrectly identified as GPR-Earned. A technical correction is needed to identify it as program revenue.

The special prosecution clerks fee is assessed only in Milwaukee County whenever a person pays a fee for: (a) civil, small claims, forfeiture (other than safety belt use violations), wage earner or garnishment actions; (b) an appeal from municipal court; (c) a third party complaint in a civil action; or (d) filing a counterclaim or cross complaint in a small claims action. The fee is currently used to reimburse Milwaukee County for the salary and fringe benefits costs of 4.5 clerks in the Milwaukee County District Attorney's office that provide clerical services to prosecutors handling violent crime and felony drug violations. The Governor would use the increased fee revenue, as described below, to reimburse Milwaukee County for the salary and fringe benefits costs of 2.0 existing Operation Ceasefire clerks, and would delete the GPR funding currently used to fund these positions.

Operation Ceasefire Funding Conversion. Delete $78,300 GPR annually and provide $81,100 PR in 2003-04 and $83,500 PR in 2004-05 to reflect the funding conversion of local assistance payments to the Milwaukee County District Attorney's office for the costs of 2.0 existing clerk positions for cases involving the unlawful possession or use of firearms ("Operation Ceasefire"). Under s. 978.13(1)(d) of the statutes, the state is required to fund the costs of these positions with GPR funds. This requirement is not modified under the Governor's recommendation.

The increased PR expenditure authority would be provided under the District Attorneys' interagency and intra-agency assistance appropriation. Funds credited to this appropriation derive from payments received from other state agencies for the administration of specific programs. The increased expenditure authority should be provided under an amended version of the District Attorneys' other employees appropriation, which currently reimburses Milwaukee County from the special prosecution clerks fee to support staff involved in the prosecution of certain violent crime and felony drug violations.

The Executive Budget Book states that the Governor's intent is to fund the two Operation Ceasefire positions from the increased Milwaukee County special prosecution clerks fee. Technical corrections should be made to: (a) delete the current law requirement that the clerks involved in firearms prosecutions be supported from the District Attorneys' GPR-funded firearms prosecution costs appropriation; and (b) amend the other employees appropriation to permit its use to fund these positions from the special prosecution clerks fee and provide the necessary increased expenditure authority under that appropriation rather than under the interagency and intra-agency assistance appropriation.

Joint Finance/Legislature: Include the following technical corrections: (a) provide $81,100 PR in 2003-04 and $83,500 PR in 2004-05 to the other employees appropriation to fully fund the two Operation Ceasefire clerks from special prosecution clerks fee revenue; (b) amend the appropriation to permit its use to fund these clerk positions; (c) delete the requirement that these clerks be funded from the GPR firearm prosecution costs appropriation; and (d) delete $81,100 PR in 2003-04 and $83,500 PR in 2004-05 of increased expenditure authority originally provided under the interagency and intra-agency assistance appropriation to fund these clerk positions.

In addition: (a) reduce GPR-Earned collections under District Attorneys by $89,100 in 2003-04 and $87,100 in 2004-05 and provide a corresponding PR-REV increase; (b) estimate additional PR-REV from the increased special prosecution clerks fee of $21,000 in 2003-04 and $59,700 in 2004-05; and (c) lapse $110,100 in 2003-04 and $146,800 in 2004-05 to the general fund from increased special prosecution clerks fee appropriation balances.

[Act 33 Sections: 563d, 2712, 2804, 2804d, 9212(1x), and 9308(3)]

5. FULL FUNDING FOR MILWAUKEE COUNTY CLERKS [LFB Paper 272]

PR	$34,400

Governor/Legislature: Provide $16,200 in 2003-04 and $18,200 in 2004-05 to fully fund the salary and fringe benefits costs of 4.5 clerks in the Milwaukee County District Attorney's office who provide clerical services to prosecutors handling violent crime and felony drug violations in Milwaukee County's speedy drug and violent crime courts. Program revenue would be provided from the special prosecution clerks fee collected in Milwaukee County.

6. FULL FUNDING OF SPECIALIZED PROSECUTOR POSITIONS

PR	$46,900

Governor/Legislature: Provide $19,600 in 2003-04 and $27,300 in 2004-05 to fully fund the following specialized prosecutor positions:

DNA Evidence Prosecutor. Provide $9,500 in 2003-04 and $14,300 in 2004-05 to fully fund 1.0 assistant district attorney in Milwaukee County who serves as a statewide authority and resource on the use of DNA evidence in the courtroom. The additional program revenue would be provided from a portion of the existing $5 crime lab and drug law enforcement assessment and the $250 DNA surcharge imposed in certain criminal and forfeiture actions. In a separate initiative under the Department of Justice, the Governor is recommending increasing the crime lab and drug law enforcement assessment from the current $5 to $7.

Restorative Justice Prosecutors. Provide $10,100 in 2003-04 and $13,000 in 2004-05 to fully fund 2.0 assistant district attorney project positions to perform restorative justice services (1.0 position in Milwaukee County and 1.0 position in Outagamie County). These four-year project positions were originally created under 2001 Wisconsin Act 16 and are scheduled to terminate on June 30, 2005. The positions are funded with federal Byrne anti-drug enforcement program grant money and matching penalty assessment funds, both of which would also provide the additional funds recommended by the Governor.

These positions: (a) establish restorative justice programs that provide support to the victim, help reintegrate the victim into community life, and provide a forum where an offender may meet with the victim or engage in other activities to discuss the impact of the offender's crime on the victim or on the community, explore potential restorative responses by the offender and provide methods for reintegrating the offender into community life; (b) assist district attorneys in other counties with establishing restorative justice programs; and (c) maintain program records relating to program implementation, assistance provided to other DAs in implementing similar programs, the number of victims and offenders served, the types of offenses addressed and comparative recidivism rates among offenders served by a restorative justice program compared to offenders not served by such programs.

7. CREATION OF A STATE PROSECUTORS BOARD [LFB Paper 273]

Governor: *State Prosecutors Board Created under DOA.* Create a State Prosecutors Board, attached, for limited administrative purposes, to the Department of Administration (DOA). Specify that the Board would consist of eight district attorneys (DAs), appointed by the Governor to staggered four-year terms. Establish initial two-year terms for the first four members appointed to the Board. Provide that: (a) members of the Board may not continue to serve if they cease to hold the office of district attorney; and (b) Board membership would not disqualify an individual from holding any other public office or employment. Specify that the Board Chair would be designated annually by the Governor.

Powers and Duties of the Board. Provide that the Board must: (a) adopt advisory guidelines or standards for DAs to use in determining when criminal cases should be prosecuted or diverted to nonprosecutorial programs; (b) promulgate and administer rules regarding the temporary assignment of DAs and deputy and assistant district attorneys (DDAs and ADAs) from one prosecutorial unit to another; and (c) hire and assign "assignable prosecutors" to prosecutorial units for the period the Board sees fit. Authorize the Board to hire staff to assist it in the performance of its duties. No Board staff would be authorized under the bill. Additionally, no appropriation would be created or modified to fund Board staff.

Provide that the Board must supervise the State Prosecutors Office (SPO). Under current law, the SPO is responsible for coordinating DOA administrative duties regarding DA offices. Major responsibilities include: (a) payroll; (b) fringe benefits; (c) budgets; (d) billing counties for program revenue positions; (e) collective bargaining; (f) advising elected DAs on their rights and responsibilities under the ADA collective bargaining agreement; (g) producing fiscal notes and bill analyses for legislative proposals affecting DAs; and (h) serving as a central point of contact for all prosecutors.

Under current law, sexually violent person commitment prosecutors (one ADA in both Brown and Milwaukee Counties) may file and prosecute sexually violent person commitment proceedings under Chapter 980 in any prosecutorial unit in the state at the request of the district attorney of the prosecutorial unit. Delete the requirement that these actions be filed and prosecuted at the request of the DA of the relevant prosecutorial unit, and instead provide that these actions be filed and prosecuted as permitted or required under rules adopted by the Board.

Under current law, two ADAs (one ADA in both Milwaukee and Outagamie Counties) have a duty to assist DAs in establishing restorative justice programs in the state. Provide that these ADAs have this duty as permitted or required under rules adopted by the Board.

Modified Duties of District Attorneys. Provide that in determining whether to prosecute a case, a district attorney must consider the guidelines adopted by the Board. Further provide that a district attorney is not bound by these guidelines and that there is no right to appeal based on a prosecutor's decision to depart in any way from any guideline. Specify that DAs must consult with the Board regarding the appointment of temporary counsel. Provide that

DAs must also supervise assignable prosecutors assigned to their prosecutorial units and make appropriate assignments of such assignable prosecutors throughout their prosecutorial units.

Assignable Prosecutors Employed and Assigned by the Board. Specify that an "assignable prosecutor" is an attorney employed directly by the Board and who is assignable by the Board to any of the current 71 prosecutorial units in the state. Provide that any such assignable prosecutor may exercise any power or perform any duty required by law to be performed by the district attorney of a prosecutorial unit. Modify the District Attorney's GPR-funded salaries and fringe benefits appropriation to permit its use to fund assignable prosecutor staffing costs.

According to the Executive Budget Book, it is the intent of the Governor to create 15.0 assignable prosecutors employed by the Board. The bill provides no funding or position authorization for these assignable prosecutors. According to DOA budget staff, it is the intent of the Governor to transfer 15.0 existing prosecutorial positions from individual DA offices in the state to the Board to work as assignable prosecutors.

Specify that assignable prosecutors, in addition to DAs, DDAs and ADAs generally under current law, may not: (a) receive any fee or reward from or on behalf of any prosecutor or other individual for services in any matter to which it is the district attorney's official duty to attend; (b) be concerned as attorney for either party, other than the state or county, in any civil action depending upon the same state of facts upon which any criminal prosecution commenced but undetermined depends; (c) hold any judicial office; (d) hold the office or act as corporation counsel or municipal attorney; (e) defend a person against a crime if they served as prosecutor for the county in the same case at the time of the person's arrest, examination, or indictment; and (f) engage in the private practice of law. Extend a current law prohibition against a common carrier or non-municipal utility from retaining or employing ADAs, to also include assignable prosecutors.

Include clarifying language that the two citizen members of the Crime Victims Rights Board, attached to the Department of Justice, may not be assignable prosecutors. Further provide that no member of the Public Defender Board may be an assignable prosecutor.

Provide that when a county civil service commission holds a demotion, suspension, discharge or reinstatement hearing, it may request the presence of a DA to act with the commission in an advisory capacity. Under current law, the commission may request the presence of an ADA. This change would: (a) specifically authorize county civil service commissions to request the presence of the elected DA; and (b) authorize assignable prosecutors, as well as ADAs, to serve these commissions, as assignable prosecutors and ADAs may perform any duty required by law to be performed by the elected DA.

Assignable Prosecutor Employment Rights and Status. Provide that for purposes of labor relations, collective bargaining in state employment, and salary administration, assignable prosecutors would be considered ADAs. Further provide that for purposes of current law coverage of demotion, suspension, discharge and layoff rights for ADAs, an ADA would include an assignable prosecutor. As a result, an assignable prosecutor: (a) who has served with the state for a continuous period of 12 months or more may be removed, suspended without pay, discharged, reduced in base pay or demoted only for just cause; and (b) may appeal such an action if the appeal alleges that the decision was not based on just cause. Specify that assignable prosecutors would be assigned to the unclassified service. Further provide that state employee annual leave and Wisconsin Retirement System coverage provisions that apply to other prosecutors would not apply to assignable prosecutors. The apparent intent of these annual leave and retirement provisions is to exempt assignable prosecutors from the application of transitional provisions governing the transfer of DAs, DDAs, and ADAs to state service on January 1, 1990. As drafted, however, these prohibitions may create ambiguity regarding whether assignable prosecutors qualify for these benefits.

Joint Finance/Legislature: Delete provision.

EDUCATIONAL COMMUNICATIONS BOARD

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$13,551,400	$13,447,700	$13,290,500	$13,290,500	$13,290,500	- $260,900	- 1.9%
FED	2,343,600	2,343,600	2,343,600	2,343,600	2,343,600	0	0.0
PR	17,602,800	17,806,100	17,797,200	17,797,200	17,797,200	194,400	1.1
TOTAL	$33,497,800	$33,597,400	$33,431,300	$33,431,300	$33,431,300	- $66,500	- 0.2%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	57.25	45.60	45.60	45.60	45.60	- 11.65
FED	0.00	0.00	0.00	0.00	0.00	0.00
PR	31.75	25.40	25.40	25.40	25.40	- 6.35
TOTAL	89.00	71.00	71.00	71.00	71.00	- 18.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$0	$8,900	$8,900
GPR	$283,200	- $58,000	$225,200
PR	168,300	- 8,900	159,400
Total	$451,500	- $66,900	$384,600

Governor: Adjust the base budget by $138,600 GPR and $83,200 PR in 2003-04 and $144,600 GPR and $85,100 PR in 2004-05 for: (a) removal of noncontinuing items (-$87,500 GPR annually); (b) full funding of salaries and fringe benefits ($107,000 GPR and $49,900 PR annually); (c) reclassifications ($16,600 PR annually); (d) overtime ($68,000 GPR and $9,900 PR annually); (e) night and weekend differential ($7,600 GPR and $3,300 PR annually); (f) fifth week of vacation as cash ($28,100 GPR and $3,500 PR in 2003-04 and $29,900 GPR and $5,400 PR in 2004-05); and (g) full funding of lease costs ($15,400 GPR in 2003-04 and $19,600 GPR in 2004-05).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$28,100 GPR and -$3,500 PR in 2003-04 and -$29,900 GPR and -$5,400 PR in 2004-05). Require the agency to lapse to the general fund in 2003-04 a total of $3,500 in 2003-04 and $5,400 in 2004-05 from those PR accounts or funds from which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $3,500 in 2003-04 and $5,400 in 2004-05.

[Act 33 Section: 9160(3f)]

2. BASE BUDGET REDUCTIONS

	Funding	Positions
GPR	- $2,057,000	- 11.65
PR	0	- 6.35
Total	- $2,057,000	- 18.00

Governor/Legislature: Reduce the agency's three GPR state operations appropriations by a total of $1,028,500 annually and delete 11.65 GPR positions and 6.35 PR positions. The base budget reductions would reduce the agency's GPR general program operations appropriation by $716,200 annually and delete 8.6 positions; reduce the agency's programming appropriation by $307,600 annually and delete 3.05 positions; and reduce the transmitter operation appropriation by $4,700 annually. These amounts would represent a 20% reduction to each appropriation's 2002-03 adjusted base. In addition, delete 6.35 positions funded through gifts, grants, contracts, and leases.

3. DEBT SERVICE REESTIMATE [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$1,649,200	- $99,200	$1,550,000

Governor: Reestimate debt service costs by $545,900 in 2003-04 and $1,103,300 in 2004-05 from the base level of $908,000. The increase reflects the increased debt service costs associated with the issuance of bonding related to upgrading to digital broadcasting.

Joint Finance/Legislature: Delete $50,200 in 2003-04 and $49,000 in 2004-05 to reflect a reestimate of debt service costs.

4. REESTIMATE FUEL AND UTILITY EXPENSES [LFB Paper 280]

GPR	$20,900

Governor/Legislature: Provide $9,400 in 2003-04 and $11,500 in 2004-05 for fuel and utility expenses for the ECB, over annual base level funding of $411,500. Increased funding reflects projected fuel and utility costs in the 2003-05 biennium.

5. OVERTIME EXPENSES

PR	$35,000

Governor/Legislature: Provide $17,500 annually to increase expenditure authority for overtime expenses.

6. FUNDING TRANSFER

Governor/Legislature: Transfer $177,500 GPR and 3.50 GPR positions annually from the ECB's programming appropriation to the ECB's general program operations appropriation.

7. APPROPRIATION CONSOLIDATION

Governor/Legislature: Delete the agency's instructional material appropriation and transfer base level funding of $311,800 PR and any unencumbered balance to the agency's gifts, grants, contracts, and leases appropriation, which would be modified to receive funds from the sale of instructional materials and copyright royalties.

[Act 33 Sections: 303, 304, 947, and 9213(1)]

ELECTIONS BOARD

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$1,912,400	$1,989,000	$1,847,600	$1,847,600	$1,847,600	- $64,800	- 3.4%
PR	100,600	112,000	112,000	112,000	112,000	11,400	11.3
SEG	1,400,000	800,000	800,000	800,000	800,000	- 600,000	- 42.9
TOTAL	$3,413,000	$2,901,000	$2,759,600	$2,759,600	$2,759,600	- $653,400	- 19.1%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	15.00	11.00	11.00	11.00	11.00	- 4.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 285]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR	$45,800	- 3.00	- $141,400	0.00	- $95,600	- 3.00
PR	- 16,000	0.00	0	0.00	- 16,000	0.00
Total	$29,800	- 3.00	- $141,400	0.00	- $111,600	- 3.00

Governor: Provide standard adjustments to the base budget totaling $22,300 GPR and -$8,000 PR in 2003-04, $23,500 GPR and -$8,000 PR in 2004-05 and -3.0 GPR positions annually. Adjustments are for: (a) removal of noncontinuing elements from the base (-$8,000 PR and -1.0 GPR position annually); (b) full funding of continuing salaries and fringe benefits ($30,300 GPR annually); (c) removal of campaign finance positions and associated fringe benefits created under 2001 Wisconsin Act 109 (-$18,600 GPR and -2.0 GPR positions annually); (d) reclassifications ($6,400 GPR in 2003-04 and $7,600 GPR in 2004-05); and (e) fifth week of vacation as cash ($4,200 GPR annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$4,200 GPR annually). In addition, delete $66,500 GPR annually associated with remaining base level salary and supplies and services funding for 2.0 GPR campaign finance positions created under provisions of 2001 Wisconsin Act 109 that were subsequently invalidated by the United States District Court. Transfer the total amount associated with the deleted positions ($133,000 GPR) to the Joint Committee on Finance GPR supplemental appropriation in 2003-04 for possible future use as matching funds under the Federal Help America Vote Act (see Item #7 below). The fiscal effect of this latter action is shown under Program Supplements.

2. CAMPAIGN FINANCE AND ELECTIONS ADMINISTRATION DATABASE MAINTENANCE [LFB Paper 286]

GPR	$101,800

Governor: Provide $76,400 in 2003-04 and $25,400 in 2004-05 to maintain the Board's campaign finance and elections administration databases until their conversion to an Oracle database that meets current state database standards. Costs include: (a) completing the migration of the current campaign finance database from outdated hardware to a server supported by the Department of Electronic Government (DEG) ($37,000 in 2003-04); (b) DEG charges to maintain the Board's new server and to service software associated with the campaign finance database ($2,200 in 2003-04 and $4,200 in 2004-05); (c) contractor service charges associated with the Board's partially completed elections administration Oracle database ($31,200 in 2003-04 and $21,200 in 2004-05); and (d) upgrading the Oracle database license for the elections administration database to maintain its serviceability ($6,000 in 2003-04).

The Board began its campaign finance and elections administration database conversion project during the 1997-99 biennium and has been provided approximately $530,000 GPR for the effort since that time. The project consists of two interrelated software development efforts. The first is a conversion of the database currently used by Board staff to administer election activities and campaign finance reports. The second is an electronic campaign filing enhancement that would allow electronic filing and retrieval over the Internet of campaign finance report information. A July 27, 2001, report prepared for the Board identified a five-year cost of ownership of approximately $4.6 million, including initial development costs and ongoing maintenance and support.

Joint Finance/Legislature: Reserve an additional $100,000 in 2004-05 under the Joint Committee on Finance GPR supplemental appropriation for possible future release to the Board to retain an external IT consultant to: (a) update the business system and technical requirements for the agency's database conversion; and (b) identify a vendor to complete the conversion. The fiscal effect of this action is shown under Program Supplements.

3. BASE BUDGET REDUCTION

	Funding	Positions
GPR	- $91,400	- 1.00

Governor/Legislature: Reduce the GPR general program operations appropriation by $45,700 and 1.0 position annually. The base reduction would be applied to amounts budgeted for salaries and fringe benefits. The funding reduction represents a 4.8% annual reduction to the Board's GPR adjusted base for state operations.

4. SUPPLIES AND SERVICES COST INCREASES

GPR	$20,400
PR	27,400
Total	$47,800

Governor/Legislature: Provide $10,200 GPR and $13,700 PR annually to fund the following supplies and services costs:

Information Technology Charges. Provide $10,200 GPR annually for DEG billings for the following information technology services: (a) agency website charges ($3,000 GPR annually); and (b) the on-going small agency support infrastructure (SASI) program ($7,200 GPR annually). The SASI program provides basic desktop information technology support to small agencies.

PR-Funded General Program Operations. Provide increased expenditure authority of $8,700 PR annually for supplies and services under the Board's PR-funded general program operations appropriation. The increase would offset a portion of base level GPR funding reductions required during the 2001-03 biennium. The program revenue credited to this appropriation is from a $100 annual filing fee that campaign finance registrants (other than candidates and their personal campaign committees) are required to pay to the Board, if the registrants make disbursements exceeding $2,500 in a calendar year. Generally, under current state campaign laws, individuals (other than candidates or agents of candidates) and committees (other than personal campaign committees) must file a registration statement with the Board, if they accept contributions, incur obligations or make disbursements exceeding $25 in a calendar year. The Board anticipates that an increased number of campaign finance registrants will be subject to the fee and that the resulting revenue will increase from $27,200 to $36,000 annually.

Documents and Meeting Expenses. Provide additional expenditure authority of $5,000 PR annually under the Board's materials and services appropriation to fund increased costs of: (a) publishing documents; (b) locating and copying records; (c) conducting administrative meetings and conferences; and (d) supplies, postage and shipping. The program revenue credited to this appropriation is generated from publication sales, copying fees, records location fees, and conference registration charges. The Board anticipates that these revenues will increase from $15,000 to $18,100 annually.

5. WISCONSIN ELECTION CAMPAIGN FUND GRANTS

SEG	- $600,000

Governor/Legislature: Reestimate the amount of grant funding needed for the Wisconsin Election Campaign Fund by -$600,000 in 2003-04. Total grant levels would be budgeted at $100,000 in 2003-04 and $700,000 in 2004-05.

6. CHIEF INSPECTOR TRAINING AND CERTIFICATION PROGRAM [LFB Paper 287]

Governor: Authorize the Board to assess municipalities for the agency's costs incurred in carrying out the current state chief inspector training and certification program. Specify that the amount assessed to any such entity may not exceed the costs incurred by the Board attributable to that municipality. Create a PR continuing appropriation account to receive the assessment revenues and specify that the Board may expend such funds for the purpose of training chief inspectors. As a continuing appropriation, the Board would have the authority to expend all available revenues, subject to the Department of Administration allotment process.

Under current law, all Wisconsin polling places must have a certified chief inspector for all elections by September 1, 2004. Further, no person may serve as a chief inspector who has not been certified by the Board, first effective for any election held on or after September 1, 2004.

Under the program, the Board must: (a) prescribe, by rule, the certification requirements for individuals to serve as chief inspectors; (b) upon application, issue certificates with expiration dates to qualified chief inspectors who have met the Board's requirements; (c) require each individual issued such a certificate to meet requirements to maintain certification; (d) renew the certificate, when requested, of those individuals meeting the Board's renewal requirements; (e) conduct regular training and administer examinations to ensure a knowledgeable corps of certified chief inspectors; and (f) pay all costs required to conduct chief inspector training and to administer the examinations.

Joint Finance/Legislature: Delete provision.

7. FEDERAL HELP AMERICA VOTE ACT MATCHING FUNDS [LFB Paper 285]

Joint Finance/Legislature: Direct the Department of Administration not to seek reimbursement under the Help America Vote Act (HAVA) for a one-time funding supplement of $200,000 GPR provided to the Board in December, 2002, to develop an implementation plan for a statewide voter registration system required under HAVA. The funds would be applied instead towards the state's cash match requirement under HAVA. These amounts would be in addition to the $133,000 GPR of deleted standard budget adjustment funding transferred from the Board's budget and reserved in the Joint Committee on Finance GPR supplemental appropriation for possible future release to the Board to match federal funding under HAVA (see item #1).

Federal Help America Vote Act. On October 29, 2002, HAVA was signed into law. HAVA creates a series of new requirements applicable to the states, including: (a) creating an official centralized computerized statewide voter registration list system; and (b) requiring all polling stations to be equipped with voting systems accessible to individuals with disabilities, including nonvisual accessibility for the blind and visually impaired.

The primary grant funds for state election administration activities under HAVA are contained in Titles I and II of the Act. Wisconsin is expected to receive $7,115,000 FED in Title I funds during 2002-03. These Title I funds require no state match. It is estimated that the state could also receive $23,390,000 FED in Title II HAVA funds in 2003-04, if the state: (a) files with the federal Election Assistance Commission a required state plan covering the current federal fiscal year; (b) files with the same Commission a plan for the implementation of the uniform, nondiscriminatory administrative complaint procedure required under HAVA; and (c) provides a required 5% state match ($1,231,100). The state could potentially receive additional Title II funding in 2004-05 if the federal government provides additional funding under its 2005 budget.

[Act 33 Section: 9101(12p)]

ELECTRONIC GOVERNMENT

Budget Summary							
						Act 33 Change Over Base Year Doubled	
Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Amount	Percent
PR	$264,976,600	$0	$0	$0	$0	- $264,976,600	- 100.0%

FTE Position Summary						
Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
PR	230.30	0.00	0.00	0.00	0.00	- 230.30

Budget Change Items

1. BASE BUDGET REDUCTION [LFB Paper 295]

PR	- $1,024,600

Governor/Legislature: Delete $512,300 annually in base level expenditure authority in the Department's services appropriation. The services appropriation supports the following agency general program operations: (a) computer services, telecommunications services, and supercomputer services to state authorities, units of the federal government, local governmental units, and entities in the private sector; (b) electronic communications services to these same entities; (c) electronic communications services to state agencies; (d) printing, mail processing, and information technology processing services to state agencies; and (e) information technology development and management services to executive branch agencies. Revenue credited to the appropriation is generated from charges for computer services, printing and mail services, and assessments to state agencies for departmental services.

2. ELIMINATE THE DEPARTMENT OF ELECTRONIC GOVERNMENT [LFB Paper 295]

	Funding	Positions
PR	- $263,952,000	- 230.30

Governor: *Repeal of the Agency.* Eliminate the Department of Electronic Government (DEG) and transfer its functions, duties, and the attached Information Technology Management Board to the Department of Administration (DOA), effective 30 days after publication of the bill. Delete $131,976,000 and 230.3 positions annually in DEG. Eliminate the position of chief information officer (the individual who serves as the Secretary of the Department of Electronic Government).

Transition Provisions. Specify that 30 days after the publication of the bill: (a) the assets and liabilities of DEG would become the assets and liabilities of DOA; (b) all full-time equivalent positions in DEG (other than the positions occupied by the Secretary, the Deputy Secretary, the executive assistant, and two of the three statutorily authorized division administrator positions as determined by the Secretary of DOA) would be transferred to DOA; (c) all tangible personal property, including records, of DEG would be transferred to DOA; (d) all contracts entered into by DEG that are in effect on that date remain in effect and would be transferred to DOA; (e) DOA would be required to carry out any contractual obligations under contracts entered into by DEG until the contracts are modified or rescinded by DOA to the extent allowed under the contracts; (f) all rules promulgated by DEG that are in effect on that date would remain in effect until their specified expiration dates or until amended or repealed by DOA; (g) all orders issued by DEG that are in effect on that date would remain in effect until their specified expiration dates or until modified or rescinded by DOA; and (h) any matter pending with DEG on that date would be transferred to DOA, and all materials submitted to or actions taken by DEG with respect to the pending matter would be considered as having been submitted to or taken by DOA.

Specify that all incumbent employees holding positions subject to transfer from DEG would be transferred to DOA. Specify that: (a) all transferred employees would retain the same rights and employee status in DOA that they enjoyed in DEG immediately prior to transfer; and (b) no transferred employee who had attained permanent status in his or her classified position would be required to serve a new probationary period.

Provide that during the period between the general effective date of the bill and 30 days after that date, the annual appropriations of DEG provided for the 2002-03 fiscal year would remain in effect, except that DEG could not expend or encumber more than one-twelfth of the amounts appropriated for the 2002-03 fiscal year from each appropriation.

Current Law. DEG was created in 2001 Wisconsin Act 16 to manage and oversee information technology and telecommunications activities of state agencies and to assist state agencies with information technology issues. Resources for the Department were provided by transferring the funding and staffing associated with two information technology-related divisions under DOA.

Generally under current law, executive branch agencies (other than the University of Wisconsin System) are required to obtain information technology processing services from DEG, and DEG may assess fees for its services. In addition, DEG may remove information technology functions from executive branch agencies and assume control of the functions directly. DEG may also provide certain services to state authorities, local governments, units of the federal government, private schools, postsecondary institutions, museums, zoos, and other entities in the private sector. Under current law, DEG has the authority to make purchases without public notice or solicitation of bids or proposals and is not required to adhere to certain other purchasing requirements that apply to other state agencies.

In addition to the powers and duties given to DEG, current law also grants certain powers relating to information technology management to the chief information officer, who serves as the Secretary of DEG. Most information technology and telecommunications purchases by executive branch agencies (other than the University of Wisconsin System) are subject to prior approval by the chief information officer.

Currently, the Information Technology Management Board is attached to DEG. This Board: (a) advises the chief information officer; (b) provides the chief information officer with its recommendations concerning elements of strategic plans referred to the Board by executive branch agencies; (c) monitors progress in attaining goals for information technology and telecommunications development that are set by the chief information officer or by executive branch agencies (other than the University of Wisconsin System) and may make recommendations concerning appropriate means of attaining such goals; and (d) hears appeals by executive branch agencies concerning actions of the chief information officer.

Net Fiscal Effect. Following the repeal of DEG, expenditure authority of $130,459,200 and 208.3 positions annually would be provided in DOA for the information technology functions currently being performed by DEG, resulting in a net annual reduction of $1,516,800 and 22.0 positions. Additional statutory modifications to DEG's current powers and duties would be made subsequent to their transfer to DOA and are described under that agency.

Joint Finance/Legislature: Include the Governor's recommendation to eliminate DEG. For additional modifications to the Governor's recommendations for information technology services in DOA, see "Administration -- Transfers to the Department."

[Act 33 Sections: 4, 9, 31 thru 33, 39, 42, 51, 82, 98, 113 thru 115, 172, 190, 191, 197, 198, 202, 203, 206 thru 208, 212, 213, 215, 216, 217c, 218, 231 thru 233, 235, 276, 305, 570, 572, 574, 589, 635, 636, 638 thru 640, 642d thru 645, 731, 750, 751, 753 thru 800, 874, 935, 1706, 2314d, 2315, 2324, 2347, 2395, 2472, 2672, 9115(1)&(2), 9215(1), and 9415(1)]

EMPLOYEE TRUST FUNDS

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$6,839,600	$5,892,000	$5,442,100	$5,442,100	$5,442,100	- $1,397,500	- 20.4%
SEG	33,725,800	37,484,800	38,786,900	38,786,900	38,786,900	5,061,100	15.0
TOTAL	$40,565,400	$43,376,800	$44,229,000	$44,229,000	$44,229,000	$3,663,600	9.0%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	3.50	3.50	3.50	3.50	3.50	0.00
SEG	209.85	193.85	194.85	194.85	194.85	- 15.00
TOTAL	213.35	197.35	198.35	198.35	198.35	- 15.00

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR	- $55,400	0.00	$0	0.00	- $55,400	0.00
SEG	772,000	- 26.00	- 53,400	0.00	718,600	- 26.00
Total	$716,600	- 26.00	- $53,400	0.00	$663,200	- 26.00

Governor: Provide standard adjustments to the base budget totaling -$27,700 GPR and $386,000 SEG and -26.0 SEG positions (-25.0 project positions and -1.0 classified position) annually. Adjustments are for: (a) turnover reduction (-$229,600 SEG annually); (b) removal of noncontinuing elements from the base (-$27,700 GPR and -$235,300 SEG and -26.0 SEG positions annually); (c) full funding of continuing salaries and fringe benefits ($700,500 SEG annually); (d) overtime ($47,900 SEG annually); (e) night and weekend differential ($75,800 SEG annually); and (f) fifth week of vacation as cash ($26,700 SEG annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$26,700 SEG annually). Require agencies to lapse to the general fund in 2003-04 from PR and SEG accounts those funds from which these fifth week of vacation as cash payments had been budgeted. Specify, however, that the agency is not required to lapse to the general fund any PR or SEG amount that is from federal funds or that is from another fund source whose lapse to the general fund would be prohibited by state or federal laws or the state or federal constitution. The $26,700 SEG annual reduction amount for ETF would not lapse to the general fund because the unappropriated funds would remain in the public employee trust fund and may not be diverted to another purpose.

[Act 33 Section: 9160(3f)]

2. BENEFITS PAYMENT SYSTEM REDESIGN [LFB Paper 300]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	$2,027,800	2.50	$589,500	0.00	$2,617,300	2.50

Governor: Provide $1,275,300 in 2003-04 and $752,500 in 2004-05 and 2.5 two-year project positions annually to enable the agency to complete the redesign of its current Wisconsin Retirement System (WRS) benefits payment system. The purpose of the redesign is to replace the agency's current annuity, lump sum, accumulated sick leave conversion credit and disability payment systems. The intended benefits of the redesign project are to enhance on-line access to annuity and other payment data, improve data maintenance and updating capabilities and increase the integration of agency data systems.

Funding would include one-time financing of $1,202,800 in 2003-04 and $656,000 in 2004-05 for contractor costs, development charges by the Department of Electronic Government (DEG) or by DOA (under recommendations contained in the bill), and systems development and testing activities. Other costs would total $72,500 in 2003-04 and $96,500 in 2004-05 for salaries and fringe benefits for 2.5 two-year project positions for development and testing functions.

Joint Finance/Legislature: Provide additional supplies and services funding of $143,800 in 2003-04 and $445,700 in 2004-05 for software maintenance and for IT production charges associated with the primary benefits payment system redesign effort.

3. CUSTOMER SERVICE CALL CENTER

	Funding	Positions
SEG	$416,000	2.50

Governor/Legislature: Provide $186,200 in 2003-04 and

$229,800 in 2004-05 and 2.5 positions annually for the agency's customer service call center. The call center provides a single telecommunications point of contact between WRS participants, annuitants and employers and the appropriate member services and administrative staff in ETF. The primary components of the funding would include: (a) $83,600 in 2003-04 and $111,500 in 2004-05 for salaries and fringe benefits for 2.5 positions to reflect the conversion of call center project positions authorized under 2001 Wisconsin Act 16 to permanent status; and (b) $102,600 in 2003-04 and $118,300 in 2004-05 for supplies and services. The supplies and services costs include $100,300 in 2003-04 and $115,300 in 2004-05 for information technology charges by DEG (or by DOA).

4. PARTICIPANT SERVICES STAFFING INCREASES

	Funding	Positions
SEG	$320,700	4.00

Governor/Legislature: Provide $137,400 in 2003-04 and $183,300 in 2004-05 and 4.0 positions annually to address an increasing volume of retirement-related inquiries from WRS participants. The request would provide: (a) $133,800 in 2003-04 and $178,500 in 2004-05 for salaries and fringe benefits for 4.0 positions; and (b) $3,600 in 2003-04 and $4,800 in 2004-05 for ongoing supplies and services for the new positions. The positions would most likely be assigned to: (a) the Member Services Bureau to improve the agency's response time in scheduling pre-retirement counseling sessions, preparing retirement benefit estimates, executing purchase of service requests and processing disability and survivor's benefits applications; and (b) the Benefit Services Bureau for counseling, presentations, benefit estimates and processing survivor's benefits.

5. STRATEGIC HEALTH POLICY MANAGER

	Funding	Positions
SEG	$113,300	1.00

Governor/Legislature: Provide $53,700 in 2003-04 and $59,600 in 2004-05 and 1.0 position annually to enable the Department to participate in state and national coalitions of organizations involved in health care cost reduction and containment and to assist in the implementation of such initiatives in Wisconsin. [The provision relates to a pharmacy purchasing pool initiative to address rising health care coverage costs summarized in Item #11 below. Under Act 33, the Group Insurance Board would be required to develop a purchasing pool for pharmacy benefits consisting of the state and any eligible party meeting certain conditions. Eligible party is defined as an employer (other than the state) or any person in the state.]

6. COMPLIANCE WITH THE FEDERAL HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT [LFB Paper 301]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	$109,200	1.00	$766,000	0.00	$875,200	1.00

Governor: Provide $54,600 and 1.0 project position annually to continue funding for development and support work relating to compliance with requirements under the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA). The Governor's provision would continue one-time funding for a three-year project position provided in 2002-03 at the December 17, 2002, meeting of the Joint Committee on Finance under s. 13.10 of statutes. At that time, the Department indicated that $231,400 would be required in 2003-04 to continue the position and the HIPAA-related work. HIPAA activities will also continue in 2004-05, but estimates of these costs are not currently available. Under the bill as introduced, only the salary and fringe benefits costs for the position would be provided in the 2003-05 biennium. Additional funding required for the remaining HIPAA-related work would need to be addressed by the Legislature.

Federal HIPAA legislation contains provisions designed to reduce the costs and administrative burden of health care by making it possible to transmit standardized, electronic administrative and financial transactions that are currently transmitted in a variety of formats. Further, HIPAA regulations govern privacy, security, and administrative standards for health care information. With respect to privacy provisions, HIPAA requires that covered entities adopt written privacy procedures, designate a privacy officer, and develop training on policies and procedures that limit the use and disclosure of protected health information by its employees for health plan purposes. The project position was authorized to perform the primary responsibilities for the development of the required privacy regulations and to serve as the privacy officer for ETF mandated under the federal legislation.

Joint Finance/Legislature: Provide $353,600 in 2003-04 and $412,400 in 2004-05 for additional contract programming and related costs to continue development and support work relating to compliance with federal privacy, security and administrative standards for health care information under HIPAA.

7. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- 1.00	1.00	0.00

Governor: Delete 1.0 attorney position annually and reallocate $81,600 SEG in 2003-04 and $108,700 SEG in 2004-05 of base level salary and fringe benefits funding associated with the position to the agency's supplies and services budget to pay for legal services supplied by DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. The agency's chief counsel position would not be subject to transfer to DOA under the Governor's recommendation.

Joint Finance: Delete provision. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Senate/Legislature: Include ETF among the executive branch agencies that would be exempt from the requirement that 31.0 FTE state agency attorney positions be deleted on January 2, 2004.

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are ETF and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

8. RETIRED EMPLOYEES BENEFIT SUPPLEMENT REESTIMATE [LFB Paper 302]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $1,314,000	- $28,100	- $1,342,100

Governor: Reduce base level funding by $426,400 in 2003-04 and $887,600 in 2004-05 to reflect decreased amounts necessary to pay benefit supplements for retirees who first began receiving annuities before October 1, 1974. These supplements were authorized primarily by Chapter 337, Laws of 1973, 1983 Wisconsin Act 394 and 1997 Wisconsin Act 26. The reestimate is due to a declining number of retirees eligible for these supplements due to deaths. Current base level funding for the appropriation is $3,391,900.

Joint Finance/Legislature: Delete $14,600 in 2003-04 and $13,500 in 2004-05 to reflect updated projections of the amount of benefit supplements to be paid during the 2003-05 biennium. The revised estimate represents a base level reduction of $441,000 in 2003-04 and $901,100 in 2004-05.

9. **REVENUE OR APPROPRIATION OBLIGATIONS RELATING TO UNFUNDED PENSION LIABILITY AND ACCUMULATED SICK LEAVE CONVERSION CREDIT PROGRAM LIABILITY** [LFB Papers 191 and 192]

Governor: Provide two alternative statutory mechanisms to enable the state to pay off its unfunded prior service pension liability, as follows: (a) authorize the Building Commission to issue revenue obligations backed by the state's alcoholic beverage, cigarette, and other tobacco products excise taxes; or (b) authorize the Department of Administration to issue up to $750,000,000 in appropriation obligations. A complete summary of the Governor's provisions can be found in the budget summaries for the Building Commission.

Joint Finance/Legislature: Direct the Secretary of DOA to determine for each state agency, other than for ETF and the Investment Board, the amounts credited by ETF to each agency's nonfederal PR, PR-S, SEG and SEG-S appropriations during 2003-04 associated with the state liquidating its unfunded accrued prior service pension liability, for the purpose of transferring these amounts to the general fund. Direct the Secretary of DOA, in making the calculation, to determine the amounts credited by ETF for the payment of unfunded pension liability contributions under the WRS since the last principal payment was credited to that liability in January, 2003. This action would result in an estimated additional GPR-Lapse of $20,000,000 in 2003-04.

Extend the Governor's proposal to include the issuance of bonds to pay off the state's unfunded accumulated sick leave conversion credit program unfunded liability. Authorize DOA to lapse or transfer to the general fund, an estimated $51,693,300 ($25,145,600 in 2003-04 and $26,547,700 in 2004-05) from agency appropriations from which fringe benefit funding is provided that would otherwise have been expended to make payments on the state's accumulated sick leave conversion credit program unfunded liability in the 2003-05 biennium.

A complete summary of the Legislature's actions and the associated fiscal effects relating to these provisions can be found in the budget summaries for the Building Commission.

10. **STATE CONTRIBUTIONS TO STATE EMPLOYEES HEALTH CARE COVERAGE PLANS** [LFB Paper 303]

Governor/Legislature: Require the Group Insurance Board to place each of the state's health care coverage plans into one of three tiers established in accordance with standards adopted by the Board. Require that the tiers be separated according to the employee's share of premium costs. Require the state to pay premium costs for eligible employees, regardless of the plan selected by the employee, not less than 80% of the average premium cost of plans offered in the tier with the lowest employee premium cost. This modified state payment requirement would not affect payments required under current collective bargaining agreements for represented state employees and under the current state compensation plan for nonrepresented state employees.

Provide that the current prohibition barring the Group Insurance Board from modifying or expanding group insurance coverage in a manner which conflicts with public employee trust fund law or ETF rules, or materially affects the premium level paid by the state or its employees, or the level of benefits under any group insurance coverage, would not be deemed to prohibit the Board from modifying the Standard Plan to establish a more cost effective benefit plan design.

Stipulate that these provisions would first apply to premiums paid by state employees for health care coverage for the period that begins on January 1, 2004.

No potential state group health insurance cost savings have been recognized in Act 33.

Under current law, the state contributes an amount equal to 90% of the monthly premium cost of the Standard Plan or 105% of the premium cost of the lowest cost alternative health care plan (but not more than the total amount of the remaining premium), whichever contribution amount is less. The basis for establishing the amount of the state's contribution for alternative plan coverage is determined by the county in which the employee receives medical care. The basis for establishing the amount of the state's contribution for Standard Plan coverage is determined by the employee's county of residence. Under the act, these provisions would be eliminated and replaced with the three-tier grouping of all plans and a different required state contribution toward health coverage plan costs.

[Act 33 Sections: 1002, 1009, 1026, and 9316(2)]

11. PHARMACY PURCHASING POOL [LFB Paper 304]

Governor: Beginning January 1, 2005, require each governmental unit that offers or is required to provide health insurance coverage to any of its employees, together with every other such governmental unit, to develop a common purchasing pool for pharmacy benefits that uses a preferred list of covered prescription drugs. Require the governmental units to seek to develop the preferred list of covered prescription drugs under an evidence-based analysis that first, identifies the relative effectiveness of prescription drugs within therapeutic classes for particular diseases and conditions and second, identifies the least costly prescription drugs, including those that are generic among those found to be equally effective.

Provide that, after the pool is developed, it would be available to any employer who: (a) is not a governmental unit; (b) provides health insurance coverage to any of its employees; and (c) is requested by the Governor to participate in the pool.

Define a "governmental unit" as: (a) the state, including any body in the state created or authorized to be created by the Wisconsin Constitution or any state law; (b) an instrumentality of the state, or any corporation or other body created by the state; (c) a political subdivision of the state; (d) a special purpose district; (e) an instrumentality, corporation, or other body of a political subdivision or special purpose district; and (f) any combination or subunit of the above.

Joint Finance/Legislature: Delete the requirement that each governmental unit, other than the state, be required to participate in the purchasing pool by January 1, 2005. Instead authorize the Group Insurance Board to develop a purchasing pool for pharmacy benefits, beginning on January 1, 2005, and provide that an employer (other than the state) or a person doing business or operating an organization in the state (including a self-employed individual) may join the plan on a voluntary basis, under procedures prescribed by the Group Insurance Board and approved by the Joint Committee on Finance under a 14-day passive review process.

Veto by Governor [D-17]: Delete the January 1, 2005, required beginning date for developing the purchasing pool. Modify the definition of "eligible party" to mean an employer (other than the state) or any person in the state. Delete the 14-day passive review process for approving the Group Insurance Board's proposed conditions that an eligible party must satisfy to join the purchasing pool.

[Act 33 Section: 1026r]

[Act 33 Vetoed Section: 1026r]

12. CALCULATION OF ACCUMULATED SICK LEAVE CREDITS AND ELIGIBILITY FOR THE ACCUMULATED SICK LEAVE CONVERSION CREDIT PROGRAM

Governor: Make the following modifications to the accumulated sick leave conversion credit program:

Calculation of Conversion Credits. Provide that the calculation of the value of accumulated unused sick leave credits under the state employee accumulated sick leave conversion credit program and the supplemental health insurance conversion credit program would be based on the employee's highest hourly pay rate received while the individual was employed by the state. Under current law, the final hourly pay rate of the employee immediately prior to termination is used to calculate the value of the credits.

Nonforfeiture of Benefits for Certain Terminating Employees. Provide that any state employee who has attained 20 years of creditable service and terminates state employment would retain his or her sick leave credits for future conversion under the programs even though the individual did not qualify for an immediate annuity (because he or she had not reached the minimum retirement age under the Wisconsin Retirement System). This provision could result in additional costs under the programs since employees who terminate under these conditions under current law forfeit their accumulated sick leave conversion credits. Whether the change would result in an increased contribution rate for the state would have to be determined by ETF's consulting actuary for these programs. However, the Governor's intent is that these modifications would serve to encourage some career employees to take an earlier separation from state service, thereby decreasing state payroll costs.

Initial Applicability. Provide that these provisions would first apply to state employees who are participating employees under the Wisconsin Retirement System on the effective date of the bill.

Current Law. Under current law, a former state employee may continue his or her state group health insurance coverage upon retirement, but the entire monthly cost of the premiums must be paid by the retiree. State employees may accumulate unused sick leave, and the amount of that unused sick leave may be converted at retirement into credits for payment of post-retirement health insurance premiums. The credits are available to the annuitant or his or her surviving insured dependents. The amount of the credit is determined by multiplying the number of hours of regular and supplemental unused sick leave at retirement by the employee's final hourly base rate of pay. To be eligible for the program, a state employee who terminates state employment must either be immediately eligible for a retirement annuity or have attained 20 years of creditable service under the WRS and have deferred application for a retirement.

Provisions of 2001 Wisconsin Act 16 directed the Joint Survey Committee on Retirement Systems to study the issue of allowing participants who have terminated covered employment under the WRS after 25 years of creditable service but who are not yet eligible to receive an WRS annuity upon termination to be able to convert their accumulated unused sick leave into credits for the payment of health insurance premiums on the date on which ETF receives the person's application for a WRS annuity. The report was due by January 1, 2002, but was never prepared.

Joint Finance/Legislature: Include technical clarification that the calculation of conversion credits would apply to the supplemental health insurance conversion credit program.

[Act 33 Sections: 1001, 1001m, 1011 thru 1014, 1026e, 1026t, 2409g, and 9316(1)]

13. USE OF CERTAIN TAX SHELTERED ANNUITY FUNDS TO PURCHASE FORFEITED AND OTHER GOVERNMENTAL SERVICE CREDITS UNDER THE WRS

Governor/Legislature: Authorize WRS participants to transfer funds from certain tax sheltered annuity plans to ETF for the purpose of buying forfeited service, other governmental service and a variety of other types of service, which at various times in the past did not earn WRS creditable service [these include the first six-months of qualifying service for certain pre-1982 participants, service not credited for certain elected and executive participating employees who were once subject to an age limitation on earning additional WRS service, and persons who took teacher improvement leaves or were engaged in junior teaching activities before certain dates].

Authorize individuals to make payments from s. 403(b) tax sheltered annuity plans such as the plan offered to state employees at the UW System, if the participating employee's plan authorizes such a transaction. Further, authorize plan-to-plan transfers, subject to applicable limits or requirements under the Internal Revenue Code, to the WRS trust fund from private employer s. 401(k) plans, educational institution s. 403(b) plans, or the state's s. 457 deferred compensation plan. Authorize participants to make creditable service purchases by providing 10% of ETF's estimate of the total cost of the creditable service, with the balance provided to ETF within 90 days in the form of a plan-to-plan transfer. Authorize ETF to prorate the amount of creditable service purchased in the event of a payment shortfall in the amounts transferred. Provide that ETF could also make refunds in the event of an overpayment. The refund would be transferred to the tax sheltered annuity plan and would not be refunded to the participant. Provide that payment shortfalls of $25 or less would be forgiven and refunds of $25 or less would not be paid.

As drafted, the provision does not include an initial applicability section.

Consolidate and recodify the various existing WRS creditable service buy-back provisions under a new s. 40.285 statutory section and make necessary cross-reference changes.

Current Law. Under current law, WRS participants may purchase forfeited service credits, certain types of service credits for which WRS coverage was not available at the time of the participant's initial employment with the WRS, and other governmental service credits. In general, for each year of service purchased, the participant must pay an amount equal to the employee's required contributions (based on the employee's top three years of salary at the time of application to purchase the service credits). Further, when the participant makes the purchase, he or she must purchase all of the forfeited service or all of the service credits for which WRS coverage was not available at the time of the participant's initial employment with the WRS.

Participants may also purchase creditable service under the WRS for service performed as an employee of another governmental unit that does not participate under the WRS. The cost of purchasing this creditable service is the present value of the creditable service, actuarially sufficient to fund the costs of the increased benefits resulting from the additional creditable service.

Participants may fund the purchase out-of-pocket and may also use any employee additional contributions that have been made to his or her WRS employer account.

[Act 33 Sections: 995 thru 999, 1004, 1006, 1007, 1019 thru 1025, and 1992]

14. SEPARATION PERIOD FOR PURPOSES OF RECEIVING A RETIREMENT ANNUITY UNDER THE WISCONSIN RETIREMENT SYSTEM

Governor: Provide that a WRS annuitant could be reemployed immediately after retirement and still receive a WRS annuity if any of the following apply: (a) the individual terminates employment with a WRS employer but is reemployed by a different WRS employer, as defined by the Internal Revenue Code; or (b) the employer has attained normal retirement age for his or her employment classification, or as a result of the combination of age and years of service could take an unreduced annuity even though the individual had not reached normal retirement age. [This latter provision would also apply if the participant retired under a money purchase annuity rather than a formula-based annuity.] Make a technical cross-reference change to clarify that separation benefits are not payable to certain WRS participants who are on a leave of absence. The Governor's intent is that these modifications would serve to encourage some career employees to take an earlier separation from state service, thereby decreasing state payroll costs.

Specify that these provisions would first apply to individuals who are participating WRS employees on the effective date of the bill.

Under current law, a retired WRS participant receiving a WRS annuity cannot return to work for a WRS employer and still receive an annuity unless there has been a 30-day break in service. Under the WRS, normal retirement age for general classification employees is 65, for state executive or elected classification employees is 62, and for protective service employees is 53 or 54, depending on years of creditable service. General and state executive and elected classification employees may take an unreduced annuity even though they have not attained their normal retirement age, once they have earned 30 years of creditable service after having attained age 57.

Joint Finance/Legislature: Delete provision.

15. STATE GROUP HEALTH INSURANCE PREMIUM PAYMENTS FOR CERTAIN PART-TIME STATE EMPLOYEES

GPR-Lapse	$11,156,400
GPR-REV	$10,097,400

Joint Finance: Specify that for permanent or project state employees with appointments between 0.50 FTE and 0.74 FTE, who are participants under the Wisconsin Retirement System, the state would contribute one-half of the normal state contribution for a full-time employee, commencing January 1, 2004, and the employee would contribute the remainder. Lapse all budgeted non-FED fringe benefits savings to the general fund. Estimate increased GPR-Lapse amounts of $3,718,800 in 2003-04 and $7,437,600 in 2004-05. Estimate increased GPR-Earned receipts of $3,365,800 in 2003-04 and $6,731,600 in 2004-05.

Stipulate that this modification would be a prohibited subject of bargaining for the state as employer and specify that the premium payment change would first apply to employees who are affected by a collective bargaining agreement that contains inconsistent provisions on the day on which the collective bargaining agreement expires, or is extended, modified, or renewed, whichever first occurs.

Currently, if an employee is at least half-time, the employee is deemed full-time for premium contribution purposes, and the state pays the premium cost of group health insurance coverage based on the current contribution formula (an amount equal to 90% of the monthly premium cost of the Standard Plan or 105% of the premium cost of the lowest cost alternative health care plan, whichever contribution amount is less). It is estimated that 3,741 state employees would be affected by this provision.

Senate/Legislature: Exempt from the increased group health insurance premium payment requirement those permanent or project employees of the UW Hospitals and Clinics Authority with appointments between 0.50 FTE and 0.74 FTE, who are participants of the Wisconsin Retirement System.

Veto by Governor [D-16]: Delete the exemption for permanent or project employees of the UW Hospitals and Clinics Authority with appointments between 0.50 FTE and 0.74 FTE. Delete language making the state's group health insurance premium contributions for these part-time employees a prohibited subject of bargaining for the state as employer and requiring the premium payment change to first apply to employees who are affected by a collective bargaining agreement that contains inconsistent provisions on the day on which the collective bargaining agreement expires, or is extended, modified, or renewed, whichever first occurs. Under the veto, the state's contribution to the health insurance premium for represented state employees with an appointment of less than 0.75 FTE would continue to be subject to collective bargaining. In the absence of any language in a successor collective bargaining agreement pertaining to the state's contribution for employees with appointments of less than 0.75 FTE, the state would contribute one-half of the normal state contribution for a full-time employee, commencing January 1, 2004.

The partial veto does not affect the provision requiring the lapse or transfer of all budgeted non-FED fringe benefits savings to the general fund. In the veto message, the Governor states, "I am requesting the Department of Administration secretary to recover from agency budgets the respective amounts that would have been lapsed under the terms of these provisions before partial veto." As a result of this directive, the amounts identified above for lapse or transfer to the general fund remain unchanged.

[Act 33 Sections: 1009 and 9101(8f)]

[Act 33 Vetoed Sections: 1009, 1991m, and 9301(1f)]

Private Employer Health Care Coverage Program

1. PRIVATE EMPLOYER HEALTH CARE COVERAGE PROGRAM [LFB Paper 310]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$421,800	- $421,800	$0

Governor: Provide $210,900 annually to support: (a) salaries ($140,000 annually); (b) fringe benefits ($52,000 annually); and (c) associated supplies and services ($18,900 annually) for 3.5 positions that administer the private employer health care coverage program. There is no base funding budgeted to the agency to support this program during the 2003-05 biennium.

Joint Finance/Legislature: Delete provision. Instead, place $105,500 in 2003-04 and $210,900 in 2004-05 in the Joint Committee on Finance's supplemental GPR appropriation to fund operating costs relating to the private employer health care coverage program. Authorize the Committee to use this funding, without making a finding of an emergency, only if ETF requests the use of these funds, and statutory changes that are substantially similar to any changes recommended by the task force created in the bill have been enacted into law. (The fiscal effect of budgeting this funding in the Committee's supplemental GPR appropriation is summarized under "Program Supplements.")

Direct the Senate Majority Leader and the Speaker of the Assembly to establish a task force and appoint the members of the task force to review the program and recommend statutory changes for the program. Require the task force to submit proposed statutory changes to the Legislature by January 1, 2004.

Veto by Governor [D-18]: Delete the requirement that the use of the funding provided in the Committee's appropriation be reserved exclusively for ETF. Delete the requirement that the Committee could use the funds only if ETF requested the use of the funds and statutory changes substantially similar to any changes recommended by the task force had been enacted into law. Delete the provisions related to the creation of a task force that would have recommended statutory changes for the program. As a result of these changes, the funding would remain in the Committee's appropriation to support operating costs relating to the private employer health care coverage program.

[Act 33 Sections: 9130(1c)]

[Act 33 Vetoed Sections: 9130(1c) and 9133(4c)]

EMPLOYMENT RELATIONS

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$11,212,600	$0	$0	$0	$0	- $11,212,600	- 100.0%
PR	3,128,400	0	0	0	0	- 3,128,400	- 100.0
TOTAL	$14,341,000	$0	$0	$0	$0	- $14,341,000	- 100.0%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	71.50	0.00	0.00	0.00	0.00	- 71.50
PR	6.50	0.00	0.00	0.00	0.00	- 6.50
TOTAL	78.00	0.00	0.00	0.00	0.00	- 78.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$721,600	- $16,200	$705,400
PR	85,000	0	85,000
Total	$806,600	- $16,200	$790,400

Governor: Provide standard adjustments to the base budget of $360,800 GPR and $42,500 PR annually. Adjustments are for: (a) turnover reduction (-$94,800 GPR annually); (b) removal of non-continuing elements from the base (-$94,100 GPR annually); (c) full funding of continuing position salaries and fringe benefits ($535,300 GPR and $42,500 PR annually; (d) fifth week of vacation as cash ($8,100 GPR annually); and (e) full funding of lease costs ($6,300 GPR annually).

Joint Finance/Legislature: Delete funding for fifth week vacation as cash (-$8,100 GPR annually).

2. LABOR MANAGEMENT COOPERATION PROJECT [LFB Paper 315]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR-REV	$0	$175,000	- $175,000	$0
PR	$175,000	- $175,000	$0	$0

Governor: Provide increases of $150,000 PR in 2003-04 and $25,000 PR in 2004-05 in the Department's employee development and training services appropriation to allow continuation and expansion of the agency's Labor Management Cooperation project. The increased funding would be used to hire trainers/facilitators/consultants to conduct additional workshops, training conferences, forums, steering committee meetings and work site visits for an additional estimated 192 labor-management teams. The revenues to support these increased expenditures would come from using the cash balance in the program revenue account that supports the Department's various training activities.

Joint Finance/Legislature: Delete requested funding increase. In addition, require that, on the effective date of the budget, $175,000 be lapsed from the balance of the PR appropriation for employee development and training services to the general fund.

Veto by Governor [D-22]: Delete session law provision requiring the lapse. As a result of the partial veto, no lapse would occur and the uncommitted appropriation balance would remain available for subsequent expenditure.

[Act 33 Vetoed Section: 9218(2d)]

3. ENHANCED PERSONNEL SERVICES TO LOCAL GOVERNMENTS

PR	$100,000

Governor: Provide increases of $40,000 in 2003-04 and $60,000 in 2004-05 in the Department's services to nonstate governmental units appropriation. The funds would be used to hire LTEs or consultants to design and coordinate a two-year pilot program aimed at expanding and enhancing the personnel services that the Department currently offers to local governmental units in the state. The revenues to support the increased funding would come from fees assessed local governments that choose to request services from DER. The intent of the pilot is to coordinate the providing of the Department's current knowledge of human resources services (recruitment, applicant evaluation, compensation and benefit structures, affirmative action and labor relations) to local units of government who might request the Department's services.

Joint Finance/Legislature: Include provision but require that the requested funding be provided as one-time funding. As a consequence, continued funding of this activity would have to be requested as a separate budget item in the agency's 2005-07 biennial budget request.

4. BASE BUDGET REDUCTION [LFB Paper 316]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $2,276,400	- 18.60	- $605,400	- 0.90	- $2,881,800	- 19.50
PR	- 51,000	- 0.50	51,000	0.50	0	0.00
Total	- $2,327,400	- 19.10	- $554,400	- 0.40	- $2,881,800	- 19.50

Governor: In connection with the proposed transfer described in item #8 below, delete 3.0 executive salary group (ESG) positions [Department Secretary, Deputy Secretary and Executive Assistant] and 16.10 other unspecified classified positions. In connection with these position reductions, reduce base funding by $1,138,200 GPR ($835,100 salaries and $303,100 fringe benefits) and $25,500 PR ($18,700 salaries and $6,800 fringe benefits) annually and delete a total of 18.60 GPR and 0.50 PR positions.

Joint Finance/Legislature: Modify the Governor's base reduction amounts by deleting an additional 0.90 GPR positions and $302,700 GPR in 2003-04 and 2004-05 and restoring 0.50 PR position and $25,500 PR in 2003-04 and in 2004-05 based on a revised calculation of the actual positions to be deleted. [See also Item #8 below.]

5. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- 1.00	1.00	0.00

Governor: Delete 1.0 unspecified attorney position from the Department and transfer that 1.0 attorney position authorization to the Department of Administration. As a part of the Governor's proposed consolidation of agency attorneys into DOA, one of the DER's two classified attorney positions would be deleted and the position authorization would be transferred to DOA. No funds would be deleted because under the Governor's proposal, these funds would remain to allow the legal services required for the employment relations functions of state government to be purchased from a new legal services unit to be created within DOA. Instead, reallocate GPR position funding ($66,300 in salaries and $24,100 in fringe benefits in 2003-04 and $88,400 in salaries and $32,100 in fringe benefits in 2004-05) to supplies and services costs for purchase of legal services. It is expected that the position authorization that would be deleted would be for the attorney position currently serving as the Department's chief legal counsel. The incumbent in the transferred position would retain all of the rights and the same status as the employee had in the Department of Employment Relations prior to the transfer. The transfer would take effect on October 1, 2003, or the first day of the third month following the effective date of the bill.

Joint Finance/Legislature: Delete elimination of the attorney position. Restore salary and fringe benefits funding that was added to supplies and services expenditure category and delete equivalent funding from the supplies and services category. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

6. APPROPRIATION FOR USE OF FUNDS RECEIVED FROM OTHER STATE AGENCIES [LFB Paper 318]

PR	- $732,000

Joint Finance/Legislature: Reduce by $366,000 PR annually (from $691,000 to $325,000) the Governor's proposed funding level in the agency's continuing appropriation for receipt and expenditure of monies received from other state agencies for the cost of employment services and/or materials provided by the agency. This reduction reflects the actual annual level the agency plans to expend in 2003-05 based on shifting its automated, statewide job application and register system from the state's mainframe system to an internet platform. Also, convert the appropriation type for this appropriation from a continuing appropriation to a sum certain, annual appropriation.

Veto by Governor [D-19]: Delete the provision that would have converted the appropriation from a continuing appropriation to a sum certain, annual appropriation.

[Act 33 Section: 626a]

[Act 33 Vetoed Section: 286 (as it relates to 20.545(1)(k)) and 626a]

7. PUBLICATIONS APPROPRIATION EXPENDITURE LEVELS [LFB Paper 319]

PR	- $62,000

Joint Finance/Legislature: Under the Governor's budget, the proposed funding level for the PR sum certain appropriation for the cost of producing publications issued by the agency was $188,500 annually. Based on planned program expenditures, reduce the funding level by $38,500 PR in 2003-04 and $23,500 PR in 2004-05.

8. ELIMINATE DEPARTMENT AND TRANSFER FUNCTIONS TO DOA [LFB Papers 316 and 317]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	- $13,400		$0		- $13,400	
GPR	- $9,657,800	- 51.90	$621,600	- 0.10	- $9,036,200	- 52.00
PR	- 3,437,400	- 6.00	918,000	- 0.50	- 2,519,400	- 6.50
Total	- $13,095,200	- 57.90	$1,539,600	- 0.60	- $11,555,600	- 58.50

Governor: After making the reductions identified above, transfer remaining funding of $4,828,900 GPR in 2003-04 and 2004-05 and $1,771,200 PR in 2003-04 and $1,666,200 PR in 2004-05 from existing appropriations under the Department of Employment Relations (DER) to appropriations in the Department of Administration. Transfer a total of 51.90 GPR and 6.00 PR FTE positions to DOA. Also, transfer $6,700 GPR-Earned annually to DOA. The transferred GPR funding would be added to DOA's central general program operations appropriation. Five existing separate PR appropriations under DER that have budgeted appropriation authority would be re-numbered and reestablished under DOA for the same purposes and at the same funding level as recommended by the Governor. The appropriations involved and their proposed funding levels are shown in the table below.

	Amount in New DOA Appn.	
Appropriation Title	2003-04	2004-05
Services to nonstate governmental units	$245,000	$265,000
Employee development and training services	561,500	436,500
Funds received from other state agencies	691,000	691,000
Publications	188,500	188,500
Collective bargaining grievance arbitrations	85,200	85,200

Other existing GPR, PR and FED appropriations with current zero funding would be repealed, as would the GPR appropriation for the general operations of the Department of Employment Relations. The general statutory authorization for a Department of Employment Relations would also be repealed.

Included in the funding and positions transferred to DOA would be 2.0 FTE division administrator positions for the current DER Divisions of Compensation and Labor Relations and Merit Recruitment and Selection. The Governor's budget book indicates that the Governor's intent is to establish two such similar divisions in DOA. In the bill, there is a provision establishing a Division of Merit Recruitment and Selection, however there is no provision in the bill that would require the establishment of the other division.

Currently, most of the responsibilities in Chapter 230 of the Statutes (state employment relations) rest ultimately with the Secretary of DER, except for those provisions relating to merit recruitment and selection which are explicitly placed with the Administrator of Merit Recruitment and Selection. That position is filled by gubernatorial appointment, subject to Senate confirmation, to a five- year term. Under the bill, all of those statutory state employment relations functions (in Chapter 230 and elsewhere) that are currently assigned to the Department of Employment Relations would be transferred to the Department of Administration. All those duties and responsibilities that are currently assigned to the Secretary of Employment Relations would be reassigned to be duties and responsibilities of the Secretary of Administration. However, because both the Secretary of Administration and the Secretary of Employment Relations currently serve as members of the ten-member Group Insurance Board, as a result of the elimination of the position of Secretary of Employment Relations, the size of Group Insurance Board would be reduced to nine members.

Under the bill, those responsibilities and duties currently specifically assigned to the Administrator of the Division of Merit Recruitment and Selection or to that statutory Division would continue to be assigned to that Administrator or Division except for one. Under current law, the Administrator of the Division of Merit Recruitment and Selection is required to provide by rule for exceptional methods and kinds of employment for state employees to meet the needs of the classified service during periods of disaster or national emergency, and for other exceptional employment situations such as to allow the employment of the mentally or physically disabled and the disadvantaged. Under the bill, these specific required duties would be transferred from the Administrator of the Division of Merit Recruitment and Selection to the Secretary of Administration. It should be noted that a technical correction is also needed for one other such provision – relating to the appointment of county veterans service officers – that under the bill would be transferred to the Secretary of DOA. This was an inadvertent drafting error as this responsibility was not intended to be transferred.

The statutory authorization for four unclassified division administrators in DER would be repealed, but authorization for two additional unclassified division administrators in DOA (presumably for the heads of the Divisions of Merit Recruitment and Selection and Compensation and Labor Relations) would be provided. Of the two remaining eliminated unclassified DER division administrator positions, there is currently no funding or position authorization for one of the positions. The other position is the position currently allocated to be the Administrator of the Division of Affirmative Action. Under the bill, authorization would be provided for an unclassified position to be established in the Office of the Secretary of DOA with the responsibility to advise and assist the Secretary on matters related to affirmative action, equal employment opportunity, diversity, and other state employment relation matters. State

Budget Office staff indicate that the intent is that the current position authority for the Administrator of the Division of Affirmative Action would instead be used to fill the proposed new position in DOA. This would not be an executive salary group (ESG) position, but rather the salary level for the position would be set by the Secretary.

An additional change to current law is proposed under the bill. It is proposed that a different procedure be established for the appointment of the Administrator of the Division of Merit Recruitment and Selection. Under current law, the Secretary of Employment Relations, when there is a vacancy in that position, is required to provide the Governor with a position register containing at least five names from which the Governor may nominate a person to be the Administrator of the Division of Merit Recruitment and Selection. Subject to the advice and consent of the Senate, the nominee is appointed to a five-year term. The register of names from which the Governor may select a nominee is to be prepared by the Secretary on the basis of an examination for the position that is conducted in accordance with the general requirements used for the filling of positions in the classified service.

Under the Governor's proposal, these existing provisions would be repealed. Instead, a selection committee composed of the Chief Justice of the Supreme Court, the Speaker of the Assembly, the President of the Senate, and two individuals appointed by the Governor (one of whom may not be a state employee), or these individuals' designees, would be required to compile a list of three qualified individuals from which the Governor may select a person to serve as the Administrator of the Division of Merit Recruitment and Selection. As under current law, the nominee would be appointed, subject to the advice and consent of the Senate, to a five-year term. In the event a Governor declines to nominate a person from the list, the Governor could request that the same group (or their designees) provide the Governor with another list of three qualified individuals for the position. Such process could be repeated until the Governor selects an individual from such a list to nominate to the position.

Provisions would be included to provide that: (a) all assets and liabilities and all tangible personal property of the Department of Employment Relations would be transferred to the Department of Administration; (b) all existing contracts entered into by DER would be continued and transferred to DOA until their expiration; (c) all existing administrative rules and orders issued by DER would remain in effect until they expire or are modified by DOA; (d) all matters pending before DER would be transferred to DOA; and (e) all incumbent employees holding classified positions in DER that would be transferred to DOA and such employees would retain all the rights and the same status as they enjoyed immediately prior to their transfer to DOA and could not be required to serve a probationary period if they have achieved permanent status in their classification.

All of these provisions would become effective on the 30th day following publication of the biennial budget act. Session law language would permit the Department of Employment Relations to expend funds from its existing appropriations for 30 days following the effective date of the bill on a proportionate basis.

Joint Finance/Legislature: After making the additional funding changes identified above, transfer remaining funding of $4,518,100 GPR in 2003-04 and in 2004-05 and $1,242,200 PR in

2003-04 and $1,277,200 PR in 2004-05 and 52.00 GPR and 6.50 PR FTE to the new Office of the State Human Resources Management. This would be in lieu of the Governor's recommendation to incorporate the functions and remaining staff of DER into the Department of Administration. It would continue to provide for the elimination of DER but would instead create an Office of State Employment Relations (see entry under "Office of State Employment Relations" for more details and funding summary).

EMPLOYMENT RELATIONS COMMISSION

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$4,958,200	$4,325,400	$4,266,000	$4,266,000	$4,266,000	- $692,200	- 14.0%
PR	456,400	503,800	979,400	979,400	979,400	523,000	114.6
TOTAL	$5,414,600	$4,829,200	$5,245,400	$5,245,400	$5,245,400	- $169,200	- 3.1%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	22.50	18.50	18.50	18.50	18.50	- 4.00
PR	3.00	3.00	5.00	5.00	5.00	2.00
TOTAL	25.50	21.50	23.50	23.50	23.50	- 2.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$167,200	- $59,400	$107,800
PR	47,400	0	47,400
Total	$214,600	- $59,400	$155,200

Governor: Provide standard adjustments to the base budget totaling $83,600 GPR and $23,700 PR annually. Adjustments are for: (a) removal of non-continuing elements from the base (-$42,900 GPR annually); (b) full funding of continuing salaries and fringe benefits ($96,800 GPR and $23,700 PR annually); and (c) fifth week of vacation as cash ($29,700 GPR annually).

Joint Finance/Legislature: Delete funding for fifth vacation week as cash (-$29,700 GPR annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 325]

	Funding	Positions
GPR	- $800,000	- 4.00

Governor: Reduce the agency's GPR general program operations appropriation by $400,000 and 4.0 positions annually. The base reductions would be applied exclusively to amounts budgeted for salaries. The adjustments would represent a 16.1% reduction to the agency's GPR adjusted base budget and a 17.8% reduction to its GPR base position authority.

Joint Finance/Legislature: Reallocate the $400,000 annual reduction as follows: $279,100 annually to salaries, $90,900 annually to fringe benefits, $24,000 annually to supplies and services, and $6,000 annually to limited-term employee salaries.

3. TRANSFER OF STATE EMPLOYEE APPEAL FUNCTIONS FROM THE PERSONNEL COMMISSION [LFB Paper 585]

GPR-REV	$6,000

Governor/Legislature: Eliminate the Personnel Commission and transfer its state employee appeal functions to the Wisconsin Employment Relations Commission (WERC), as follows: (a) appeals of state employee classification and appointment decisions and examination scores; (b) final step arbitrations of state employee grievances relating to conditions of employment; (c) appeals of denial of state employee hazardous duty benefits; and (d) appeals of certain decisions under county merit system rules relating to the income maintenance program personnel. Provide $3,000 GPR-REV annually associated with filing fees for certain state employee appeals.

Specify that on the effective date of the bill, the assets and liabilities, tangible personal property, and contracts of the Personnel Commission, as determined by the Secretary of DOA, related to each of the above areas of jurisdiction would be transferred to WERC. Specify that the pending matters, rules and orders of the Personnel Commission related to each of the above areas of jurisdiction would become the pending matters, rules and orders of WERC.

Under current law, WERC is charged with: (a) conducting representation elections and other referendums for private, municipal or state employees and employers; (b) clarifying bargaining units for private, municipal or state employees and employers; (c) enforcing proper bargaining conduct; (d) issuing declaratory rulings on such matters as whether an issue is a mandatory, permissive or prohibited subject of bargaining for private, municipal or state employees and employers; (e) resolving various labor disputes, primarily for private or municipal employees and employers; and (f) investigating bargaining impasses and appointing arbitrators, primarily for municipal employees and employers.

[Act 33 Sections: 442, 443, 2367, 2376, 2385, 2388, 2389, 2391, and 9139(1)]

4. ADDITIONAL PROGRAM REVENUE-SUPPORTED AGENCY STAFF [LFB Paper 326]

	Funding	Positions
PR	$475,600	2.00

Joint Finance/Legislature: Provide $237,800 and 2.0 positions annually supported from Commission fee revenues. Combine the WERC's fees appropriation (revenues generated from charges for Commission provided mediation, arbitration, and investigation services), collective bargaining training appropriation (revenues generated from WERC training sessions), and publications appropriation (revenue generated from publications sales) into a single, annual program revenue appropriation. Increased program revenue would be generated through increased grievance arbitration, mediation, interest arbitration and fact-finding fees, which the Commission sets by administrative rule.

[Act 33 Sections: 443e, 443m, 443s, 1960m, 1986m, 1992v, and 9217(1q)]

5. AUTHORITY OF PUBLIC EMPLOYERS TO SELECT GROUP HEALTH INSURANCE PLANS

Joint Finance/Legislature: Make the following changes to the Municipal Employment Relations Act relating to the selection of group health insurance benefits provided by municipal employers:

Change of Employee Health Insurance Plan. Specify that, notwithstanding the terms of a collective bargaining agreement, in any collective bargaining unit a municipal employer may unilaterally change its employees' health care coverage plan to the public employer group health insurance plan offered by the Department of Employee Trust Funds (ETF) or a health insurance plan that is substantially similar to ETF's public employer group health insurance plan without the consent of any affected employee in the collective bargaining unit. Specify that these provisions would not apply to a bargaining unit consisting of law enforcement or fire fighting personnel.

Specify that the Wisconsin Employment Relations Commission (WERC) use the criteria in rules promulgated by the Commissioner of Insurance to determine if health insurance plans are substantially similar.

Specify, that any unilateral change in a health insurance plan provider is not a violation of a collective bargaining agreement or a prohibited practice of bargaining and, for purposes of a qualified economic offer, satisfies the requirement that the employer maintain the existing fringe benefits package.

Prohibited Subject of Bargaining. Specify that a municipal employer is prohibited from bargaining collectively with respect to the employer's selection of a health care coverage plan if the municipal employer offers to enroll the employees in ETF's public employer group health insurance plan or in a plan that is substantially similar. Specify that WERC use the criteria in rules promulgated by the Commissioner of Insurance to determine if health insurance plans are substantially similar. Specify that these provisions would not apply to a bargaining unit consisting of law enforcement or fire fighting personnel.

Under current practice, the Commission has consistently held that matters such as changing the benefits provided under group health insurance coverage or choosing an insurance carrier to provide such coverage are mandatory subjects of bargaining.

Commissioner of Insurance to Promulgate Rules on "Substantially Similar" Coverage. Require the Commissioner of Insurance to promulgate rules that set out a standardized summary of benefits provided under health care coverage plans, including plans offered under ETF's public employer group health insurance plan, for use in determining whether a health insurance plan is substantially similar to a plan offered under ETF's public employer group health insurance plan.

Initial Applicability. Specify that the above provisions would first apply to collective bargaining agreements entered into, extended, modified, or renewed, whichever occurs first, on the general effective date of the biennial budget act.

Veto by Governor [D-15]: Delete provision.

[Act 33 Vetoed Sections: 1966, 1985m, 1985n, 2642m, and 9317(2)&(3q)]

ENVIRONMENTAL IMPROVEMENT FUND

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$60,858,000	$75,102,500	$72,263,900	$72,263,900	$72,263,900	$11,405,900	18.7%
SEG	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	0	0.0
TOTAL	$72,858,000	$87,102,500	$84,263,900	$84,263,900	$84,263,900	$11,405,900	15.7%
BR		$259,670,000	$196,100,000	$196,100,000	$217,600,000		

FTE Position Summary

Positions for the Environmental Improvement Fund program are provided under the Departments of Administration and Natural Resources.

Budget Change Items

1. REVENUE AND GENERAL OBLIGATION BONDING AUTHORITY [LFB Paper 330]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
BR	$259,670,000	- $63,570,000	$21,500,000	$217,600,000

Governor: Provide an increase in revenue bonding authority of $259,670,000 for the clean water fund program, from $1,398,355,000 to $1,658,025,000. Revenue bonds are issued to provide financial assistance for municipal wastewater facility projects. State revenue bonds are retired primarily through repayments of program loans and issuance of general obligation bonds to meet state subsidies. No change would be made in the general obligation bonding authority for: (a) the clean water fund program, which is currently authorized $637,743,200; and (b) the safe drinking water loan program, which is currently authorized $26,210,000.

Joint Finance/Legislature: Provide an increase in clean water fund revenue obligation bonding authority of $217,600,000 instead of $259,670,000 (a decrease of $42,070,000), resulting in total revenue obligation authority of $1,615,955,000 for the program. In addition, decrease general obligation bonding authority for the clean water fund program by $21,500,000, resulting in total general obligation bonding authority of $616,243,200. Bonding levels for the clean water fund program would be sufficient to meet estimated need for the 2003-05 biennium based on: (a) an estimated 5% revenue obligation market interest rate (instead of 6% under the bill); (b) deletion of a 10% construction project cost contingency of $26.5 million; and (c) deletion of a 5% revenue obligation issuance contingency of $12.3 million.

Veto by Governor [B-14]: Delete the $21,500,000 decrease in general obligation bonding authority in the clean water fund program, retaining current general obligation bonding authorization of $637,743,200.

[Act 33 Section: 2469]

[Act 33 Vetoed Sections: 285ag (as it relates to the Environmental Improvement Fund) and 680t]

2. PRESENT VALUE SUBSIDY LIMIT [LFB Paper 330]

Governor: Provide a "present value subsidy limit" totaling $117.2 million for the environmental improvement fund as follows: (a) $92.4 million for the clean water fund program; (b) $12.8 million for the safe drinking water loan program; and (c) $12.0 million for the land recycling loan program. The subsidy limit represents the estimated state cost, in 2002 dollars, to provide 20 years of subsidy for the projects that would be funded in the 2003-05 biennium. The clean water fund program provides low-interest loans to municipalities for planning, designing, constructing or replacing a wastewater treatment facility, or for nonpoint source pollution abatement or urban stormwater runoff control projects. The safe drinking water loan program provides financial assistance to municipalities for the planning, design, construction or modification of public water systems. The land recycling loan program provides financial assistance to certain local governments for the investigation and remediation of contaminated (brownfields) properties.

Joint Finance/Legislature: Approve the Governor's recommendation to provide a present value subsidy limit of $12.8 million for the safe drinking water loan program. Provide a technically corrected present value subsidy limit of $4.0 million for the land recycling loan program. Provide a present value subsidy limit of $55.1 million for the clean water fund program.

Veto by Governor [B-14]: Provide a present value subsidy limit of $90.0 million for the clean water fund program in the 2003-05 biennium. The increased present value subsidy limit is accomplished by vetoing the deletion of the $90.0 million that had been provided for the 2001-03 biennium and by vetoing the $55.1 million figure that would have been provided in 2003-05 under the enrolled bill.

[Act 33 Sections: 2466 thru 2468]

[Act 33 Vetoed Section: 2466]

3. ENVIRONMENTAL IMPROVEMENT FUND DEBT SERVICE [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$14,244,500	- $2,838,600	$11,405,900

Governor: Provide an increase of $4,972,000 in 2003-04 and $9,272,500 in 2004-05 for estimated increases in debt service costs for general obligation bonds. This would include: (a) an increase of $4,924,800 in 2003-04 and $8,964,300 in 2004-05 for clean water fund program debt service, which would result in total general fund debt service of $33,950,200 in 2003-04 and $37,989,700 in 2004-05; and (b) $47,200 in 2003-04 and $308,200 in 2004-05 for safe drinking water loan program debt service, which would result in total general fund debt service of $1,450,800 in 2003-04 and $1,711,800 in 2004-05. An additional $6.0 million in general obligation bond debt service for the clean water fund program is paid by loan repayments received from municipalities from loans that were originally provided from the proceeds of general obligation bonds. The land recycling loan program is funded through loan repayments of clean water fund loans made with the proceeds of federal grants to the clean water fund and does not have a separate general fund debt service cost.

Joint Finance/Legislature: Reestimate the debt service costs of general obligation bonds as follows: (a) decrease by $1,597,000 in 2003-04 and $1,816,800 in 2004-05 the amount for clean water fund debt service, which would result in total general fund debt service of $32,353,200 in 2003-04 and $36,172,900 in 2004-05; and (b) increase by $311,100 in 2003-04 and $264,100 in 2004-05 the amount for safe drinking water loan program debt service, which would result in total general fund debt service of $1,761,900 in 2003-04 and $1,975,900 in 2004-05.

ETHICS BOARD

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$465,400	$474,200	$470,000	$470,000	$470,000	$4,600	1.0%
PR	753,800	817,000	749,600	749,600	749,600	- 4,200	- 0.6
TOTAL	$1,219,200	$1,291,200	$1,219,600	$1,219,600	$1,219,600	$400	0.0%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	3.00	2.50	2.30	2.30	2.30	- 0.70
PR	3.50	3.50	3.45	3.45	3.45	- 0.05
TOTAL	6.50	6.00	5.75	5.75	5.75	- 0.75

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$36,800
PR	43,200
Total	$80,000

Governor/Legislature: Provide standard adjustments to the base budget totaling $18,400 GPR and $21,600 PR annually for full funding of continuing salaries and fringe benefits.

2. BASE BUDGET STAFFING REDUCTION

	Funding	Positions
GPR	- $28,000	- 0.50

Governor/Legislature: Reduce the GPR general program operations appropriation by $14,000 and 0.50 FTE annually. The base reduction would be applied to amounts budgeted for salaries and fringe benefits. The adjustment represents a 6.0% annual reduction to the Board's GPR adjusted base for state operations.

3. EXPANDED DISSEMINATION OF LOBBYING AND ETHICS DATA [LFB Paper 336]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$20,000	- $20,000	$0

Governor: Provide increased expenditure authority of $10,000 annually under the Board's materials and services appropriation to fund enhancements to the agency's public information database relating to lobbying activities and ethics code guidelines. The recommended funding would be used to: (a) improve the accessibility of the Board's website to the visually impaired; (b) create agency specific-indexes of the financial interests of state officials; (c) expand the on-line content of the Board's website; (d) improve on-line reporting capabilities by which lobbyists submit information to the Board; (e) provide automatic e-mail alerts to legislators and other registered subscribers about lobbying activities on specific bills or topics; and (f) display lobbying data and ethics guidelines on wireless handheld devices. Program revenues credited to this appropriation are generated from the sale of documents; copying, postage, shipping and location fees; educational program fees and other fees, such as on-line subscription fees, for the compilation or dissemination of information to the public.

Joint Finance/Legislature: Delete provision.

4. REALIGNMENT OF BUDGETED EXPENDITURES WITHIN AGENCY FUNDING SOURCES [LFB Paper 335]

	Funding	Positions
GPR	- $4,200	- 0.20
PR	- 47,400	- 0.05
Total	- $51,600	- 0.25

Joint Finance/Legislature: Provide the following realignments of budgeted agency expenditures:

GPR General Program Operations Appropriation. Adjust funding as follows: (a) delete $2,100 GPR annually of salary and fringe benefits funding; (b) reallocate $27,900 GPR annually of salary and fringe benefits funding to supplies and services funding; and (c) transfer $6,700 GPR annually of salary and fringe benefits funding from this appropriation to a new GPR biennial code of ethics investigations appropriation.

PR General Program Operations Appropriation. Adjust funding as follows: (a) delete $23,700 PR annually of supplies and services funding; and (b) reallocate $10,900 PR annually of supplies and services funding to salaries and fringe benefits funding.

GPR Code of Ethics Investigations Appropriation. Create a new, GPR-funded biennial code of ethics investigations appropriation and provide $6,700 GPR annually transferred from the agency's GPR general program operations appropriation. Authorize the Board to expend these funds to finance the costs of investigations of violations of the Code of Ethics for state public officials and employees.

Unfunded Position Authority. Delete 0.25 FTE (0.20 GPR and 0.05 PR) annually in unfunded position authority.

The Board administers the Code of Ethics for Public Officials and Wisconsin's lobbying laws. The Board generally utilizes GPR funding to support its administration of the Code of Ethics and utilizes program revenues derived from the payment of lobbying registration fees to support its administration of Wisconsin's lobbying laws. Board staff dedicate approximately 39% of their time to administration of the ethics code. As a result of the above changes, GPR funding for the Board's supplies and services costs would increase to 39% of the total funding for all such costs, and PR expenditures from lobbying fees would be reduced to draw these expenditures more into line with biennial lobbying fee revenue.

[Act 33 Section: 632m]

FINANCIAL INSTITUTIONS

Budget Summary							
						Act 33 Change Over Base Year Doubled	
Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Amount	Percent
PR	$30,868,000	$30,819,400	$30,606,500	$30,606,500	$30,606,500	- $261,500	- 0.8%

FTE Position Summary						
Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
PR	168.50	148.00	154.00	154.00	154.00	- 14.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$0	$136,100	$136,100
PR	$1,182,500	- $135,400	$1,047,100

Governor: Adjust the agency's base budget for: (a) turnover reduction (-$197,300 annually); (b) full funding of salaries and fringe benefits ($705,100 annually); (c) reclassifications ($6,400 in 2003-04 and $17,100 in 2004-05); (d) fifth week of vacation as cash ($67,000 in 2003-04 and $68,400 in 2004-05); and (e) full funding of lease costs ($4,000 annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$67,000 in 2003-04 and -$68,400 in 2004-05).

At the end of each fiscal year, DFI lapses unencumbered program revenue to the general fund. Under Program 1 (the supervision of financial institutions, securities regulation, and other functions), the entire balance at the close of the fiscal year is lapsed to the general fund. For Program 2, (the Office of Credit Unions), only the amount of the balance exceeding 10% of the previous fiscal year's expenditures under the appropriation is lapsed. The remainder is retained in the general program operations appropriation for the Office of Credit Unions.

As a result of the lapse requirements, deleting funding for fifth week of vacation as cash would increase the lapses to the general fund by $60,100 at the end of 2003-04 and by $76,000 at the end of 2004-05.

2. BASE BUDGET REDUCTION [LFB Paper 341]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$0	0.00	- $8,900	0.00	- $8,900	0.00
PR	- $1,331,400	- 13.50	$0	0.00	- $1,331,400	- 13.50

Governor: Reduce expenditure and position authority in the Department's general program operations appropriation for financial institutions and securities regulation by $406,200 and 8.50 positions annually and authority in the Department's general program operations appropriation for the Office of Credit Unions by $259,500 and 5.0 positions annually. The administration indicates that the deleted positions would include 6.0 financial examiners (5.0 of which are in the Office of Credit Unions), 3.0 records management positions, 1.50 program assistants, 2.0 communications specialists, and 1.00 information systems position.

Joint Finance/Legislature: Approve the Governor's proposal with a modification to restore 2.0 financial examiner positions and $89,600 annually to the Office of Credit Unions and delete such position and expenditure authority from DFI's general program operations appropriation for financial institutions and securities regulation. As a result of this change and of differences between the two programs with respect to the method of estimating the lapse to the general fund at the end of each fiscal year, increase the estimated lapse in 2003-04 by $21,100 and decrease the estimated lapse in 2004-05 by $30,000.

3. MORTGAGE BANKING AND LICENSED FINANCIAL SERVICES ENTITIES -- ON-LINE APPLICATIONS [LFB Paper 342]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$0	$216,000	$216,000
PR	$242,000	- $242,000	$0

Governor: Provide $242,000 in 2004-05 to develop and maintain an internet-based system through which mortgage bankers, mortgage brokers, and loan originators could apply for, renew, and pay for an operating license. With the new system, these institutions also would be able to perform routine maintenance functions, such as processing changes of address, electronically. In addition, licensed financial service entities--loan companies, collection agencies, currency exchange companies, and similar entities--would be able to file annual reports, renew their licenses, and process routine information updates on-line. The Department indicates these electronic capabilities would be developed to mirror similar capabilities being added in the Division of Securities.

Joint Finance/Legislature: Delete provision. As a result, increase the estimated lapse to the general fund at the end of 2004-05 by $216,000 (to reflect the net effect of eliminating additional estimated revenues of $26,000 and expenditures of $242,000 in 2004-05).

4. FILING REQUIREMENTS FOR AN ANNUAL REPORT OF A DOMESTIC LIMITED LIABILITY COMPANY [LFB Paper 343]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$0	- $890,000	- $890,000
PR-REV	$3,550,000	- $890,000	$2,660,000
PR	$200,000	$0	$200,000

Governor: Modify Chapter 183 of the statutes to require domestic limited liability companies (LLCs) to file an annual report with the Department of Financial Institutions (DFI). Currently, only foreign LLCs must file an annual report with the Department. A domestic LLC is one organized under Wisconsin's laws; a foreign LLC is one organized under a law other than the laws of this state.

Under the bill, each domestic LLC would be required to file its initial annual report with DFI during the first calendar quarter of the year following the calendar year in which the LLC's articles of organization became effective. For domestic LLCs in existence on the bill's general effective date, the initial report to DFI would have to be filed during the first calendar quarter of 2004. Thereafter, LLCs would be required to file each annual report during the first calendar quarter of each subsequent year.

The bill directs DFI to assess a $25 filing fee (the filing fee for foreign LLCs is $65) and provides $175,000 in 2003-04 and $25,000 in 2004-05 to fund development of capabilities to allow the Department to accept the required reports on-line. DFI estimates that the new filing requirement would result in additional revenues of approximately $1,150,000 in 2003-04 and $2,400,000 in 2004-05. [Any additional revenues that are not expended by DFI would lapse to the general fund at the end of each fiscal year.]

The proposal would make other changes as outlined below:

<u>Information Required to be Included in the Filed Annual Report</u>. As noted, under current law as it applies to LLCs, only foreign LLCs must file an annual report with DFI. The bill would require domestic LLCs to file an annual report with DFI, and, in the report, to include

generally the same basic information about the company currently required to be present in a foreign LLC's annual report. Therefore, a domestic LLC would be required to include in its filed report: (a) the name of the LLC and the state under whose law it is organized; (b) the address of the LLC's registered office and the name of its registered agent at that office in Wisconsin; (c) the address of the LLC's principal office; (d) the name and business address of each manager, if management of the company is vested in one or more managers; (e) the name and address of each member of the LLC; and (f) a brief description of the nature of the LLC's business. As with foreign LLC annual reports, the bill would require information presented in a domestic LLC's annual reports to be current as of the date on which the annual report is executed on behalf of the LLC, with the proviso that the name and business address of each member of the LLC would have to be current as of the close of the LLC's fiscal year immediately prior to the date by which the report is required to be filed with DFI. If an annual report failed to contain the specified information, DFI would be required to promptly notify the company in writing and return the report to it for correction.

Means of Changing the Registered Office or Registered Agent. Current law requires an LLC to continuously maintain a registered office and registered agent in Wisconsin and allows foreign LLCs to change their registered office or registered agent by submitting the new information in the annual report, with the change effective on the date the annual report is filed by DFI. The bill, in creating a requirement for domestic LLCs to file an annual report, would allow the domestic LLC to change its registered office or registered agent by submitting the new information in its annual report.

New Administrative Dissolution and Reinstatement Provisions. The bill would create new administrative dissolution and reinstatement provisions as described below.

DFI would be granted authority to initiate a proceeding to administratively dissolve any LLC that does not deliver the company's complete annual report to the Department within one year after such report is due. If DFI determined that grounds existed for dissolving an LLC stemming from the LLC's failure to file an annual report, the Department would be required to mail the LLC a written notice of the determination addressed to the registered office of the LLC. If this notice were returned to DFI as undeliverable, the Department would have to again mail the notice to the LLC. If the re-mailed notice were returned to DFI, the Department would have to provide the notice by publishing a class two notice in the official state newspaper.

Within 60 days after the date on which the notice was received or the date on which the second insertion of a class two notice was published, the LLC would be required to correct each ground for dissolution or demonstrate to the reasonable satisfaction of DFI that each ground determined by the Department did not exist. If the LLC failed to meet the 60-day deadline, DFI would be required to administratively dissolve the LLC and enter a notation in its records to reflect each ground for dissolution and the effective date of dissolution. DFI would have to mail the LLC a notice of these facts and a certificate of dissolution. The notice and certificate would have to be in writing and addressed to the registered office of the LLC. The dissolution would be subject to judicial review. If the mailed notice of facts and certificate of dissolution were returned to DFI as undeliverable, the Department would have to again mail these documents to the LLC. If the re-mailed documents were returned to DFI, the Department would have to provide the notice by publishing a class two notice in the official state newspaper. An LLC's right to exclusive use of its name would terminate on the date of the administrative dissolution.

The bill provides that, if DFI administratively dissolved an LLC for not delivering its annual report, the LLC would be dissolved and its affairs would be wound up, unless the company were subsequently reinstated by DFI or pursuant to judicial review. An LLC that has been administratively dissolved could apply to DFI for reinstatement within 30 days after the date on which the LLC was dissolved. The application would have to include all of the following: (a) the name of the LLC and the date on which it was administratively dissolved; (b) a statement that each ground for dissolution either did not exist or had been cured; and (c) a statement that the LLC had met the requirements outlined in the statutes regarding LLC names and written designations for such names.

DFI would be required to cancel the certificate of dissolution and issue a certificate of reinstatement upon determining that the application contained the information required, that the information was correct, and that all fees and penalties owed by the LLC to the Department had been paid. The certificate of reinstatement would have to state the Department's determination that these criteria had been met and the effective date of reinstatement. The Department would then be required to file the certificate and provide a copy to the LLC or its representative. When the reinstatement became effective, it would relate back to, and take effect as of, the effective date of the administrative dissolution, and the LLC would be allowed to resume carrying on its business as if the administrative dissolution had never occurred.

If DFI denied an LLC's application for reinstatement, it would be required to serve the limited liability company with a written notice of denial explaining each reason for the denial. The denial would be subject to judicial review.

Joint Finance/Legislature: Approve the Governor's proposal with the following modifications: (a) reduce estimated program revenues and GPR-Earned under these provisions by $290,000 in 2003-04 and by $600,000 in 2004-05; (b) require domestic LLC annual reports to be filed before the end of the calendar quarter in which the anniversary date of the domestic LLC occurs, rather than before the end of the first calendar quarter in a year; and (c) delete the requirement that the report include the name and address of each member of the LLC.

[Act 33 Sections: 2122 thru 2132, and 9120(1)]

5. ELIMINATION OF THE DIVISION OF SAVINGS INSTITUTIONS

	Funding	Positions
PR	- $177,200	- 1.00

Governor/Legislature: Eliminate the Division of Savings Institutions in DFI, which currently regulates savings banks and savings and loan associations (S&Ls), and provide that savings banks and S&Ls would be regulated by the Division of Banking in DFI. Reduce position authority in DFI by 1.0 PR position to reflect the elimination of a vacant division administrator position in the Division of Savings Institutions, and decrease funding for this position by $88,600 annually. Eliminate the Savings and Loan Review Board and the Savings Bank Review Board and replace these with the Savings Institutions Review Board (SIRB). Implement other changes as outlined below.

Review Board

As noted, the bill would eliminate the Savings and Loan Review Board and the Savings Bank Review Board and replace these with the Savings Institutions Review Board. The SIRB would consist of five members appointed for five-year terms, at least three of whom would be required to possess at least five years experience in the S&L or savings bank business in Wisconsin. However, the terms of office of two members initially appointed to the SIRB would end on May 1, 2007, while the terms of the remaining three initial members would terminate on May 1, 2009. The current Savings and Loan Review Board consists of seven members appointed for staggered four-year terms, at least five of whom are required to have at least ten years' experience in the S&L business in Wisconsin. The Savings Bank Review Board also consists of seven members, appointed for four-year terms (not staggered), at least five of whom must have a minimum of ten years' experience in the savings bank or savings and loan association business.

As with the existing boards, members of the SIRB would be appointed by the Governor, with the advice and consent of the Senate. Board members would be reimbursed for actual and necessary expenses incurred in the performance of their duties at a rate of $10 per day, the same rate paid to members of the two existing boards for their duty-related expenses.

Under the Governor's proposal, the terms of office of members of both existing boards would terminate on the bill's general effective date. Under current law, the terms of three members of the Savings Bank Review Board are scheduled to expire on May 1, 2003, while the terms of the remaining four members are scheduled to expire on May 1, 2005. For the Savings and Loan Review Board, two board members' terms are scheduled to expire on May 1, 2003; the remaining five members' terms are scheduled to expire on May 1, 2005.

Duties, Responsibilities, and Powers of the Savings Institution Review Board

The SIRB would be vested with responsibilities and procedural powers substantially similar to those of the Savings and Loan Review Board and of the Savings Bank Review Board. These responsibilities and powers are summarized below.

General Duties and Responsibilities. The SIRB would be required to do all of the following: (a) advise the Division of Banking on matters regarding the statutes related to savings institutions; (b) review the acts, orders, and determinations of the Division of Banking as they relate to savings institutions; (c) act on any matters pertaining to the statutes regarding savings institutions that are submitted to it by the Division of Banking; (d) perform other review functions relating to the statutes regarding savings institutions; and (e) conduct hearings and take testimony, and subpoena and swear witnesses at such hearings. The review board would have general powers of subpoena as granted to other state boards.

Appearances. An interested party could appear at a proceeding of the SIRB and participate in the examination of witnesses and present evidence. A person who caused a witness to be subpoenaed would be required to pay the fees and mileage expenses of the witness.

Review of Division of Banking Acts, Orders, or Determinations. Any interested person or a savings association aggrieved by any act, order, or determination of the Division of Banking, which relates to savings and loan associations, could, within 20 days after receipt or service of a copy of the act, order, or determination, file a written notice requesting the SIRB's review of the Division's act, order, or determination. The review of the Division's decision by the SIRB would be solely to determine: (a) if the Division acted within the scope of its authority and did not act in an arbitrary or capricious manner; and (b) to determine if the act, order, or determination of the Division were supported by substantial evidence in view of the entire record as submitted. The review of applications for new charters, branch offices, or relocation of offices would have to be based exclusively on the record; new evidence could not be taken as part of the review. Requests for review under these provisions would have to be considered and disposed of as speedily as possible.

Review of SIRB Decisions. A determination of the SIRB would be subject to judicial review under the general provisions of the statutes regarding administrative procedure and review [Chapter 227]. If an act, order, or determination of the Division of Banking were reversed or modified by the SIRB, the Division would be considered to be a person aggrieved and directly affected by the decision and would be entitled to pursue judicial review of the Board's decision.

Conflict-of-Interest Provisions. Under the bill, a member of the SIRB could not act on any matter involving a savings and loan association or savings and loan holding company of which the member were an officer, director, employee, or agent. Current law (as it relates to the two existing boards) does not specifically apply to holding companies and does not mention employees or agents, just officers or directors.

Nonstatutory Provisions

Rules and Orders. Under the bill, all rules or orders promulgated or issued by the Division of Savings Institutions that were in effect on the bill's general effective date would become rules of the Division of Banking and would remain in effect until their specified expiration dates or until amended, repealed, or rescinded by the Division of Banking.

Contracts. All contracts entered into by the Division of Savings Institutions in effect on the bill's effective date would remain in effect and would be transferred to the Division of Banking. The Division of Banking would then be required to carry out any obligations under any such contracts until the contract expired or was modified or rescinded by the Division of Banking, to the extent allowed under the contract.

Pending Matters. Any matter pending with the Division of Savings Institutions on the bill's effective date would be transferred to the Division of Banking, and all materials submitted to, or actions taken by, the Division of Savings Institutions with respect to the pending matter would be considered as having been submitted to or taken by the Division of Banking.

[Act 33 Sections: 79, 80, 84, 85, 109 thru 111, 298, 705, 923, 926, 2052 thru 2055, 2133, 2330 thru 2339, 2342 thru 2346, 2348, 2354 thru 2357, 2378 thru 2384, 2397, 2618, 2692, and 9120(2)]

6. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$0	0.00	- $164,500	0.00	- $164,500	0.00
PR	- $164,500	- 6.00	$164,500	6.00	$0	0.00

Governor: Delete $70,500 in 2003-04 and $94,000 in 2004-05 and 6.00 PR positions annually to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate $437,000 in 2003-04 and $582,600 in 2004-05 of remaining base level salary and fringe benefits funding that currently supports 5.0 attorney positions to the agency's supplies and services budget to pay for legal services supplied by DOA. DFI's chief counsel position would not be subject to transfer to DOA under the Governor's recommendation.

Joint Finance/Legislature: Delete provision. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

In addition, reduce DFI's estimated lapses to the general fund by $70,500 in 2003-04 and by $94,000 in 2004-05, to reflect the effect of restoring funding for the attorney positions.

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

7. ELIMINATION OF THE COMMISSIONER OF RAILROADS AND TRANSFER OF CERTAIN FUNCTIONS TO DFI [LFB Paper 640]

Governor: Eliminate the Office of the Commissioner of Railroads (OCR) and require railroad corporations to file the following types of documents with DFI, rather than OCR: all books of account or stock books as may be required by DFI; designation of a principal office within the state; the annual report to the railroad's stockholders; and certificates issued by the Department of Transportation (DOT) for railroad construction or route alteration. Re-assign the approval of route maps for proposed railroads from DFI to DOT.

More information about the provisions under the bill that would eliminate OCR and transfer some of its functions to other agencies can be found in this document under the Public Service Commission, to which OCR is attached for limited purposes under current law.

Joint Finance/Legislature: Delete provision.

8. REESTIMATE OF GPR-EARNED [LFB Paper 340]

GPR-REV	- $763,800

Joint Finance/Legislature: Reestimate GPR-Earned from DFI, under the Governor's budget provisions, as $30,091,000 in 2003-04 and $24,546,200 in 2004-05. Compared to the estimates in the bill, the reestimates are $491,000 lower in the first year and $272,800 lower in the second year.

9. ONE-TIME DELAY OF LAPSE TO GENERAL FUND

Joint Finance/Legislature: Specify that, on a one-time basis, $20,000,000 of unencumbered program revenue from DFI's general program operations appropriation [s.20.144(1)(g)] that would otherwise lapse to the general fund as GPR-Earned at the end of 2003-04 would, instead, be lapsed to the general fund on July 31, 2004, and be credited as GPR-Earned in the 2004-05 fiscal year. As the lapse delay would be for one month only and would not extend beyond the 2003-05 biennium, this provision would have no fiscal effect, compared to the bill.

[Act 33 Section: 9220(1k)]

FOX RIVER NAVIGATIONAL SYSTEM AUTHORITY

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
SEG	$253,400	$0	$61,400	$61,400	$61,400	- $192,000	- 75.8%

FTE Position Summary

There are no full time positions authorized
for the Fox River Navigational System Authority.

Budget Change Item

1. AUTHORITY OPERATIONS [LFB Paper 345]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- $253,400	$61,400	- $192,000

Governor: Delete $126,700 SEG annually from the water resources account of the conservation fund for management and operations of the Fox River Navigational System Authority. Instead, provide this amount to DNR for the purpose of funding the costs of the Fox River Management Commission's management of the system until the transfer of the land and 17 locks to the state from the federal government is completed. The Authority would then assume management and control of the system upon entering into a lease agreement with DOA.

Joint Finance/Legislature: Modify the Governor's recommendation by instead transferring $96,000 SEG annually to DNR for the management and operations of the Fox River locks. This would leave the Fox River Navigational System Authority with $30,700 SEG annually for startup costs.

GENERAL FUND TAXES

1. SALES TAX ENFORCEMENT -- VENDORS DOING BUSINESS WITH THE STATE OF WISCONSIN [LFB Paper 351]

GPR-REV	$12,600,000

Governor: Require the Secretary of the Department of Revenue (DOR) to determine and periodically certify to the Secretary of the Department of Administration (DOA) the names of persons, and affiliates of those persons, who refuse to collect and remit sales and use taxes on their sales delivered to Wisconsin. Further, provide that DOA, any purchasing agent designated by DOA, any agency making purchases under the state's legislative and judicial branch procurement provisions, and any state authority would be prohibited from entering into any contract or order for the purchase of materials, supplies, equipment, or contractual services with a person whose name (or name of an affiliate of the person) appears on the list. The Legislative Reference Bureau indicates that these provisions likely would apply to local sales and use taxes in addition to state sales and use taxes, which was the administration's intent.

Create the following definitions for purposes of this provision: (a) "affiliate" would mean an individual or business that controls, is controlled by, or is under common control with another individual or business; (b) "business" would mean a corporation, partnership, limited liability company, association, or sole proprietorship operated for profit; (c) "control" would mean to own, directly or indirectly, more than 10 percent of the interest in or voting securities of a business; and (d) "voting securities" would mean securities that confer upon the holder the right to vote for the election of members of the board of directors or similar governing body of a business, or are convertible into, or entitle the holder to receive upon their exercise, securities that confer such a right to vote.

Include reference to this new procurement prohibition among the current law exceptions to the general requirement that most orders and contracts of state agencies must be awarded to the person submitting the lowest responsible bid or the most advantageous competitive sealed proposal.

The administration estimates that adoption of this measure would result in additional sales tax revenues of $5,400,000 in 2003-04 and $7,200,000 in 2004-05.

Joint Finance/Legislature: Approve the Governor's proposal with the following modifications to the proposed statutory language:

Delete "Individual or Business" and Replace with "Person". Remove references to "individual or business" from the proposed definition of "affiliate." Instead, refer to a "person" as defined in s. 77.51(10) of the sales tax statutes, which defines "person" to include individuals and businesses. In addition, delete the definition of "business," as a business would already be included as a "person" under the modification.

Modify Language Related to "Refusal to Collect and Remit Sales and Use Tax". Delete the heading "Refusal to collect taxes; certification" and replace it with "Certification for collection of sales and use tax." In addition, delete a description of persons who "refuse to collect and remit taxes imposed under ss. 77.52 and 77.53 on their sales delivered to this state" and refer, instead, to persons who "make sales of tangible personal property and taxable services that are subject to the taxes imposed under this subchapter but are not registered to collect and remit such taxes to the Department, or if registered, do not collect and remit such taxes."

These modifications would make the language consistent with terms used for sales tax provisions under current law and clarify that the restriction would apply to retailers who fail to collect (rather than refuse to collect) sales tax.

[Act 33 Sections: 40, 178, 187, 189, 192, 193, 195, 199, 211, 214, 220, 221, 222, 752, 753, 1651, and 2059]

2. SALES TAX ON LODGING

Joint Finance/Legislature: Delete the phrase "if the use of the rooms or lodging is not fixed at the time of sale as to the starting day or the lodging unit" from s. 77.52(2)(a) 1 of the statutes, which imposes the sales tax on short-term lodging. Specify that the provision would first apply to sales made on or after December 1, 1999, regardless of whether the sales occurred before the effective date of the bill.

Under 1999 Wisconsin Act 9, the 2001-03 biennial budget act, the sales tax on certain time-share properties was deleted and replaced with the real estate transfer fee. However, when the sales tax statutes were amended, the amendment incorrectly failed to delete a portion of the sales tax statutes that related to such time-shares and should have been deleted. This provision would remove the obsolete language described above. There would be no fiscal effect, as the provision would clarify current practice.

[Act 33 Sections: 1647m and 9345(3x)]

3. TRANSFER OF SALES TAX ON MOTOR VEHICLE SALES TO THE TRANSPORTATION FUND

Joint Finance: Require DOR, beginning on July 1, 2005, and on each July 1 thereafter, to determine the amount of revenue generated by the state sales tax on the sale and use of new motor vehicles in the preceding calendar year. Specify that 20% of that amount would be transferred to the transportation fund in each year, beginning in 2005-06. Create a sum sufficient GPR appropriation for transferring the amounts computed by DOR to the transportation fund. It is estimated that the transfer under this provision would be $48.2 million in 2005-06.

Senate/Legislature: Adopt the Joint Finance provisions with a modification to reduce the annual transfer to the transportation fund from 20% to 10% of the state sales and use tax on new automobiles.

Veto by Governor [B-35]: Delete provision.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.855(4)(fn)), 670g, and 1650m]

4. NURSING HOME BED ASSESSMENT CREDIT

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$6,600,000	- $6,600,000	$0

Senate/Legislature: Provide a refundable income tax credit for nursing home residents who pay the bed assessment. Under the budget bill, the monthly bed assessment would increase from $32 to $75, beginning July 1, 2003. The tax credit would be allowed on $43 per month (the difference between $75 and $32) and would first be available for tax year 2003 for bed assessments paid on or after July 1, 2003. The credit would be paid through a sum-sufficient GPR appropriation at an estimated cost of $2,200,000 in 2003-04 and $4,400,000 in 2004-05. [See "Health and Family Services -- Health Care Financing -- Nursing Homes" for more information about the nursing home bed assessment.]

Veto by Governor [C-10]: Delete provision.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.835(2)(e)), 666m, 1580r, 1580s, 1580w, 9345(4f), and 9445(3f)]

5. INTERNAL REVENUE CODE UPDATE [LFB Paper 353]

GPR-REV	- $3,100,000

Joint Finance/Legislature: Beginning in tax year 2003, with two exceptions, provide that state individual income, and corporate and business tax provisions be referenced to the federal Internal Revenue Code (IRC) in effect on December 31, 2002. Provide that the changes would apply for Wisconsin purposes at the same time as for federal purposes.

Under current law, references to the IRC generally refer to the code in effect on December 31, 2001. The changes to federal law that affect the IRC were enacted under the following federal acts: (a) the Victims of Terrorism Tax Relief Act (VTTRA); (b) the Job Creation and Worker Assistance Act (JCWAA); (c) the Clergy Housing Allowance Clarification Act (CHACA); (d) the Trade Act; (e) Public Law 107-276, which eliminated notification and return requirements for political parties and candidates; and (f) the Holocaust Restitution Tax Fairness Act (HRTFA). Most of the provisions that would be referenced for state tax purposes would be from the JCWAA.

One of the excluded federal provisions would be the bonus depreciation deduction provided under the JCWAA. Under the federal provision, taxpayers may claim an additional first-year depreciation deduction equal to 30% of the adjusted basis of qualified property that was acquired after September 10, 2001, and placed in service before January 1, 2005. Prior to enactment of 2001 Wisconsin Act 109 (the 2001-03 budget adjustment bill), state depreciation and amortization provisions were automatically referenced to the IRC. However, Act 109 included a provision that eliminated the automatic referencing of state provisions. Instead, state depreciation and amortization provisions are referred to the Code in effect on December 31, 2000. The Legislature must take action to update these references to future years.

A second excluded provision would be retroactive adoption of the deduction for teachers' classroom expenditures. This provision would be adopted for tax year 2003, however.

The IRC provisions that would be adopted would decrease individual income tax revenues by an estimated $1.8 million in 2003-04 and by $400,000 in 2004-05. Corporate and business income and franchise tax revenues would decrease by an estimated $250,000 in 2003-04 and by $650,000 in 2004-05. Total state income and franchise tax revenues would be reduced by an estimated $2.05 million in 2003-04 and by $1.05 million in 2004-05. The following table provides a summary of the items that are estimated to have a significant impact on state revenues.

Summary of Federal Law Changes with Significant Fiscal Effects
(In Millions)

	2003-04	2004-05
Individual Income Tax		
Deduction for Teachers' Classroom Expenditures	-$1.30	-$0.10
Expansion of Exclusion for Foster Care Payments	-0.50	-0.30
Individual Total	-$1.80	-$0.40
Corporate and Business Income and Franchise Taxes		
Discharge of Indebtedness of an S Corporation	$0.40	$0.25
Limit of Use of Nonaccrual Experience Method of Accounting	0.25	0.10
Qualified Clean-Fuel Vehicle and Refueling Property Deduction	-0.60	-0.30
Tax Incentives for Indian Reservations	-0.30	-0.70
Corporate/Business Total	-$0.25	-$0.65
IRC Update Total	-$2.05	-$1.05

[Act 33 Sections: 1580da thru 1580dh, 1582da thru 1582dx, 1583da thru 1583dp, and 9145(1x)]

6. PROPERTY TAX/RENT CREDIT REESTIMATE [LFB Paper 350]

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR-REV	$10,900,000	- $17,000,000	- $6,100,000

Joint Finance/Legislature: Reestimate the cost of the property tax/rent credit (PTRC) at $363,800,000 in 2003-04 and $373,200,000 in 2004-05. The reestimates are $3,400,000 lower in 2003-04 and $7,500,000 lower in 2004-05 than prior law estimates, which are the estimates that were incorporated into the Governor's bill. Increase estimated individual income tax revenues by $3,400,000 in 2003-04 and $7,500,000 in 2004-05, to reflect the effect of changing the estimated costs of the PTRC.

The reestimates of the PTRC reflect the following actions by the Joint Finance Committee and the Legislature: (a) estimated increases in the costs of the PTRC of $2,800,000 in 2003-04 and $4,400,000 in 2004-05 to reflect the anticipated effects of the Governor's bill on property taxes; and (b) estimated reductions in the costs of the PTRC of $6,200,000 in 2003-04 and $11,900,000 in 2004-05 to reflect the impact on property taxes of the local levy and fiscal controls approved by the Joint Finance Committee and the Legislature.

Veto by Governor [A-1, A-3, and A-15]: Reestimate the cost of the PTRC at $369,600,000 in 2003-04 and $384,400,000 in 2004-05, based on expected changes in property tax levels as a result of the following partial vetoes by the Governor: (a) the restoration of prior law four-year-old kindergarten membership [Item A-1]; (b) the restoration of the prior law per pupil adjustment under school revenue limits [Item A-3]; (c) the restoration of prior law levy limits on technical college districts [Item A-15]; and (d) the elimination of levy limits on counties and municipalities [Item A-15].

Compared to the enrolled bill, increase the estimated cost of the PTRC by $5,800,000 in 2003-04 and $11,200,000 in 2004-05 and estimate decreased tax revenues from the individual income tax of the same amounts. Compared to prior law, Act 33 increases the estimated costs of the PTRC and reduces the estimated revenues from the individual income tax by $2,400,000 in 2003-04 and $3,700,000 in 2004-05. These changes reflect the anticipated effects on property taxes of reductions in state funding of partial school revenue and shared revenue under Act 33 compared to the levels that would have been anticipated under prior law.

7. EARNED INCOME TAX CREDIT [LFB Paper 116]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $940,800	$0	- $940,800
PR	- 2,128,000	9,232,000	7,104,000
SEG	7,100,000	- 6,863,200	236,800
TOTAL	$4,031,200	$2,368,800	$6,400,000

Governor: Increase funding for the earned income tax credit (EITC) by $2,200,000 in 2003-04 and by $1,831,200 in 2004-05, for a total increase for the two years of $4,031,200. The increases reflect the cost of the credit under current law, which is estimated at $70,600,000 in 2003-04 and $70,231,200 in 2004-05. In addition, modify the funding of the credit to reduce the portion funded with GPR and increase the portion funded with other revenue.

Under current law, the state EITC is funded with a combination of GPR and program revenue. The program revenue is federal temporary assistance for needy families (TANF) funding transferred from the Department of Workforce Development (DWD) to pay the refundable portion of the EITC. Currently, the PR portion is provided through an annual, sum-certain appropriation that is set equal to 80% of the credit's estimated total cost. The PR funding level has been based on an assumption that approximately 80% of EITC payments are refunded to TANF-eligible individuals. The GPR share is provided through a sum-sufficient appropriation and covers the portion of the credit not funded with TANF.

The bill would increase the non-GPR funding for the EITC from 80% to 82% of the estimated cost of the credit. For 2003-04, the increase in the non-GPR share would be funded through the PR appropriation from TANF revenue. However, for 2004-05, some of the TANF funding for the EITC would be replaced with revenue from the segregated utility public benefits trust fund. The SEG funding would be provided through a new, annual, sum-certain appropriation. Total funding for the EITC would be as follows: (a) $12,708,000 GPR and $57,892,000 PR in 2003-04 (for a total of $70,600,000); and (b) $12,831,200 GPR, $50,300,000 PR, and $7,100,000 SEG in 2004-05 (for a total of $70,231,200). The funding recommendations are outlined in the following table:

		Governor's Budget		Change to Base	
	Base	2003-04	2004-05	2003-04	2004-05
GPR	$13,240,000	$12,708,000	$12,831,200	-$532,000	-$408,800
PR (TANF)	55,160,000	57,892,000	50,300,000	2,732,000	-4,860,000
SEG	0	0	7,100,000	0	7,100,000
Total	$68,400,000	$70,600,000	$70,231,200	$2,200,000	$1,831,200

Joint Finance/Legislature: Approve the Governor's provisions with the following modifications:

Reestimate the total cost of the EITC in 2004-05 at $72,600,000, which is an increase of $2,368,800 compared to the Governor's provision. Provide funding for the credit in 2004-05 as follows: (a) $12,831,200 GPR; (b) $236,800 SEG; and (c) $59,532,000 PR-S (TANF funding). Compared to the bill, for 2004-05, decrease funding for the EITC by $6,863,200 SEG and increase TANF funding for the EITC by $9,232,000 PR-S. The funding levels for the EITC under the Governor's bill and the Joint Finance provisions are shown below:

	Governor's Budget		Jt. Finance/Leg.		Jt. Finance/Leg. -- Chg. to Gov	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
GPR	$12,708,000	$12,831,200	$12,708,000	$12,831,200	$0	$0
PR (TANF)	57,892,000	50,300,000	57,892,000	59,532,000	0	9,232,000
SEG	0	7,100,000	0	236,800	0	-6,863,200
	$70,600,000	$70,231,200	$70,600,000	$72,600,000	$0	$2,368,800

As shown in the table, the net effect of the modifications, compared to the Governor's provisions, would be to increase funding for the EITC by $2,368,800 in 2004-05.

[Act 33 Sections: 667 and 668]

8. ILLINOIS-WISCONSIN INCOME TAX RECIPROCITY PAYMENTS

GPR	$8,100,000

Governor/Legislature: Increase funding by $2,900,000 in 2003-04 and $5,200,000 in 2004-05 to reflect anticipated payments to Illinois during the 2003-05 biennium under the Illinois-Wisconsin individual income tax reciprocity agreement. Total funding would be $33,700,000 in 2003-04 and $36,000,000 in 2004-05.

9. MINNESOTA-WISCONSIN INCOME TAX RECIPROCITY PAYMENTS

GPR	- $3,800,000

Governor/Legislature: Reduce funding by $4,000,000 in 2003-04 and increase funding by $200,000 in 2004-05 to reflect estimated Minnesota-Wisconsin individual income tax reciprocity payments for the 2003-05 biennium. Total funding would be $50,800,000 in 2003-04 and $55,000,000 in 2004-05.

10. INTEREST ON OVERPAYMENT OF TAXES

GPR	$2,500,000

Governor/Legislature: Increase the sum-sufficient appropriation for interest on tax overpayments by $1,250,000 annually to reflect estimated interest costs. Total funding would be $2,250,000 each year.

For 2001-02, interest expenses on tax overpayments had been estimated at $1,000,000. However, actual expenses for the fiscal year were $2,023,000. In January, 2003, the 2002-03 estimate was revised upward from $1,000,000 to $2,250,000, to reflect the higher expense in the previous year. This provision would increase the annual estimates for 2003-04 and 2004-05 to match the current estimate for 2002-03.

11. CIGARETTE AND TOBACCO PRODUCTS EXCISE TAX REFUNDS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	- $1,700,000	- $12,000,000	$12,000,000	- $1,700,000

Governor: Reduce funding for cigarette and tobacco products excise tax refunds by $800,000 in 2003-04 and $900,000 in 2004-05 to reflect lower estimates of the amount required to reimburse Native American tribes under present law. Currently, for sales that occur on reservations or trust lands, the tribes receive a refund of 100% of the excise tax on cigarettes sold to Native Americans and 70% of the tax on sales made to non-Native Americans. For tobacco products sold on reservations or trust lands, the tribes receive a refund of 100% of the tax on products sold to tribal members and 50% of the tax on products sold to non-Native Americans. Accounting for the reductions identified, total funding of $11,700,000 in 2003-04 and $11,600,000 in 2004-05 would be provided.

Joint Finance/Legislature: Reduce the rate of refunds to the tribes of excise taxes from cigarettes sold to non-Native Americans from 70% to 30%. Reestimate total refunds of cigarette and tobacco products taxes to the tribes at $5,700,000 in 2003-04 and $5,600,000 in 2004-05. Compared to the bill, reduce estimated refunds by $6,000,000 in each year.

Veto by Governor [E-1]: Delete the decrease in the refund percentage that was adopted by the Joint Committee on Finance and Legislature.

[Act 33 Vetoed Section: 2057m]

12. BAD DEBT DEDUCTIONS AGAINST CIGARETTE AND TOBACCO PRODUCTS TAXES

Joint Finance/Legislature: Provide that a person who sells cigarettes or other tobacco products at wholesale may claim as a deduction against the cigarette and tobacco products taxes imposed an amount equal to such taxes that are attributable to bad debt that the person writes off as uncollectable.

Define "bad debt" to mean an amount equal to the purchase price of cigarettes or tobacco products, if the amount may be claimed as a deduction under section 166 of the Internal Revenue Code (governing the deductibility of worthless and partially worthless debts). "Bad debt" would not include financing charges, interest on the wholesale price of the products, uncollectable amounts on property that remains in the seller's possession until the full purchase price is paid, expenses incurred in attempting to collect any debt, debts sold or assigned to third parties for collection, and repossessed property.

Require a person who claims a deduction under these provisions to submit the claim on a form and in a manner prescribed by the Department of Revenue and to submit with the form all of the following:

a. A copy of the original invoice for the sale of the cigarettes or tobacco products that represent bad debt;

b. Evidence that the products described in the invoice under (a) were delivered to the person who ordered them;

c. Evidence that the person who ordered and received the products did not pay the person who claims the deduction for the products; and

d. Evidence that the person claiming the deduction used reasonable collection practices in attempting to collect the amount owed.

Provide that, if a person subsequently collects, in whole or in part, any bad debt for which a deduction is claimed under this provision, the person would have to submit to DOR the portion of the deduction related to the amount collected, in the manner prescribed by the Department and for the period in which the amount is collected. Specify that these provisions would take effect on the first day of the second month beginning after publication of the budget bill. It is estimated that the provisions would have a minimal fiscal effect.

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

[Act 33 Vetoed Sections: 2057v, 2058f, and 9445(1b)]

13. REPLACE TAX APPEALS COMMISSION WITH OFFICE OF THE COMMISSIONER OF TAX APPEALS [LFB Paper 352]

Governor: Eliminate the Tax Appeals Commission and replace it with an Office of the Commissioner of Tax Appeals (OCTA). In addition, reduce funding and positions in the Department of Administration as follows: (a) decrease funding by $317,700 GPR in each year; (b) reduce the number of unclassified commissioner positions from three to one; and (c) decrease the number of classified support personnel from three to one. These provisions would take effect on the bill's general effective date.

Under current law, the Tax Appeals Commission has three commissioners, who are attorneys appointed outside the classified service and who must be experienced in tax matters. The commissioners are nominated by the Governor and appointed with the advice and consent of the Senate for staggered, six-year terms expiring on March 1 of the odd-numbered years. The Governor designates one commissioner to serve as the Commission Chairperson. The Commission has a support staff consisting of three classified FTE positions, and is attached to the Department of Administration for administrative purposes.

The Tax Appeals Commission is the final administrative authority for the hearing and determination of most tax-related matters arising in Wisconsin. The Commission also decides appeals of state assessments of manufacturing property and equalized values of taxation districts.

The bill would eliminate the Tax Appeals Commission and transfer its duties to OCTA, which would also be attached to the Department of Administration for administrative purposes. All statutory references to the Tax Appeals Commission and its commissioners would be changed to refer to the Office of the Commissioner of Tax Appeals and the Commissioner of Tax Appeals, respectively.

The three tax commissioner positions under current law would be reduced to one position, the Tax Appeals Commissioner. In addition, the support staff for OCTA would be reduced to one full-time position, as compared to three full-time support personnel for the current Commission.

The following provisions would apply to the Tax Appeals Commissioner: (a) the Commissioner would be nominated by the Governor with the advice and consent of the Senate and appointed for a six-year term expiring on March 1 of an odd-numbered year; (b) the Commissioner would be required to be experienced in tax matters; (c) the Commissioner would hold office until a successor was appointed and qualified; and (d) the Commissioner would not be permitted to serve on or under any committee of a political party. In addition, the Tax Appeals Commissioner would be assigned to the same executive salary group (ESG 4) as applies to the commissioners under current law. These provisions are similar to those that apply to tax commissioners currently.

The duties of OCTA would be the same as those of the Tax Commission. However, a change would be made with respect to the individuals deciding cases. Under current law, any member of the Commission or a hearing examiner may hear tax appeals. However, with the exception of small claims cases, decisions about the cases are made by the full Commission. For small claims appeals, a single commissioner assigned to a case by the Commission Chairperson prior to the hearing is responsible for deciding the case.

The bill would eliminate the current requirements that all cases except small claims appeals are decided by more than one commissioner and that, if a case is to be decided by a single individual, that individual is a tax appeals commissioner. The bill would specify, instead, that all decisions would be made by either the Tax Appeals Commissioner or a hearing examiner assigned to the case by the Commissioner. A hearing examiner assigned to a tax appeals case would be authorized to administer oaths, summon and examine witnesses, and issue subpoenas for evidence. [These provisions are similar to those in place for hearing examiners hearing other types of cases.] Currently, a tax appeals commissioner or an employee who has written authorization from the Commission Chairperson may administer oaths. However, only tax appeals commissioners may summon and examine witnesses and issue subpoenas for evidence for tax appeals cases in front of the Commission.

The bill would transfer all assets and liabilities, remaining incumbent employees, tangible personal property, contracts, rules and orders, and all pending matters before the Tax Appeals Commission to OCTA on the effective date of the bill. With respect to the transfer of employees, the bill would specify that: (a) all employees transferred would retain the same rights and employee status held prior to the transfer; and (b) no employee who had attained permanent status in a classified position would be required to serve a new probationary period.

Total funding for OCTA would be $270,300 GPR in the first year and $274,000 GPR in the second year, which is a reduction of $317,700 in each year compared to the anticipated costs of maintaining the current Commission.

Joint Finance/Legislature: Delete the Governor's proposal to eliminate the TAC and replace it with the OCTA. Instead, retain the TAC but eliminate one FTE support position and include a non-statutory moratorium on appointing a commissioner to fill a current vacancy (for the term ending on March 1, 2009) until July 1, 2005. In addition, amend current law to specify that: (a) if only two commissioners are available to participate in a decision on a case requiring the concurrence of the majority of the TAC and if they cannot reach an agreement, then the chairperson, or, if the chairperson is not participating in the decision, the commissioner with the most seniority, would be authorized to make the decision; and (b) in the event that only one commissioner is available to participate in a decision requiring the concurrence of a majority of the TAC, that commissioner would be authorized to make the decision. Compared to the Governor's bill, restore 3.0 positions and $158,800 GPR annually. Under these provisions, total funding for the TAC would be $429,100 GPR in 2003-04 and $432,800 GPR in 2004-05. These figures are $158,900 less than the anticipated costs of maintaining the current three-member commission and existing staff in each year. The position and funding changes are reflected in this document under the Department of Administration.

Veto by Governor [D-12]: Eliminate the non-statutory moratorium on appointing a commissioner to fill the current commissioner vacancy. Total funding for the TAC is unchanged from the level provided under the enrolled bill.

[Act 33 Sections: 1614b and 1614d]

[Act 33 Vetoed Section: 9145(1f)]

14. BELOIT DEVELOPMENT OPPORTUNITY ZONE -- ELIGIBILITY FOR TAX CREDITS

Joint Finance/Legislature: Provide that all eligible businesses, including sole proprietorships, partnerships, and limited liability companies taxed as partnerships, could claim tax credits in the Beloit development opportunity zone. In addition, specify that all eligible businesses may claim the development zones capital investment credit, not just those businesses that claim the credit based on the economic activity of another business in the zone. This corrects a statutory cross reference that was not included in the provisions that created the Beloit zone. Based on information provided by the Department of Commerce concerning the likely timing of investments by businesses in the Beloit development opportunity zone, these provisions are estimated to result in a minimal increase in the amount of tax credits claimed in 2003-05 biennium.

The 2001-03 biennial budget (2001 Wisconsin Act 16) included provisions that required the Department of Commerce to designate an area in the City of Beloit as a development opportunity zone. Corporations conducting or intending to conduct economic activity in the Beloit zone can claim the consolidated development zones jobs and environmental remediation tax credit and the development zones capital investment credit, if it is based on the economic activity of another. The maximum amount of credits that can be claimed in the Beloit development opportunity zone is $4.7 million. The zone was designated by Commerce in September, 2001, and will exist for seven years from that date. The Beloit development opportunity zone provides financial assistance to the City's Gateway project.

[Act 33 Sections: 2628c and 9345(2f)]

GOVERNOR

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$7,074,200	$6,274,400	$7,608,000	$7,608,000	$7,608,000	$533,800	7.5%
PR	102,000	0	0	0	0	- 102,000	- 100.0
TOTAL	$7,176,200	$6,274,400	$7,608,000	$7,608,000	$7,608,000	$431,800	6.0%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	47.75	39.75	39.75	39.75	39.75	- 8.00
PR	0.30	0.00	0.00	0.00	0.00	- 0.30
TOTAL	48.05	39.75	39.75	39.75	39.75	- 8.30

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$533,800

Governor/Legislature: Provide increases of $266,900 annually for full funding of continuing positions salaries and fringe benefits.

2. BASE OPERATIONS REDUCTION [LFB Paper 360]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR-Lapse	$0		$1,333,600		$1,333,600	
GPR	- $1,333,600	- 8.00	$1,333,600	0.00	$0	- 8.00

Governor: Reduce base funding by $666,800 annually ($571,800 from salary and fringe benefit costs and $95,000 from supplies and service costs) to reflect the deletion of 8.0 existing positions in the Governor's Office. This represents a 19.0% reduction to the adjusted GPR base level of funding for the agency.

Joint Finance/Legislature: Provide that base funding reductions of $666,800 annually be restored and, instead, require that the Governor take actions to ensure that, during the 2003-05 biennium, an amount equal to a total of $1,333,600 GPR lapses to the general fund from the GPR appropriations to the Office for state operations. This lapse amount is equal to a 19.0% annual reduction to adjusted GPR state operations base for the agency.

[Act 33 Section: 9222(1f)]

3. ELIMINATE TANF FUNDING

	Funding	Positions
PR	- $102,000	- 0.30

Governor/Legislature: As part of the overall proposal to address a shortfall in available TANF funding, repeal two appropriations under the Governor's Office through which TANF funding was allocated to the Office for staff and grant funding associated with the literacy improvement aids program. Delete base funding of $51,000 annually and 0.30 FTE position. Base funding of $25,200 GPR for the literacy aids program would be continued.

[Act 33 Sections: 633 and 634]

HEALTH AND FAMILY SERVICES

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$3,951,460,800	$3,695,784,400	$4,028,514,000	$4,028,514,000	$4,011,976,900	$60,516,100	1.5%
FED	5,623,317,200	6,333,604,300	6,471,622,500	6,479,578,600	6,457,058,700	833,741,500	14.8
PR	744,888,000	771,511,700	826,194,400	826,194,400	825,637,700	80,749,700	10.8
SEG	771,991,000	1,742,177,700	1,085,610,500	1,091,281,200	1,091,281,200	319,290,200	41.4
TOTAL	$11,091,657,000	$12,543,078,100	$12,411,941,400	$12,425,568,200	$12,385,954,500	$1,294,297,500	11.7%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	2,224.20	2,144.10	2,145.15	2,145.15	2,145.15	- 79.05
FED	1,100.93	1,066.51	1,065.96	1,065.96	1,065.96	- 34.97
PR	3,457.75	2,919.03	2,957.13	2,957.13	2,957.13	- 500.62
SEG	8.00	9.33	7.40	7.40	7.40	- 0.60
TOTAL	6,790.88	6,138.97	6,175.64	6,175.64	6,175.64	- 615.24

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR-REV	$0		$96,000		$96,000	
GPR	$4,607,400	- 30.25	- $102,000	0.00	$4,505,400	- 30.25
FED	9,212,900	- 17.24	- 80,600	0.00	9,132,300	- 17.24
PR	- 1,908,000	- 14.51	- 96,000	0.00	- 2,004,000	- 14.51
SEG	- 765,000	0.33	0	0.00	- 765,000	0.33
Total	$11,147,300	- 61.67	- $278,600	0.00	$10,868,700	- 61.67

Governor: Provide $5,851,700 ($2,332,800 GPR, $4,839,400 FED, -$938,000 PR, and -$382,500 SEG) and a decrease of 54.67 positions (-30.25 GPR positions, -11.24 FED positions, -13.51 PR positions, and 0.33 SEG positions) in 2003-04 and $5,295,600 ($2,274,600 GPR, $4,373,500 FED, -$970,000 PR, and -$382,500 SEG) and a decrease of 61.67 positions (-30.25 GPR positions, -17.24 FED positions, -14.51 PR positions, and 0.33 SEG positions) in 2004-05 to adjust the Department's base budget for: (a) turnover reduction (-$1,920,200 GPR, -$943,400 FED, and -$2,445,100 PR annually); (b) removal of noncontinuing items (-$4,445,700 GPR and -4.20 GPR positions, -$1,676,600 FED and -11.74 FED positions, -$1,550,600 PR, and -$451,300 SEG in 2003-04 and -$4,503,900 GPR and -4.20 GPR positions, -$2,142,500 FED and -17.74 FED positions, -$1,582,600 PR and -1.00 PR position, and -$451,300 SEG in 2004-05); (c) full funding of continuing salaries and fringe benefits ($5,470,100 GPR, $7,324,000 FED, -$2,022,700 PR, and $44,300 SEG annually); (d) funding of ongoing s. 13.10 supplements (-$137,700 GPR and -26.06 GPR positions, $26,900 FED and 0.50 FED positions, -$817,600 PR and -13.50 PR positions, and $24,500 SEG and 0.33 SEG positions annually); (e) overtime ($2,168,400 GPR and $3,373,200 PR annually); (f) night and weekend differentials ($1,146,900 GPR, $68,200 FED, and $2,476,800 PR annually); (g) fifth week of vacation as cash for certain long-term employees ($51,000 GPR, $40,300 FED, and $48,000 SEG annually); and (h) minor transfers within appropriations (0.01 GPR position and -0.01 PR position annually).

Joint Finance/Legislature: Delete $139,300 (-$51,000 GPR, -$40,300 FED, and -$48,000 PR) annually for fifth week of vacation as cash. Require DHFS to lapse to the general fund a total of $48,000 annually from those PR accounts or funds from which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $48,000 in 2003-04 and $48,000 in 2004-05. However, specify that DHFS is not required to lapse to the general fund any such PR amount that is from federal funds or that is from another fund source whose lapse to the general fund would be prohibited by state or federal laws or the state or federal constitution.

[Act 33 Section: 9160(3f)]

2. DEPARTMENTWIDE REDUCTIONS [LFB Papers 365, 407, and 435]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$0		$228,100				$228,100	
GPR	- $10,221,900	- 94.60	- $556,100	- 10.28	- $500,000	0.00	- $11,278,000	- 104.88
FED	- 3,742,200	- 20.95	- 137,300	- 7.72	- 500,000	0.00	- 4,379,500	- 28.67
PR	- 2,970,500	- 124.54	0	0.00	0	0.00	- 2,970,500	- 124.54
Total	- $16,934,600	- 240.09	- $693,400	- 18.00	- $1,000,000	0.00	- $18,628,000	- 258.09

Governor: Reduce funding by $6,144,400 (-$3,543,000 GPR, -$1,540,600 FED, and -$1,060,800 PR) and delete 121.09 positions (-94.60 GPR positions, -20.95 FED positions, and -5.54 PR positions) in 2003-04 and reduce funding by $10,790,200 (-$6,678,900 GPR, -$2,201,600

FED, and -$1,909,700 PR) and delete 240.09 positions (-94.60 GPR positions, -20.95 FED positions, and -124.54 PR positions) in 2004-05 to reflect the following changes.

General Program Operations Reductions. Reduce funding by $3,444,100 (-$2,181,800 GPR, -$781,100 FED, and -$481,200 PR) and delete 81.73 positions (-67.34 GPR positions, -18.95 FED positions, and 4.56 PR positions) in 2003-04 and reduce funding by $8,236,600 (-$5,266,000 GPR, -$1,640,500 FED, and -$1,330,100 PR) and delete 84.73 positions (-67.34 GPR positions, -18.95 FED positions, and 1.56 PR positions) in 2004-05 to reflect the net fiscal effect of: (a) reducing the number of administrative staff positions in DHFS; (b) reducing the number of deputy bureau directors; (c) increasing the use of DHFS staff in the Division of Management and Technology to provide information technology services, and reducing the use of private contractors to perform these services; and (d) reducing funding for contracts and supplies and services.

Convert Positions to be Funded with Income Augmentation Funds. Reduce funding by $62,200 GPR in 2003-04 and by $165,900 GPR in 2004-05 and eliminate 3.0 GPR positions, beginning in 2003-04. Provide $62,200 FED in 2003-04 and $165,900 FED in 2004-05 and 3.0 FED positions, beginning in 2003-04. The federal funds are income augmentation revenues.

Special Needs Adoption Program. Reduce funding for the special needs adoption program by $32,100 (-$28,800 GPR and -$3,300 FED) in 2003-04 and by $85,400 (-$76,800 GPR and -$8,600 FED) in 2004-05 and eliminate 14.50 positions (-9.50 GPR positions and –5.00 FED positions), beginning in 2003-04. The change in funding is comprised of a reduction in funding for salaries and fringe (-$157,700 GPR and -$111,700 FED in 2003-04 and -$420,600 GPR and -$297,800 FED in 2004-05) and an increase in funding for supplies and services ($128,900 GPR and $108,500 FED in 2003-04 and $343,800 GPR and $289,200 FED in 2004-05) to support costs related to the contracts.

Food Stamp Retailer Transaction Fee. Delete $500,000 ($250,000 GPR and $250,000 FED) annually to eliminate the food stamps transaction fee to retailers.

Consolidation of Units at Winnebago Mental Health Institute. Reduce funding by $579,600 PR annually and delete 13.50 positions (-3.40 GPR positions and -10.10 PR positions), beginning in 2003-04, by consolidating the children's unit (ages five to 12 years old) and the adolescent unit (12 to 18 years old) into one unit at the Winnebago Mental Health Institute. Through the consolidation, one treatment team, instead of two teams, would supervise the unit.

Sand Ridge Secure Treatment Center. Reduce funding by $451,800 GPR annually and delete 11.36 GPR positions, beginning in 2003-04, at the Sand Ridge Secure Treatment Center to reflect reestimates of populations at this facility.

Central and Southern Wisconsin Center Position Reductions. Delete 116.0 PR positions in 2004-05 at Central and Southern Wisconsin Center for the Developmentally Disabled to reflect an anticipated decrease in the number of residents at both centers resulting from the Governor's proposal to increase CIP IA rates and the centers' budget reduction rate.

MA Contracts. Reduce funding for medical assistance (MA) contracts by $1,136,800 (-$568,400 GPR and -$568,400 FED) in 2003-04 and by $936,800 (-$468,400 GPR and -$468,400 FED) in 2004-05 to eliminate funding for: (a) prior authorization for dental services (-$105,600 GPR and -$105,600 FED annually); and (b) selected MA support functions provided by EDS, the contracted fiscal agent for MA (-$462,800 GPR and -$462,800 FED in 2003-04 and -$362,800 GPR and -$362,800 FED in 2004-05.)

Joint Finance/Legislature: Modify the Governor's recommendation as follows:

Eliminate Assistant Area Administrators. Delete $628,000 (-$452,600 GPR and -$175,400 FED) in 2003-04 and $837,300 (-$603,500 GPR and -$233,800 FED) in 2004-05 and 15.00 positions (-10.28 GPR positions and -4.72 FED positions), beginning in 2003-04, to eliminate the Department's assistant area administrator positions.

Currently, DHFS has 17.5 assistant area administrator positions. The Governor's bill would delete 2.5 assistant area administrator positions. This provision would delete the remaining 15.0 assistant area administrator positions.

Convert Positions to be Funded with Income Augmentation Funds. Approve the Governor's recommendation to reduce funding by $62,200 GPR in 2003-04 and $165,900 GPR in 2004-05 and delete 3.0 GPR positions, beginning in 2003-04, but delete the corresponding increase in FED funding and position authority supported by income augmentation revenue. In addition, lapse $62,200 in 2003-04 and $165,900 in 2004-05 in income augmentation funds to the general fund.

Food Stamp Retailer Transaction Fee. Delete the Governor's provision to eliminate the food stamp transaction fee DHFS pays to retailers. Increase funding in the bill by $500,000 ($250,000 GPR and $250,000 FED) annually to continue funding this fee. In addition, require DHFS to pay retailers a fee of $0.08 for each food stamp purchase or merchandise return transaction or balance inquiry conducted on a point-of-sale terminal that is owned or leased by the supplier for use in the delivery of food stamp benefits.

Veto by Governor [Page xxii, Item #2, of the Governor's veto message and C-19]: Modify the enrolled bill as follows:

Assistant Area Administrators. In the Governor's veto message, the Governor indicates his intent to give DHFS discretion to determine which positions would be deleted. Consequently, DHFS could retain some or all of the current assistant area administration positions.

Food Stamp Retailer Transaction Fee. Delete provision. In addition, reduce funding by $500,000 (-$250,000 GPR and -$250,000 FED) annually to reflect the elimination of this fee.

[Act 33 Section: 9224(2c)]

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.435(4)(bm)) and 1450m]

3. TANF-FUNDED PROGRAMS [LFB Papers 853 and 855]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$2,734,200	- $2,734,200	$0
PR	- 7,234,200	2,734,200	- 4,500,000
Total	- $4,500,000	$0	- $4,500,000

Governor: Reduce funding by $2,250,000 ($1,367,100 GPR and -$3,617,100 PR) annually to reflect the following funding changes to programs that are currently supported by temporary assistance for needy families (TANF) funds transferred to DHFS from the Department of Workforce Development.

Brighter Futures and Tribal Adolescent Services Programs. Provide $1,367,100 GPR and delete $1,367,100 PR annually to fund the Brighter Futures and tribal adolescent services programs with GPR, rather than TANF. Brighter Futures is currently budgeted $1,172,100 in TANF funds annually, and the tribal adolescent services program is budgeted $195,000 annually. Delete references to TANF funding for these programs.

Grants for Services to Victims of Domestic Violence. Reduce funding for grants for services to victims of domestic violence by $250,000 PR annually so that $750,000 in TANF funds would be provided to support these grants annually. Currently, $8.1 million (all funds), including $1.0 million in TANF funds, is budgeted to fund these grants. Reduce the TANF statutory allocation to reflect this change.

Women, Infants, and Children (WIC) Supplemental Food Program. Reduce funding for grants that support nutrition services and administrative activities of local WIC projects by $1.0 million PR annually. In federal fiscal year 2001-02, DHFS distributed approximately $58.4 million (all funds) to provide services to nutritionally at-risk pregnant, breastfeeding, and post-partum women, infants, and children. Delete references to TANF funding for this program.

Immunization Program. Reduce funding for grants that support immunization education and outreach activities by $1.0 million PR annually. In calendar year 2002, approximately $19.0 million (all funds) was provided to support the state's immunization program. Delete references to TANF funding for this program.

Joint Finance/Legislature: Delete the provision relating to the Brighter Futures and tribal adolescent services programs. Consequently, these programs would continue to be budgeted with TANF funds, rather than GPR.

[Act 33 Sections: 1276 thru 1279]

4. PROGRAM REVENUE LAPSES

GPR-REV	$975,000

Governor/Legislature: Lapse $975,000 in program revenues (PR) to the general fund from the following appropriations.

Health Care Information -- General Program Operations. Lapse $162,500 annually from the appropriation that supports the Department's activities relating to the collection, analysis and dissemination of health care information under Chapter 153. Certain health care providers, including hospitals and physicians, pay annual assessments to DHFS to support this function.

Health Care Information -- Compilation of Reports. Lapse $50,000 annually from the appropriation that supports the Department's costs of compiling data and preparing special reports, based on health care information collected by DHFS under Chapter 153. The fees individuals pay to obtain data compilations and special reports must be sufficient to fund the Department's actual necessary and direct cost of the compiling or preparing this information.

Division of Supportive Living -- Licensing and Support Services. Lapse $275,000 annually from the appropriation that supports licensing and support services provided by the Division of Supportive Living. Health care licensing fees, certification fees, plan review fees, fees for background checks, workshop fees, and fees assessed for inspecting, licensing and approving facilities, and revenue from the annual licensing and approval fees assessed to inpatient health care facilities, are credited to this appropriation.

Prohibit the DOA Secretary from lapsing or transferring these moneys to the general fund if the lapse or transfer would violate a condition imposed by the federal government on the expenditure of the moneys or if the lapse or transfer would violate the federal or state constitution.

Veto by Governor [D-3]: Allow DHFS to submit an alternative plan to the DOA Secretary for the allocation of the lapse amount. After reviewing the plan, the Secretary would have the authority to implement it.

[Act 33 Section: 9260(1)]

[Act 33 Vetoed Sections: 9260(1)(a),(cs)&(ct)]

5. HIPAA COMPLIANCE [LFB Paper 365]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$0	$372,100	$372,100
FED	$10,545,500	- $372,100	$10,173,400
PR	1,196,000	0	1,196,000
Total	$11,741,500	- $372,100	$11,369,400

Governor: Provide $8,728,200 ($8,044,200 FED and $684,000 PR) in 2003-04 and $3,013,300 ($2,501,300 FED and $512,000 PR) in 2004-05 to fund information systems changes in DHFS to comply with the federal Health Insurance Portability and Accountability Act (HIPAA). The federal funding includes $2,404,000 in 2003-04 and $714,000 in 2004-05 of income augmentation funds.

HIPAA contains provisions designed to reduce the costs and administrative burden of health care by making it possible to transmit standardized, electronic administrative and financial transactions that are currently transmitted manually on paper. HIPAA requires that all health plans, health care clearinghouses, and health care providers, including state-administered programs, comply with standards established in rules promulgated by the U.S. Department of Health and Human Services. Non-compliance with these federal regulations can result in civil and criminal penalties.

HIPAA regulations govern privacy, security, and administrative standards on health care information. Currently, four final regulations have been promulgated and DHFS expects several proposed regulations to become final by the end of 2003. Because compliance is required within 24 months of the effective date of each standard, these regulations will require DHFS to undertake many changes in the 2003-05 biennium, including modifying business software, developing new electronic business processes and changing other electronic processes, and developing new policies, procedures, security mechanisms, and compliance monitoring initiatives. DHFS began implementing changes to comply with HIPAA in the 1999-01 biennium and will use the one-time funding in this provision to continue implementing HIPAA through the 2003-05 biennium.

Joint Finance/Legislature: Reduce funding in the bill by $372,100 FED in 2003-04 to delete funding for HIPAA compliance activities budgeted for the WisconCare program. In addition, lapse this amount to the general fund.

[Act 33 Section: 9124(9c) and 9224(2c)]

6. EXTEND AND CONVERT PROJECT POSITIONS

	Funding	Positions
GPR	$408,800	4.20
FED	1,327,700	14.80
PR	32,000	1.00
Total	$1,768,500	20.00

Governor/Legislature: Provide $670,300 ($175,300 GPR and $495,000 FED) and 16.0 positions (4.2 GPR positions and 11.8 FED positions) in 2003-04 and $1,098,200 ($233,500 GPR, $832,700 FED, and $32,000 PR) and 20.0 positions (4.2 GPR positions, 14.8 FED positions, and 1.0 PR position) in 2004-05 to convert 12.0 project positions that are scheduled to terminate in the 2003-05 biennium to permanent status and to extend 8.0 project positions.

Division of Public Health. Provide $271,700 FED and 6.0 FED positions in 2003-04 and $457,000 FED and 8.0 FED positions in 2004-05 to: (a) convert 1.0 FED public health educator position that is responsible for improving data required under the federal maternal and child health block grant to permanent status; (b) convert 2.5 FED positions that work on cardiovascular health issues to permanent status; (c) convert 1.0 FED public health educator position that is responsible for providing HIV prevention services to African-American males in southeastern Wisconsin to permanent status; (d) convert 0.5 FED program assistant position that is funded from a federal lead poisoning prevention grant to permanent status; (e) extend, from September 29, 2004, to February 21, 2005, 1.0 FED epidemiologist position that works on injury prevention surveillance; (f) extend, from September 30, 2003, to March 27, 2005, 1.0 FED public health nurse position that works on a project to reduce occupational injuries to teenage workers; and (g) extend, from September 29, 2004, to December 10, 2005, 1.0 FED epidemiologist position that works to strengthen environmental health capacity.

Division of Children and Family Services. Provide $175,300 GPR and $189,200 FED and 9.0 positions (4.2 GPR positions and 4.8 FED positions) in 2003-04 and $233,500 GPR and $330,300 FED and 10.0 positions (4.2 GPR positions and 5.8 FED positions) in 2004-05 to: (a) convert 4.0 positions (2.0 GPR positions and 2.0 FED positions) that provide ongoing support for the Wisconsin state automated child welfare information system (WISACWIS) to permanent status; (b) convert 1.0 FED position that is responsible for enforcing federal foster care requirements to permanent status; (c) extend, from September 30, 2003, to January 13, 2006, 4.0 positions (2.20 GPR positions and 1.80 FED positions) that oversee contracted special needs adoption services; and (d) extend, from September 30, 2004, to January 30, 2006, 1.0 FED position that collects data on adoptions for federal reporting purposes.

Division of Health Care Financing. Provide $32,000 PR and 1.0 PR position in 2004-05 to convert 1.0 PR position that conducts record preservation activities in the vital records section in the Bureau of Health Information to permanent status.

Office of Strategic Finance. Provide $34,100 FED in 2003-04 and $45,400 FED in 2004-05 to convert 1.0 FED project position that serves as the office manager in the state's Washington, D.C. office to permanent status.

7. CONSOLIDATION OF STATE ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $286,300	- 11.56	$286,300	11.56	$0	0.00
FED	- 285,500	- 5.80	285,500	5.80	0	0.00
Total	- $571,800	- 17.36	$571,800	17.36	$0	0.00

Governor: Delete $245,000 (-$122,700 GPR and -$122,300 FED) in 2003-04 and $326,800 (-$163,600 GPR and -$163,200 FED) in 2004-05 and 17.36 positions (-11.56 GPR positions and -5.80 FED positions), beginning in 2003-04, to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate $1,178,000 ($888,900 GPR and $289,100 FED) in 2003-04 and $1,570,700 ($1,185,200 GPR and $385,500 FED) in 2004-05 of remaining base level salary and fringe benefits funding that currently supports 17.36 attorney positions ($1,011,600 GPR and $411,400 FED in 2003-04 and $1,348,800 GPR and $548,700 FED in 2004-05) to the Department's supplies and services budget to pay for legal services supplied by DOA. Specify that the Department's chief counsel position would not be subject to transfer to DOA. The federal funding that currently supports these attorney positions includes MA matching funds, Title IV-E child welfare funds, and funds available from the women, infants, and children (WIC) block grant that are budgeted to support the Department's general administrative costs.

Joint Finance/Legislature: Delete provision. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

8. FEDERAL REVENUE REESTIMATES

FED	$90,190,100

Governor/Legislature: Provide $46,590,100 in 2003-04 and $43,600,000 in 2004-05 to reflect reestimates of federal revenues that support DHFS programs. The most significant items include reestimates of: (a) project aids budgeted in the Division of Public Health ($29,960,500 annually); (b) local assistance budgeted in the Division of Children and Family Services ($7,629,500 in 2003-04 and $2,879,500 in 2004-05); (c) program aids ($2,911,500 in 2003-04 and $3,112,000 in 2004-05) and local assistance ($1,140,000 in 2003-04 and $1,475,500 in 2004-05) budgeted in the Division of Supportive Living; (d) disability determination state administration ($1,839,600 in 2003-04 and $2,907,300 in 2004-05) and aids ($1,754,000 in 2003-04 and $2,155,400 in 2004-05) in the Division of Health Care Financing; (e) aids funded by the preventive health services block grant ($1,171,600 annually); and (f) aids provided under the women, infants and children supplemental food program (-$2,401,500 annually).

9. PROGRAM REVENUE REESTIMATES

PR	$15,272,400

Governor/Legislature: Provide $6,226,000 in 2003-04 and $9,046,400 in 2004-05 to reflect reestimates of program revenues that support DHFS programs. The most significant items include reestimates of: (a) interagency and intra-agency aids in the Division of Public Health (DPH) ($8,983,000 annually); (b) the cost of services provided by the Bureau of Information Systems, including information technology (IT) infrastructure costs (-$6,273,900 in 2003-04 and -$5,616,100 in 2004-05); (c) contracted IT services DHFS purchases centrally (-$2,900,000 in 2003-04 and -$1,550,000 in 2004-05); (d) recoveries under the medical assistance estate recovery program ($2,822,900 in 2003-04 and $3,001,400 in 2004-05); (e) funding transferred to DPH

($2,063,200 annually) and the Division of Health Care Financing ($1,164,400 in 2003-04 and $1,408,800 in 2004-05) to support operations costs; and (f) lead abatement certification activities (-$274,600 in 2003-04 and -$264,100 in 2004-05).

10. DEBT SERVICE REESTIMATE [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $628,000	- $227,100	- $855,100

Governor: Reduce funding by $196,000 in 2003-04 and $432,000 in 2004-05 to reflect anticipated changes in debt service costs associated with facilities operated by the Division of Care and Treatment Facilities (-$187,500 in 2003-04 and -$418,000 in 2004-05) and the workshop for the blind (-$8,500 in 2003-04 and -$14,000 in 2004-05).

Joint Finance/Legislature: Reduce funding by an additional $156,600 in 2003-04 and $70,500 in 2004-05 to reflect reestimated amounts of debt service costs.

11. RENT AND RENT DEBT SERVICE

FED	$488,900
PR	552,100
SEG	13,100
Total	$1,054,100

Governor/Legislature: Provide $481,700 ($211,700 FED, $263,800 PR, and $6,200 SEG) in 2003-04 and $572,400 ($277,200 FED, $288,300 PR, and $6,900 SEG) in 2004-05 to fund projected increases in the cost of space rental for state-owned space, increases in rental rates of leased space, and the debt service portion of space rent costs not reimbursed by the federal government.

12. MUNICIPAL SERVICES

PR	$72,800

Governor/Legislature: Provide $36,400 annually to reflect reestimates of annual payments the state provides to reimburse municipalities for property-tax supported expenses, such as police and fire protection, that municipalities incur in providing services to DHFS care and treatment facilities.

13. FUNDING AND POSITION ADJUSTMENTS

	Funding	Positions
FED	- $367,800	- 3.00
PR	69,800	- 0.50
Total	- $298,000	- 3.50

Governor/Legislature: Delete $149,000 (-$183,900 FED and $34,900 PR) annually and 3.5 positions (-3.0 FED positions and -0.5 PR positions), beginning in 2003-04, to: (a) eliminate 3.5 positions that terminate in the 2001-03 biennium, including 0.5 PR administrative position that is supported by emergency medical services licensing fees and 3.0 FED social worker positions that are supported from adoption incentive payments; (b) transfer funding and positions between appropriations to more accurately reflect the purposes for which funding is budgeted and the functions of these positions; and (c) correct funding and position transfers enacted as part of 2001 Wisconsin Act 16.

14. INCENTIVE PAYMENT TO COUNTIES FOR MA ADMINISTRATIVE COSTS [LFB Paper 365]

Governor/Legislature: Require DHFS to distribute not less than 50% of the federal medical assistance (MA) matching funds the state would receive to participating counties that claim MA-eligible administrative costs for services they provide to elderly individuals and other adults that receive mental health, developmental disabilities, and substance abuse treatment services from these counties. Specify that any remaining funds would be considered income augmentation funds and would be included in the Department's annual plan for the proposed use of income augmentation funds that is currently subject to the approval of DOA and the Joint Committee on Finance.

[Act 33 Section: 1155]

15. INCOME AUGMENTATION FUNDS [LFB Paper 365]

GPR-REV	$12,064,700
FED	$1,016,200

Joint Finance/Legislature: Provide $468,100 FED in 2003-04 and $548,100 FED in 2004-05 to: (a) delete $40,000 FED in 2003-04 for the CEU position; (b) delete $399,100 FED annually in base funding to account for the partial vetoes in Act 16; and (c) provide $907,200 in 2003-04 and $947,200 in 2004-05 for ongoing and recurring costs to augment federal income. In addition, lapse $8,032,500 in 2003-04 and $4,032,200 in 2004-05 to the general fund.

Use of Future Income Augmentation Revenues. Permit DHFS to use income augmentation revenues to support costs related to information systems changes to meet HIPAA requirements, implementation and ongoing costs of WISACWIS, and activities to reduce the state's food stamp payment error rate. Require DHFS to first use 2001-02 income augmentation revenues before using revenues collected after June 30, 2002, to meet the costs associated with these identified programs. Clarify that the income augmentation revenues that are included in the annual income augmentation plan does not include income augmentation funds budgeted by the Legislature.

Lapse Income Augmentation Funds to the General Fund. Require DHFS to lapse $8,032,500 in 2003-04 and $4,032,200 in 2004-05 in income augmentation funds to the general fund. In addition, require DHFS to lapse all income augmentation revenues received during the 2003-05 biennium that are not budgeted or already lapsed by the Legislature.

Eliminate the Current Income Augmentation Plan. Delete the provision in current law authorizing DHFS to propose the use of income augmentation revenues for purposes other than operational costs exclusively related to augmenting federal income, effective July 1, 2005. Therefore, beginning on July 1, 2005, all income augmentation revenues that are not used to support these operational costs or other programs, as specified in current law, would lapse to the general fund.

Veto by Governor [C-28]: Delete the provisions that would have eliminated the current income augmentation plan and that would have required DHFS to lapse all income augmentation revenues received during the 2003-05 biennium that are not budgeted or already lapsed by the Legislature.

[Act 33 Sections: 1154d thru 1157, 9124(9c), 9224(2c), and 9424(10c)]

[Act 33 Vetoed Sections: 1154e, 1157b, 9224(2c), and 9424(10c)]

16. INCOME AUGMENTATION FUNDS -- OVERVIEW [LFB Papers 365, 406, and 433]

Governor: Budget a total of $12,011,700 FED in 2003-04 and $9,337,000 FED in 2004-05 and support 3.0 FED positions with income augmentation funds.

Income augmentation funds are unanticipated federal funds DHFS receives under Title IV-E (foster care), XIX, (Medicaid), and XVIII (Medicare) of the federal Social Security Act as reimbursement for costs that were initially paid with state or local revenue, or revenue from one of these sources that would not otherwise have been available had it not been for activities conducted to augment federal income. Income augmentation funds also include additional federal MA matching funds the state receives as reimbursement for targeted case management services provided to children, who are not eligible under Title IV-E, in out-of-home care. There are no federal restrictions relating to the use of income augmentation funds. Consequently, the state can use these funds for any purpose.

The Governor proposes to fund several items, which are summarized as separate items, using income augmentation funds, including: (a) implementation and ongoing costs of the Wisconsin statewide automated child welfare informational system (WISACWIS) in 2003-04; (b) food stamp reinvestment activities in 2003-04 and 2004-05; (c) activities in DHFS to comply with the federal Health Insurance Portability and Accountability Act (HIPAA) in 2003-04 and 2004-05; (d) replacing base GPR funding for MA benefits funding in 2003-04 and 2004-05; and (e) transferring support for 3.0 positions that are currently supported with other funding sources.

Currently, there is $12,719,900 FED available in uncommitted income augmentation funds that were generated by DHFS by the end of the 2001-02 fiscal year. Under current law, DHFS must submit an annual plan for the proposed use of income augmentation funds that were generated in the previous fiscal year to the Department of Administration, which must forward a plan to the Joint Committee on Finance by October 1 that is subject to the approval of DOA and the Joint Committee on Finance.

The Governor's intent is to use the uncommitted balance of funds that were received by the end of the 2001-02 fiscal year, as well as income augmentation funds that the state expects to receive in 2002-03, to support these budget items. However, the Governor's bill does not contain statutory changes to the current approval process regarding the use of these funds. Consequently, the bill would need to be amended to reflect this change. Finally, the Governor's bill should have deleted base funding ($399,100 annually) budgeted in the appropriation to reflect a partial veto in 2001 Wisconsin Act 16.

The following table summarizes items in the bill that would be partially supported by income augmentation revenue.

Income Augmentation Funds - Overview
Governor's Recommendations

Section	Item Number	Item	Amount of Income Augmentation Funds Budgeted Under the Governor's Bill 2003-04	2004-05	Total
		Adjusted Base	$399,100	$399,100	$798,200
Departmentwide	5	HIPAA Compliance	2,404,000	714,000	3,118,000
Children and Families	3	WISACWIS	2,199,000	0	2,199,000
HCF -- Admin.	4	Food Stamps[1]	2,685,400	376,900	3,062,300
HCF -- Base and Revenue	8	MA Benefits[2]	4,262,000	7,681,100	11,943,100
Departmentwide	2	Convert Positions[3]	62,200	165,900	228,100
		Total	$12,011,700	$9,337,000	$21,348,700
Amount Available (Uncommitted amounts received thru June 30, 2002)					$12,759,900
Difference (Amount funded with income augmentation revenue received after June 30, 2002)					$8,628,800

1. Includes $357,800 in 2003-04 and $376,900 in 2004-05 that would be supported with 2002-03 income augmentation revenues and not the funds that are currently available.

2. Includes $2,275,000 in 2003-04 and $5,460,000 in 2004-05 that would be supported with the state share (no more than 50%) of revenues received for MA-eligible administrative costs for services provided to elderly individuals and other adults that received mental health, developmental disabilities, and substance abuse treatment services. See "Departmentwide," Item #15 for more information on this source of revenue.

3. Funded with 2002-03 income augmentation revenues and not the funds that are currently available.

Joint Finance/Legislature: Budget a total of $6,916,300 FED in 2003-04 and $1,076,600 FED in 2004-05 in income augmentation funds to support provisions related to HIPAA compliance, WISACWIS, and food stamps. In addition, direct DHFS to lapse $14,949,900 in 2003-04 and $9,672,400 in 2004-05 in income augmentation funds to the general fund. In addition, make a number of statutory changes that allow DHFS to use future income augmentation revenues to support specified costs in the 2003-05 biennium, require DHFS to lapse all non-budgeted income augmentation revenues to the general fund during the biennium, and eliminate the current income augmentation plan on July 1, 2005, which would lapse all income augmentation funds that are not budgeted by the Legislature or provided to support operational costs associated with augmenting federal income to the general fund beginning July 1, 2005.

The following table summarizes items in the bill that would be partially supported by income augmentation revenue.

Income Augmentation Funds - Overview
Act 33

Section and Item	Change to Governor 2003-04	2004-05	Total	Amount of Income Augmentation Funds Budgeted Under Jt. Finance/Legislature 2003-04	2004-05	Total
Adjusted Base	-$399,100	-$399,100	-$798,200	$0	$0	$0
Departmentwide (Item #5) HIPAA Compliance	-372,100	0	-372,100	2,031,900	714,000	2,745,900
Children and Families (Item #3) WISACWIS	0	0	0	2,199,000	0	2,199,000
HCF - Admin. (Item #4) Food Stamps	0	-14,300	-14,300	2,685,400	362,600	3,048,000
HCF - Base and Revenue (Item #8) MA Administration	-4,262,000	-7,681,100	-11,943,100	0	0	0
Departmentwide (Item #2) Convert Positions	-62,200	-165,900	-228,100	0	0	0
Total	-$5,095,400	-$8,260,400	-$13,355,800	$6,916,300	$1,076,600	$7,992,900
Lapse				$14,949,900	$9,672,400	$24,622,300
Amount Available (Uncommitted amounts received thru June 30, 2002)*						$11,852,700
Difference (Amount funded with income augmentation revenues received after June 30, 2002)						$8,697,800

*The difference between the amount available under the Governor and the amount available under JFC/Legislature is a result of a s. 13.10 action that used $907,200 in income augmentation funds, thus reducing the amount available in the 2003-05 biennium.

Veto by Governor [C-28]: Delete provisions that would have: (a) required DHFS to lapse all non-budgeted income augmentation revenues to the general fund during the biennium; and (b) eliminated the income augmentation plan on July 1, 2005.

Health Care Financing -- Base Funding and Revenue

1. OVERVIEW OF MEDICAL ASSISTANCE BENEFITS

Governor: Provide $443,541,000 (-$583,234,000 GPR, $223,237,800 FED, and $803,537,200 SEG) in 2003-04 and $580,354,300 ($342,218,600 GPR, $303,593,600 FED, and -$65,457,900 SEG) in 2004-05 to support the estimated costs of providing MA benefits in the 2003-05 biennium.

The funding would support the administration's estimates of the cost to continue the program under current law (the MA base reestimate) and policy changes included in the bill. These amounts include funding to provide services for Family Care enrollees who are eligible for MA, and federal funding budgeted for SeniorCare, but does not include funding to support services for: (a) Family Care enrollees that are not eligible for MA; (b) BadgerCare enrollees; and (c) GPR and PR used to support costs for SeniorCare enrollees.

The bill significantly decreases GPR support for MA benefits in 2003-04 and replaces this funding with SEG revenue from the MA trust fund and the health care provider availability and cost control fund, a fund that would be a supported by revenue transferred from the patients compensation fund. This substitution of GPR with SEG funding would occur entirely in 2003-04, the first year of the biennium. Therefore, funding budgeted in 2004-05, which will be used to establish the base for the 2005-07 biennium, would not be affected by these substitutions. The additional SEG revenue available from the MA trust fund to support these substitutions would be available by claiming more federal MA matching funds, which would be used to support the state's share of MA costs.

The following table summarizes total funding for MA benefits that would be provided in the bill.

Total MA Benefits Funding
Governor's Recommendations
($ in Millions)

Source	2002-03 Base	2003-04 Change to Base	2003-04 Total	2004-05 Change to Base	2004-05 Total
GPR	$1,047.7	-$583.3	$464.4	$342.2	$1,389.9
SEG	297.4	803.5	1,100.9	-65.5	231.9
Subtotal	$1,345.1	$220.2	$1,565.3	$276.7	$1,621.8
FED	$2,209.9	$223.2	$2,433.1	$303.6	$2,513.5
Total	$3,555.0	$443.5	$3,998.5	$580.3	$4,135.3

Joint Finance: Reduce funding in the bill by $90,829,700 ($254,560,500 GPR, $115,391,900 FED and -$460,782,100 SEG) in 2003-04 and by $126,185,700 ($52,198,000 GPR, -$62,963,400 FED and -$115,420,300 SEG) in 2004-05 to support MA benefits.

The most significant changes the Joint Finance Committee made to the Governor's bill include: (a) deleting the Governor's recommendation to substitute SEG revenue from the patients compensation fund for GPR to support MA benefits ($200,000,000 GPR and -$200,000,000 SEG in 2003-04); (b) substituting federal funds the state will receive under the federal Jobs and Growth Tax Relief Reconciliation Act [P.L. 108-27] for SEG funding the Governor anticipated would be available by creating an intergovernmental transfer program for community-based long-term care services (-$151,000,000 SEG and $151,000,000 FED in 2003-04); (c) deleting funding for items the Governor had recommended to support several long-term care initiatives that would be funded from anticipated federal revenues to the MA trust fund (-$27,243,300 SEG and -$30,310,500 FED in 2003-04 and -$41,137,700 SEG and -$59,000,000 FED in 2004-05); and (d) deleting the Governor's provision to create an assessment on the gross revenue of health maintenance organizations (HMOs) to increase reimbursement to HMOs ($13,873,000 GPR and -$23,630,600 FED and -$37,465,300 SEG in 2003-04 and $8,276,500 GPR, -$27,078,100 FED and -$39,713,200 SEG in 2004-05).

In addition, the Committee increased MA benefits funding in the bill by $14,002,200 GPR and $15,911,700 FED in 2003-04 and $7,409,400 GPR and $10,685,400 FED in 2004-05 to reflect a revised estimate of the cost of supporting MA base costs.

Senate/Legislature: Increase funding in the substitute amendment by $4,109,300 ($1,708,800 SEG and $2,400,500 FED) in 2003-04 and by $9,517,500 ($3,961,900 SEG and $5,555,600 FED) in 2004-05 to correctly reflect the costs of funding a 3.2% annual increase in nursing home rates in the 2003-05 biennium.

Veto by Governor [C-8, C-9, C-11, and C-12]: Reduce MA benefits funding by $18,668,400 (-$7,763,200 GPR and -$10,905,200 FED) in 2003-04 and $17,959,700 (-$7,473,900 GPR and -$10,485,800 FED) in 2004-05 to reflect the net effect of the Governor's partial vetoes.

The following table summarizes total funding for MA benefits provided in Act 33.

MA Benefits Funding
Act 33
($ in Millions)

		2003-04		2004-05	
Source	2002-03 Base	Change to Base	Total	Change to Base	Total
GPR	$1,047.7	-$336.5	$711.2	$386.9	$1,434.6
SEG	297.4	344.4	641.8	-176.9	120.5
Subtotal	$1,345.1	$7.9	$1,353.0	$210.0	$1,555.1
FED	$2,209.9	$330.1	$2,540.0	$235.7	$2,445.6
Total	$3,555.0	$338.0	$3,893.0	$445.7	$4,000.7

All of the changes to MA base funding made in Act 33 are summarized in the following table.

Medical Assistance Benefits Funding*
Act 33

	2003-04				2004-05			
	GPR	FED	SEG	Total	GPR	FED	SEG	Total
Cost-to-Continue								
Base Funding	$1,047,651,100	$2,209,891,800	$297,379,900	$3,554,922,800	$1,047,651,100	$2,209,891,800	$297,379,900	$3,554,922,800
MA Base Reestimate	169,892,300	209,089,200	0	378,981,500	320,566,400	277,310,800	-105,358,000	492,519,200
Standard Budget Adjustments	-927,300	0	0	-927,300	-927,300	0	0	-927,300
Subtotal -- Cost-to-Continue	$1,216,616,100	$2,418,981,000	$297,379,900	$3,932,977,000	$1,367,290,200	$2,487,202,600	$192,021,900	$4,046,514,700
Program/Policy Changes								
Base Funding and Revenue								
Federal Revenue to Fund Base	-$435,107,100	$151,000,000	$284,107,100	$0	$0	$0	$0	$0
Create IGT for Community-Based Waivers	0	0	2,064,500	2,064,500	0	0	1,030,500	1,030,500
Hold Harmless for Counties	0	0	0	0	0	0	17,000,000	17,000,000
IGT Reestimate	-40,513,900	0	40,513,900	0	100,919,000	0	-100,919,000	0
Skilled Nursing Facility at Union Grove	0	0	0	0	191,800	269,000	0	460,800
DVA Nurse Stipend	-43,700	0	0	-43,700	-43,700	0	0	-43,700
Payments, Services, and Eligibility								
Payments to Schools/Local Governments	12,683,400	17,816,600	0	30,500,000	12,696,400	17,803,600	0	30,500,000
Prescription Drug Initiatives	-15,294,600	-21,474,100	0	-36,768,700	-20,052,600	-28,145,700	0	-48,198,300
Prescription Drug Rates	-1,363,000	-1,914,700	0	-3,277,700	-3,927,400	-5,512,800	0	-9,440,200
Graduate Medical Education	-10,890,000	-15,297,300	0	-26,187,300	-7,852,100	-11,036,500	0	-18,888,600
Medicare Crossover Claims	-5,228,500	-7,301,400	0	-12,529,900	-9,018,600	-12,646,400	0	-21,665,000
Oxygen and ESRD Services	-2,514,100	-3,531,500	0	-6,045,600	-2,518,800	-3,537,400	0	-6,056,200
Durable Medical Equipment	-313,300	-440,000	0	-753,300	-1,127,700	-1,583,700	0	-2,711,400
Intensive, In-Home Autism Services	223,100	643,400	0	866,500	340,700	947,000	0	1,287,700
Managed Care for SSI Recipients	-3,396,000	-4,771,900	0	-8,167,900	-11,470,700	-16,110,700	0	-27,581,400
Prior Authorization for Therapies	0	0	0	0	-291,100	-408,900	0	-700,000
Elimination of WisconCare Program	-750,000	0	0	-750,000	-750,000	0	0	-750,000
Unemployed Parent Work Rules	260,100	369,000	0	629,100	346,300	492,500	0	838,800
Women Diagnosed With Cancer	8,200	20,100	0	28,300	17,400	42,500	0	59,900
Divestment	-220,700	-310,100	0	-530,800	-221,100	-310,600	0	-531,700
Milwaukee County Medical Program	0	0	0	0	0	3,000,000	0	3,000,000

Medical Assistance Benefits Funding* (continued)

	2003-04				2004-05			
	GPR	FED	SEG	Total	GPR	FED	SEG	Total
Policy Changes (continued)								
Nursing Homes								
Rate Increases and Bed Tax	-$12,124,400	$31,308,400	$34,412,200	$53,596,400	$4,005,100	$44,860,600	$27,966,200	$76,831,900
Nursing Home Supplemental Payments	0	-23,366,000	-16,634,000	-40,000,000	0	-23,364,000	-16,636,000	-40,000,000
Placements in ICFs-MR and Nursing Homes	0	0	0	0	446,400	626,900	0	1,073,300
Community-Based Long-Term Care								
Children's Long-Term Care Redesign	0	0	0	0	341,800	480,000	0	821,800
Family Care -- Funding Transfers	10,365,400	0	0	10,365,400	10,365,400	0	0	10,365,400
Other Changes								
Northern Wisconsin Center	-1,353,100	-1,900,700	0	-3,253,800	-5,378,200	-7,541,600	0	-12,919,800
Auditing for Improper Payments	0	0	0	0	-170,800	-239,800	0	-410,600
Hospital Diversion	-100,300	0	0	-100,300	100,300	0	0	100,300
DCTF Food and Variable Non-Food	132,300	186,000	0	318,300	217,500	305,200	0	522,700
Budget Efficiency	138,500	0	0	138,500	138,300	0	0	138,300
Subtotal -- Program and Policy Changes	-$505,401,700	$121,035,800	$344,463,900	-$39,902,000	$67,303,600	-$41,610,800	-$71,558,300	-$45,865,500
Grand Total -- MA Benefits Funding	$711,214,400	$2,540,016,800	$641,843,800	$3,893,075,000	$1,434,593,800	$2,445,591,800	$120,463,600	$4,000,649,200
Change to Base	**-$336,436,700**	**$330,125,000**	**$344,463,900**	**$338,152,200**	**$386,942,700**	**$235,700,000**	**-$176,916,300**	**$445,726,400**

* Does not include funding for BadgerCare or SeniorCare benefits.

2. OVERVIEW OF BADGERCARE BENEFITS FUNDING

Governor: Provide $37,728,000 ($6,694,600 GPR, $23,355,500 FED, $2,287,500 PR, and $5,390,400 SEG) in 2003-04 and $32,966,400 ($5,505,000 GPR, $18,201,700 FED, and $3,617,700 PR, and $5,642,000 SEG) in 2004-05 to support the estimated costs of providing BadgerCare benefits in the 2003-05 biennium. BadgerCare benefits are funded from federal MA matching funds and federal funding available under the state children's health insurance program (SCHIP), program revenue from premiums paid by families with income above 150% of the federal poverty level (FPL), and segregated funding from the MA trust fund.

The funding in the bill would support the administration's estimates of the cost to continue the program under current law (BadgerCare base reestimate) and policy changes included in the bill.

The bill significantly increases segregated and federal funding budgeted for BadgerCare benefits to increase payments to HMOs that serve BadgerCare recipients. The segregated revenue used to support these payment increases would be funded from a 1% assessment on the gross revenues of HMOs operating in the state. The remaining funding changes reflect modifications to the state's MA program, which have corresponding effects on the BadgerCare program, including modifications to provider reimbursement rates and initiatives to generate savings for prescriptions drugs. The bill would also modify several provisions specific to BadgerCare, including increasing premiums and modifying the eligibility criteria for working families.

Joint Finance/Legislature: Increase BadgerCare benefits funding by $11,543,800 ($7,760,100 GPR, $8,886,000 FED, $994,800 PR, and -$6,097,100 SEG) in 2003-04 and $26,011,600 ($11,496,600 GPR, $18,820,500 FED, $2,043,200 PR and -$6,348,700 SEG) in 2004-05 to support BadgerCare benefits. The most significant changes the Joint Committee on Finance made to the Governor's bill include: (a) increasing funding to support a reestimate of base costs; and (b) deleting funding that would have been provided to increase payments to HMOs with revenue from an assessment on the state's HMOs.

Veto by Governor [C-11]: Reduce BadgerCare funding by $195,400 (-$64,300 GPR and -$131,100 FED) in 2004-05 to reflect anticipated savings available from a reduction in pharmacy reimbursement rates beginning in 2004-05.

The following table identifies base and total funding budgeted for BadgerCare benefits in each year of the 2003-05 biennium and each of the changes to base funding included in Act 33.

Total BadgerCare Benefits Funding
Act 33

	2003-04					2004-05				
	GPR	FED	PR	SEG	Total	GPR	FED	PR	SEG	Total
Base Funding	$51,399,500	$102,377,300	$3,293,400	$706,700	$157,776,900	$51,399,500	$102,377,300	$3,293,400	$706,700	$157,776,900
Changes to Base Funding										
Base Reestimate	$16,672,200	$37,105,700	$1,752,300	-$706,700	$54,823,500	$22,034,900	$48,605,300	$2,249,000	-$706,700	$72,182,500
Prescription Drug Initiatives	-507,800	-985,600	0	0	-1,493,400	-659,800	-1,280,900	0	0	-1,940,700
Prescription Drug Rates	-39,400	-80,200	0	0	-119,600	-112,600	-230,400	0	0	-343,000
BadgerCare Eligibility	-491,600	-1,158,400	0	0	-1,650,000	-2,360,900	-5,710,500	0	0	-8,071,400
BadgerCare Premiums	-918,600	-2,271,000	1,530,000	0	-1,659,600	-1,618,000	-3,999,900	3,411,900	0	-2,206,000
Unemployed Parent Rule	-260,100	-369,000	0	0	-629,100	-346,300	-492,500	0	0	-838,800
Net Funding Changes	$14,454,700	$32,241,500	$3,282,300	-$706,700	$49,271,800	$16,937,300	$36,891,100	$5,660,900	-$706,700	$58,782,600
Total Funding Budgeted in Act 33	$65,854,200	$134,618,800	$6,575,700	$0	$207,048,700	$68,336,800	$139,268,400	$8,954,300	$0	$216,559,500

3. SENIORCARE BENEFITS OVERVIEW

Governor: Provide $30,719,600 (-$16,446,900 GPR, $32,655,000 FED, and $14,511,500 PR) in 2003-04 and $57,461,000 (-$4,253,100 GPR, $42,407,100 FED, and $19,307,000 FED) in 2004-05 to support SeniorCare benefits in the 2003-05 biennium. The program is partially supported with federal MA matching funds available under a waiver of federal MA law that was awarded in July, 2002, and program revenue from rebates paid by companies that manufacture drugs covered under SeniorCare.

SeniorCare is the prescription drug assistance program created in 2001 Wisconsin Act 16. Act 16 provided $49.9 million GPR in 2002-03 to fund benefits. Because no FED or PR funding was budgeted for the program in the 2002-03, there is no base federal or PR funding for SeniorCare in the 2003-05 biennium. Enrollees first received benefits under the program on September 1, 2002.

Under a current waiver of MA law, federal MA matching funds support approximately 59% of the costs of benefits for individuals enrolled in SeniorCare with income at or below 200% of the federal poverty level (FPL). PR from rebates paid by pharmaceutical manufacturers offset both GPR and federal funding proportionately.

Under SeniorCare, if GPR funding budgeted for the program is completely expended, DHFS is required to continue accepting applications and determining eligibility for program participation and to notify applicants that program benefits are conditioned on the availability of funding. For any period in which funding for the program is completely expended: (a) DHFS is not required to pay pharmacies for any drugs purchased by participants during such a time; (b) pharmacies are not prohibited from charging SeniorCare participants more than the SeniorCare payment rate; and (c) manufacturers, whose drugs are covered under the program, are not required to pay rebates for drugs purchased by participants during such a time.

The funding in the bill would support the administration's estimates of the cost to continue the program under current law (SeniorCare base reestimate) and policy changes included in the bill. In addition to the base reestimate, the bill contains changes to SeniorCare benefits funding based on: (a) savings from initiatives to reduce prescription drug costs under MA, BadgerCare and SeniorCare, including the increased use of prior authorization and supplemental rebates paid by pharmaceutical manufacturers; (b) reductions in the reimbursement rate paid to pharmacies for drugs purchased under SeniorCare; and (c) savings from increasing the deductible paid by SeniorCare enrollees with income greater than 200% of the federal poverty level (FPL).

Costs paid by SeniorCare enrollees as copayments, deductibles or spenddown requirements are paid to the pharmacy, not the state, and therefore are not budgeted as PR. Enrollment fees paid by SeniorCare enrollees are budgeted as PR, since these fees are paid directly to the state. However, this revenue is used to fund a portion of administrative costs for SeniorCare and is not included in the funding described in this item.

Joint Finance/Legislature: Increase funding for SeniorCare benefits by $14,470,000 (-$343,500 GPR, -$1,209,800 FED, and $16,023,300 PR) in 2003-04 and $7,610,200 (-$5,586,800 GPR, -$5,657,400 FED, and $18,854,400 PR) in 2004-05 to support SeniorCare benefits.

The most significant changes included in the bill, as approved by the Joint Committee on Finance, reflect costs associated with: (a) reducing funding to support the base reestimate; (b) increasing funding to eliminate most of the reduction in pharmacy reimbursement rates recommended by the Governor; and (c) reducing funding to reflect increasing cost-sharing required of SeniorCare enrollees.

Veto by Governor [C-11]: Reduce SeniorCare funding by $1,252,800 (-$735,700 GPR, -$497,800 FED and -$19,300 PR) in 2004-05 to reflect anticipated savings from reducing pharmacy reimbursement rates, beginning in 2004-05.

The following table identifies base and total funding budgeted for SeniorCare benefits in each year of the 2003-05 biennium and the changes to base funding for each of the items in Act 33.

Total SeniorCare Benefits Funding
Act 33

	2003-04				2004-05			
	GPR	FED	PR	Total	GPR	FED	PR	Total
Base Funding	$49,900,000	$0	$0	$49,900,000	$49,900,000	$0	$0	$49,900,000
Net Funding Changes								
Base Reestimate	$1,473,900	$45,275,300	$32,765,300	$79,514,500	$17,839,400	$57,911,800	$41,271,800	$117,023,000
Prescription Drug Initiatives	-9,535,000	-9,535,000	-793,800	-19,863,800	-15,248,900	-15,248,900	-1,124,400	-31,622,200
SeniorCare Cost-Sharing	-8,327,400	-4,023,200	-1,404,300	-13,754,900	-11,878,600	-5,536,100	-1,946,900	-19,361,600
Prescription Drug Rates	-401,900	-271,900	-32,400	-706,200	-1,287,500	-874,900	-58,400	-2,220,800
Net Funding Changes	-$16,790,400	$31,445,200	$30,534,800	$45,189,600	-$10,575,600	$36,251,900	$38,142,100	$63,818,400
Total Funding Budgeted in Act 33	$33,109,600	$31,445,200	$30,534,800	$95,089,600	$39,324,400	$36,251,900	$38,142,100	$113,718,400

4. MA BENEFITS -- BASE REESTIMATE [LFB Paper 375]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$469,047,100	$21,411,600	$490,458,700
FED	459,802,900	26,597,100	486,400,000
SEG	- 105,358,000	0	- 105,358,000
Total	$823,492,000	$48,008,700	$871,500,700

Governor: Provide $349,067,600 ($155,890,100 GPR, and $193,177,500 FED) in 2003-04 and $474,424,400 ($313,157,000 GPR, $266,625,400 FED, and -$105,358,000 SEG) in 2004-05 to reflect a reestimate of the costs to continue funding MA benefits in the 2003-05 biennium, based on the current program. The following table identifies base funding for MA benefits and funding changes in SB 44, and the total funding that would be budgeted to support the cost to continue the current program in each year of the 2003-05 biennium under SB 44.

MA Base Funding and Cost-to-Continue*
Governor's Recommendations
($ in Millions)

		2003-04		2004-05	
	Base Funding	Change to Base	Total	Change to Base	Total
GPR	$1,047.7	$155.9	$1,203.6	$313.2	$1,360.9
SEG	297.4	0.0	297.4	-105.4	192.0
Total State Share	$1,345.1	$155.9	$1,501.0	$207.8	$1,552.9
FED	$2,209.9	$193.2	$2,403.1	$266.6	$2,476.5
Total	$3,555.0	$349.1	$3,904.1	$474.4	$4,029.4

*Does not reflect program and policy changes recommended by the Governor.

2002-03 Funding. In fiscal year 2002-03, the state's share of MA benefits costs are projected to be approximately $1,400.4 million, which will be funded with: (a) funding approved by the Legislature in the 2001-03 session ($1,047.7 million GPR and $297.4 million SEG, less $0.5 million SEG that was transferred from the MA benefits appropriation to the BadgerCare benefits appropriation to fund hospital rate increases authorized in Act 16 and less $0.5 million GPR in other adjustments); (b) $1.5 million GPR carried over from the previous fiscal year; and (c) and supplemental funding provided in 2003 Wisconsin Act 1 ($64.4 million SEG and -$9.6 million GPR)

However, the MA base that is shown in the table reflects the amounts budgeted for MA in 2002-03 before the enactment of Act 1. Therefore, the total funding that would be provided under SB 44 reflects an increase of state funding (GPR and SEG) of approximately $100.6 million in 2003-04 and $152.5 million in 2004-05 over projected 2002-03 state (GPR and SEG) costs.

Enrollment. The funding provided under this item is based on the administration's estimates that average monthly enrollment will increase by 9.9% to 511,000 in 2002-03, 3.4% to approximately 528,100 in 2003-04, and 1.5% to approximately 535,800 in 2004-05.

Costs Per Person. The projected cost of serving MA enrollees is based on previously implemented changes in the rates paid to providers, as well as changes in the utilization of MA services. The average cost of services for MA enrollees is estimated to increase most significantly for the elderly group. Under the administration's estimate, the average cost of serving elderly MA enrollees in acute care fee-for-service will increase by 8.9% in 2003-04 and 9.0% in 2004-05. This compares to an average increase of 4.5% annually the administration projects for individuals included in the "other" category.

In addition, funding would be budgeted to increase capitation payments to care management organizations (CMOs) that provide services to individuals enrolled in Family Care by 1.5% annually to account for DHFS enrollment and intensity projections. Currently, five Family Care sites receive capitation payments to support community-based long-term care services for the elderly and disabled individuals. The estimated costs of expanding the full Family Care pilot program to Kenosha County are included in a separate item.

Rate increases for fee-for-service providers and health maintenance organizations are not included in this reestimate.

Joint Finance/Legislature: Increase funding by $29,913,900 ($14,002,200 GPR and $15,911,700 FED) in 2003-04 and by $18,094,800 ($7,409,400 GPR and $10,685,400 FED) in 2004-05 to reflect the projected cost to continue MA benefits in the next biennium, based on current law.

This funding reflects a reestimate of the MA base budget. The difference between the estimate included in the Governor's bill and the reestimate adopted by the Legislature reflects more recent information regarding MA enrollment and utilization of services. In addition, the reestimate adopted by the Legislature reflects: (a) lower estimates of collections from third parties, which offset MA costs; and (b) different estimates regarding future enrollment.

The following table shows base and total funding that would be budgeted for MA under the reestimate.

MA Base Funding and Cost-to-Continue*
Act 33
($ in Millions)

		2003-04		2004-05	
	Funding	Change to Base	Total	Change to Base	Total
GPR	$1,047.7	$169.9	$1,217.6	$320.6	$1,538.2
SEG	297.4	0.0	297.4	-105.4	192.0
Subtotal -- State Share	$1,345.1	$169.9	$1,515.0	$215.2	$1,730.2
FED	$2,209.9	$209.1	$2,419.0	$277.3	$2,696.3
Total Funding	$3,555.0	$379.0	$3,934.0	$492.5	$4,426.5

*Does not include program and policy changes adopted in Act 33.

The actual average monthly enrollment, by major eligibility group, in 2001-02 and the projected enrollment for 2002-03, 2003-04, and 2004-05 under the reestimate is shown in the following table.

Actual and Projected Average Monthly Enrollment
By Major Eligibility Group
Act 33

	2001-02 Actual	2002-03 Estimate	2003-04 Estimate	2004-05 Estimate
Elderly	43,632	42,867	41,046	40,041
Blind and Disabled	99,164	102,368	106,424	110,623
AFDC-Related	173,442	208,924	226,048	227,453
Other*	148,694	155,155	160,943	163,779
Total	464,932	509,315	534,461	541,896

*Individuals in the "Other" category include children and pregnant women eligible for MA under the Healthy Start criteria and individuals participating in the state's community-based long-term care waiver programs, such as CIP and COP-W.

5. BADGERCARE BASE REESTIMATE [LFB Paper 376]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$23,224,100	$15,483,000	$38,707,100
FED	43,154,600	42,556,400	85,711,000
PR	1,745,600	2,255,700	4,001,300
SEG	- 1,413,400	0	- 1,413,400
Total	$66,710,900	$60,295,100	$127,006,000

Governor: Provide $33,256,600 ($11,569,900 GPR, $21,501,100 FED, $892,300 PR, and -$706,700 SEG) in 2003-04 and $33,454,300 ($11,654,200 GPR, $21,653,500 FED, $853,300 PR, and -$706,700 SEG) in 2004-05 to fund projected costs of BadgerCare benefits in the 2003-05 biennium, based on current law.

Enrollment. Under this item, the Governor estimates that BadgerCare enrollment will increase to approximately 106,200 in June, 2003, and then decrease by an average of 1% per year to approximately 105,650 in June, 2004, and 104,600 in June, 2005.

Costs Per Person. The estimated average costs per person reflect estimates of changes in the use of services by BadgerCare enrollees and provider rate increases implemented in the 2001-03 biennium. Under the Governor's base reestimate, it is assumed that fee-for-service costs per person would increase by 4.2% annually in 2002-03 and 2003-04, but would not increase in 2004-05. The funding that would be provided under this item includes funding to increase capitation payments for health maintenance organizations by 4.2%, beginning in January, 2005. This reestimate does not include funding for rate increases for fee-for-service providers. The Governor's recommended rate increases for fee-for-service providers and capitation payments are summarized under other items.

Premiums. Estimated increases in premium revenue reflect a reestimate of the amount of revenue available from premiums, based on the administration's estimates of projected changes in enrollment.

Segregated Funding. The elimination of segregated funding for BadgerCare reflects the Governor's recommendation to delete all base funding for BadgerCare supported by the MA trust fund.

Joint Finance/Legislature: Increase funding by $21,566,900 ($5,102,300 GPR, $15,604,600 FED, and $860,000 PR) in 2003-04 and by $38,728,200 ($10,380,700 GPR, $26,951,800 FED, and $1,395,700 PR) in 2004-05 to reflect the projected cost to continue BadgerCare benefits in the next biennium, based on current law.

The primary difference between the estimate included in the Governor's bill and the reestimate included in Act 33 reflects different estimates regarding future enrollment. Under the base reestimate included in Act 33, it is projected that the BadgerCare enrollment will total approximately 125,800 by the end of the 2003-05 biennium, compared with approximately

104,600 projected by the administration. As of July, 2003, BadgerCare enrollment totaled approximately 109,900.

The following table identifies funding that would be provided in Act 33 to fund BadgerCare costs in the 2003-05 biennium, based on current program requirements.

BadgerCare Base Funding and Cost-to-Continue*
Act 33

	Base Funding	2003-04 Change to Base	2003-04 Total	2004-05 Change to Base	2004-05 Total
GPR	$51,399,500	$16,672,200	$68,071,700	$22,034,900	$73,434,400
FED	102,377,300	37,105,700	139,483,000	48,605,300	150,982,600
PR	3,293,400	1,752,300	5,045,700	2,249,000	5,542,400
SEG	706,700	-706,700	0	-706,700	0
Total	$157,776,900	$54,823,500	$212,600,400	$72,182,500	$229,959,400

*Does not include program and policy changes adopted in Act 33.

6. SENIORCARE BASE REESTIMATE [LFB Paper 377]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$24,329,700	- $5,016,400	$19,313,300
FED	99,989,100	3,198,000	103,187,100
PR	49,196,800	24,840,300	74,037,100
Total	$173,515,600	$23,021,900	$196,537,500

Governor: Provide $65,025,700 ($1,901,500 GPR, $42,437,600 FED, and $20,686,600 PR) in 2003-04 and $108,489,900 ($22,428,200 GPR, $57,551,500 FED, and $28,510,200 PR) in 2004-05 to reflect a reestimate of the costs to continue funding SeniorCare benefits in the 2003-05 biennium, based on the current program.

The funding provided under this item reflects the administration's projections that enrollment in SeniorCare will total approximately 93,900 by July 1, 2003, and that enrollment will grow by 18% in 2003-04 and 9% in 2004-05. As of the end of July, 2003, approximately 91,700 individuals were enrolled in SeniorCare.

Joint Finance/Legislature: Increase funding by $14,488,800 (-$427,600 GPR, $2,837,700 FED, and $12,078,700 PR) in 2003-04 and by $8,533,100 (-$4,588,800 GPR, $360,300 FED, and $12,761,600 PR) in 2004-05 to reflect the projected cost to continue SeniorCare benefits, based on current law. In addition, create a separate federal SeniorCare benefits appropriation and transfer federal funding budgeted for SeniorCare from the MA benefits appropriation to the new SeniorCare appropriation.

The following table identifies funding that would be provided in Act 33 to fund SeniorCare costs in the 2003-05 biennium, based on current program requirements.

SeniorCare Base Funding and Cost-to-Continue*
Act 33

		2003-04		2004-05	
	Base Funding	Change to Base	Total	Change to Base	Total
GPR	$49,900,000	$1,473,900	$51,373,900	$17,839,400	$67,739,400
FED	0	45,275,300	45,275,300	57,911,800	57,911,800
PR	0	32,765,300	32,765,300	41,271,800	41,271,800
Total	$49,900,000	$79,514,500	$129,414,500	$117,023,000	$166,923,000

*Does not include program and policy changes adopted in Act 33.

[Act 33 Sections: 463d, 1447g, and 1447h]

7. PATIENTS COMPENSATION FUND TRANSFER TO FUND MA BASE COSTS [LFB Paper 458]

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

Governor: Reduce funding for MA benefits by $200 million GPR in 2003-04 and provide $200 million SEG from the health care provider availability and cost control fund, which would be created in the bill, to support MA benefits in 2003-04. The bill would transfer $200 million SEG in 2003-04 from the patients compensation fund to this new fund in DHFS. For additional information on this item, see "Insurance."

Joint Finance/Legislature: Delete provision.

8. INCOME AUGMENTATION REVENUE TO FUND MA BASE COSTS [LFB Paper 365]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$0	$11,943,100	$11,943,100
GPR	- $11,943,100	$11,943,100	$0
FED	28,717,500	- 28,717,500	0
Total	$16,774,400	- $16,774,400	$0

Governor: Reduce MA benefits funding by $4,262,000 GPR in 2003-04 and by $7,681,100 GPR in 2004-05 and increase FED funding supported by income augmentation revenue by corresponding amounts to offset this reduction in GPR support for MA benefits. Increase estimates of federal matching funds to support MA benefits by $5,986,900 FED in 2003-04 and by $10,787,500 FED in 2004-05. Income augmentation revenues are unanticipated federal funds DHFS receives as reimbursement for costs that were initially paid by state or local revenue that would not otherwise have been available had it not been for activities conducted to augment federal income.

Joint Finance/Legislature: Delete provision. In addition, require DHFS to lapse $6,483,100 FED in 2003-04 and $5,460,000 FED in 2004-05 in income augmentation funds to the general fund.

[Act 33 Section: 9224(2c)]

9. MA TRUST FUND (IGT REVENUES) -- OVERVIEW [LFB Paper 379]

Governor: 2001 Wisconsin Act 16 (the 2001-03 biennial budget act) established a medical assistance (MA) trust fund. Currently, revenue to the trust fund is derived from federal MA matching funds the state receives under the nursing home intergovernmental transfer (IGT) program. This revenue is deposited to the MA trust fund and designated as SEG funds. These funds are used, along with general purpose revenues (GPR), to secure matching federal dollars for the state's MA and related programs in the Department of Health and Family Services.

The administration projects that the July 1, 2003, opening balance of the MA trust fund will be $322.7 million. Under the Governor's 2003-05 recommendations, additional IGT revenues totaling $790.6 million ($629.6 million in 2003-04 and $161.0 million in 2004-05) are anticipated. Thus, total revenues in the MA trust fund are shown as $1,113.3 million (the opening balance plus 2003-05 amounts).

Under the current nursing home IGT program, the state determines the difference between actual MA payments the state makes to nursing homes and the amount the state could reimburse nursing homes, based on Medicare payment principles (the Medicare "upper limit") and transfers this amount from county-operated facilities to the state via a wire transfer. Counties return this amount to the state on the same day. Since the transfer is considered an

MA-eligible payment to facilities, the state claims federal MA matching funds based on the amount of the wire transfer and deposits this revenue to the MA trust fund.

Under the bill, additional revenues to the trust fund would be generated from three new sources, which would involve: (a) payments for services provided under the MA home- and community-based waiver programs; (b) payments for noninstitutional services provided by local governments; and (c) assessments paid by nursing homes, intermediate care facilities for the mentally retarded, and HMOs. These initiatives are described under separate items.

The Governor also proposes to fund several items, which are described separately, using IGT revenues, including: (a) increasing per diem reimbursement rates and available slots under the MA home- and community-based waiver programs; (b) reducing institutional care; (c) expanding the Family Care pilot program to Kenosha County; (d) increasing MA provider rates; (e) maintaining MA base funding, including costs to continue current services to support MA; (f) increasing funding for the community support program; and (g) holding counties and local health departments harmless from the elimination of community services deficit reduction benefits (CSDRB).

The following table identifies MA trust fund revenues, expenditures and balances for the 2003-04 and 2004-05 fiscal years and the administration's current projections of the funds revenues and balances, based on the Governor's recommendations.

MA Trust Fund
Estimated Revenues, Expenditures, and Balances
Governor's Recommendations

	2003-04	2004-05
Opening Balance	$322,728,400	$69,016,500
Revenues		
Current Nursing Home Claiming	$35,756,100	$31,355,300
IGT Claims for Community-Based Services	434,000,000	0
Non-Institutional Services IGT Claims	71,600,000	47,400,000
HMO Provider Assessment	37,465,300	39,713,200
Nursing Home Bed Assessment	45,837,700	41,599,000
Interest Earnings	5,008,000	1,068,200
Cost of Wire Transfers	-115,000	-115,000
Revenue Total	$629,552,100	$161,020,700
Total Available Revenue	$952,280,500	$230,037,200
Expenditures		
Base Funding	$298,086,600	$298,086,600
MA Base Reestimate	0	-105,358,000
BadgerCare Base Reestimate	-706,700	-706,700
MA Base Funded with Additional Federal Reserves	435,107,100	0
Administrative Costs for New IGT Programs	8,574,500	1,030,500
Hold Harmless for Counties (CSDRB)	14,500,000	14,500,000
Trust Fund Reestimates	40,513,900	-83,115,400
Payments to School Districts, Municipalities	17,816,600	0
HMO Assessment, Payments and Rate Increase	37,465,300	39,713,200
Non-Institutional Provider Rates	3,047,000	3,218,500
Nursing Home Rate Increase	51,771,300	49,832,500
Reduce Nursing Home Supplemental Payments	-16,634,000	-16,636,000
Labor Region Adjustment	-213,700	-213,700
Reduce Nursing Home Use for Long-Term Care	722,400	1,455,500
CIP IB, CIP II and COP -W Slots	16,963,900	34,910,000
Community Support Program	0	872,600
Family Care Expansion	0	681,100
Expenditure Subtotal	$907,014,200	$238,270,700
Correct Amount Budgeted for NH Rate Increase	-$5,933,600	-$8,233,500
Correct Amount Budgeted for Municipal Services	-$17,816,600	$0
Corrected Expenditure Total	$883,264,000	$230,037,200
Estimated Closing Balance	$69,016,500	$0

Joint Finance: Reduce estimated revenue to the trust fund by $282,981,800 in 2003-04 and by $73,682,700 in 2004-05 to reflect: (a) enhanced federal MA matching funds that will be available to the state under P.L. 108-27, the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 (-$151,000,000 in 2003-04); (b) reduced revenue needed so that the projected 2004-05 closing balance of the trust fund is $0 (-$60,070,900 in 2003-04); (c) elimination of the proposed HMO assessment (-$37,465,300 in 2003-04 and -$39,713,200 in 2004-05); (d) reestimates of revenue from the IGT program for municipal services (-$17,816,600 in 2003-04 and -$17,803,600 in 2004-05); and (e) reduced revenue from the nursing home bed assessment (-$16,629,000 in 2003-04 and -$16,165,900 in 2004-05).

Reduce funding budgeted from the MA trust fund by $266,879,200 SEG in 2003-04 and by $121,769,000 SEG in 2004-05 to reflect: (a) funding a portion of the MA base with FED revenue available to the state under P.L. 108-27, rather than from the MA trust fund (-$151,000,000 in 2003-04); (b) eliminating increased payments to HMOs (-$37,465,300 in 2003-04 and -$39,713,200 in 2004-05); (c) reducing funding for nursing homes (-$19,067,700 in 2003-04 and -$25,823,200 in 2004-05; (d) eliminating funding for CIP IB, CIP II and COP-W (-$16,963,900 in 2003-04 and -$34,910,000 in 2004-05); (e) reestimating of payments to school districts (-$17,816,600 in 2003-04); (f) reestimating of payments to counties under the CSDRB program (-$14,500,000 in 2003-04 and $2,500,000 in 2004-05); (g) eliminating funding for administrative costs of IGT activities (-$6,510,000 in 2003-04); (h) eliminating rate increases for certain noninstitutional providers (-$3,047,000 in 2003-04 and -$3,218,500 in 2004-05); (i) eliminating funding for an initiative to reduce nursing home use (-$722,400 in 2003-04 and -$1,455,500 in 2004-05); (j) eliminating the funding increase for the community support program (-$872,600 SEG in 2004-05); (k) eliminating the funding increase for the Family Care expansion to Kenosha County (-$681,100 in 2004-05); (l) restoring funding for nursing home labor region adjustments ($213,700 in 2003-04 and 2004-05); and (m) reducing trust fund revenues needed to support the MA base (-$17,803,600 in 2004-05).

Legislature: Modify the Joint Finance provisions to reflect: (a) reestimates of revenue from the nursing home bed assessment ($4,784,500 in 2003-04 and $6,863,700 in 2004-05); and (b) reestimates of revenue from current nursing home IGT claiming ($2,105,100 in 2003-04 and $1,839,900 in 2004-05); and (c) the costs of funding the nursing home rate increase ($1,708,800 SEG in 2003-04 and $3,961,900 SEG in 2004-05).

In addition, reduce revenue needed so that the projected 2004-05 closing balance of the trust fund is $0 ($9,922,500 in 2003-04). The following table identifies projected MA trust funds revenues, expenditures, and balances for the 2003-04 and 2004-05 fiscal years under Act 33.

MA Trust Fund
Estimated Revenues, Expenditures, and Balances
Act 33

	2003-04	2004-05
Opening Balance	$322,728,400	$24,422,000
Revenues		
Governor's Estimates of Revenue from IGT Claims for Community-Based Services	$434,000,000	$0
Less Estimated Amount Available under P.L. 108-27 (Budgeted as FED)	-151,000,000	0
Less Estimated Revenue Needed to Fund Budgeted Benefit Costs	-69,993,400	0
Remaining Federal Revenue the State Needs to Receive to Fund Budgeted Benefit Costs	$213,006,600	$0
Current Nursing Home Claiming	$37,861,200	$33,195,200
Non-Institutional Services IGT Claims	53,783,400	29,596,400
Nursing Home Bed Assessment	33,993,200	32,296,800
Interest Earnings	5,008,000	1,068,200
Cost of Wire Transfers	-115,000	-115,000
Revenue Total	$343,537,400	$96,041,600
Total Available Revenue	$666,265,800	$120,463,600
Expenditures		
Base Funding	$298,086,600	$298,086,600
MA Base Reestimate	0	-105,358,000
BadgerCare Base Reestimate	-706,700	-706,700
MA Base Funded with Additional Federal Revenues	284,107,100	0
Administrative Costs for New IGT Programs	2,064,500	1,030,500
Hold Harmless for Counties (CSDRB)	0	17,000,000
Trust Fund Reestimate	40,513,900	-100,919,000
Nursing Home Rate Increase	34,412,400	27,966,200
Reduce Nursing Home Supplemental Payments	-16,634,000	-16,636,000
Expenditures Total	$641,843,800	$120,463,600
Estimated Closing Balance	$24,422,000	$0

The funding provided in Act 33 is based on the assumption that the state will receive $283.0 million in federal MA funds in 2003-04, in addition to the federal matching funds the state will receive to support MA benefits under P.L. 108-27, the federal Jobs and Growth Tax Relief Reconciliation Act of 2003. Under this legislation, the state will receive a one-time increase in its federal MA matching rate through September 30, 2004. This federal legislation will increase federal funds expended for MA benefits, but will not be deposited to the MA trust fund. In addition, estimated SEG revenue to the trust fund is reduced by $69,993,400 in 2003-04 so that the projected closing balance of the trust fund is $0. As a result, the remaining federal revenue the state needs to fund MA benefit costs is approximately $213.0 million.

10. FEDERAL REVENUE TO FUND MA BASE COSTS [LFB Paper 379]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $435,107,100	$0	- $435,107,100
FED	0	151,000,000	151,000,000
SEG	435,107,100	- 151,000,000	284,107,100
Total	$0	$0	$0

Governor: Reduce GPR funding for MA benefits by $435,107,100 in 2003-04 and increase SEG funding for MA benefits by a corresponding amount. SEG funding would be available from the MA trust fund from revenue that would be available under the Governor's recommendations to increase intergovernmental transfer (IGT) revenue paid by local units of government for community-based waivers and noninstitutional services, which are summarized as Items #11 and #12.

Joint Finance/Legislature: Increase federal funding budgeted for MA benefits by $151 million in 2003-04 to reflect the estimated revenue available under the federal Jobs and Growth Tax Relief Reconciliation Act [P.L. 108-27], which was signed into law May 28, 2003, to increase federal matching funds for state MA programs. Decrease SEG funding by a corresponding amount.

In addition, require DOA to submit a report to the Joint Committee on Finance by December 1, 2003, that: (a) compares the amount of funding budgeted for MA benefits under the biennial budget act with projected MA expenditures in the 2003-05 biennium; (b) identifies all federal funding that is available to support MA benefits in the 2003-05 biennium, including any supplemental funding the state may receive as a result of federal legislation, approval of federal waivers or the creation or expansion of intergovernmental transfer programs; and (c) includes proposals and recommendations, including proposed statutory changes, to reduce MA benefits costs if projected expenditures exceed projected revenue.

Veto by Governor [C-7]: Delete the provision that would have required DOA to submit a report to the Joint Committee on Finance.

[Act 33 Vetoed Sections: 9124(10f)&(11f)]

11. CREATE IGT FOR COMMUNITY-BASED LONG-TERM CARE SERVICES

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	$434,000,000	- $151,000,000	$283,000,000
SEG	$9,605,000	- $6,510,000	$3,095,000
FED	5,000	0	5,000
Total	$9,610,000	- $6,510,000	$3,100,000

Governor: Increase estimates of revenue to the MA trust fund by $434,000,000 in 2003-04 by changing the state's method of claiming federal MA matching funds for the costs of services provided to individuals who participate in home- and community-based waiver programs.

In addition, provide $8,574,500 SEG and $2,500 FED in 2003-04 and $1,030,500 SEG and $2,500 FED in 2004-05 to support additional administrative costs of implementing this proposal, including funding to support contingency fees for a consultant.

Statutory Changes

Create a sum sufficient appropriation from the MA trust fund that would authorize DHFS to reimburse counties for moneys counties transfer to the state to support MA nursing home payments, which is used as the nonfederal share of MA payments. Prohibit DHFS from making a payment to a county from this appropriation that exceeds the amount transferred by the county to the MA trust fund.

Create a program revenue (PR) appropriation in DHFS, funded from payments counties would be required to make to DHFS, and authorize DHFS to make MA payments to counties from this appropriation to support services provided to individuals with developmental disabilities under the community integration program (CIP IA and CIP IB, including the brain injury waiver program). Require a county board, on demand by DHFS, to authorize payments to DHFS that do not exceed any supplemental payment DHFS makes to a county from the new PR appropriation for services the county provided under these programs beginning in 2001.

Modify current provisions relating to revenue deposited to the MA trust fund through the intergovernmental transfer (IGT) program to include revenue DHFS receives relating to all MA-eligible services, rather than MA-eligible nursing home services, exclusively.

Finally, create a sum sufficient PR appropriation in DHFS for payments to counties related to the state's existing IGT program for nursing homes. Specify that payments to counties from this appropriation cannot exceed the amount paid by the county to the MA trust fund.

Description of the Proposal

Currently, counties and providers under contract with counties provide community-based long-term care services under the community integration program. The state makes per diem payments to counties, which vary, depending on the service needs of individual clients. In addition, counties provide local funding for services provided under these programs. The state currently claims federal matching funds on state and local expenditures for these programs. The total waiver payments for clients are based on the actual costs of services they receive.

Under the proposal, DHFS would replace the current payment system with a prospective payment rate for clients for waiver services provided beginning January 1, 2001. DHFS would pay counties significantly more than they currently receive, based on the actual service costs. DHFS would establish prospective payment rates for each county and make an additional state supplemental per diem payment that is not based on cost reconciliation, but rather on a higher payment for waiver services. The prospective rate would be based on the projected cost of serving most CIP clients in institutions, which is where they would be served in the absence of these community-based long-term care programs.

Using state funding, the state would make a final supplemental MA payment to counties which, when added to interim payments of state and local expenditures under the current methodology, would convert CIP funding to a prospective payment rate. Actual state and local expenditures in 2000 would provide the base per diem payment by county, which reflects the acuity and resources needed to care for current CIP clients in the community. The base rate would be trended forward for inflation, with adjustments for additional, high-cost relocations from nursing homes and intermediate care facilities for the mentally retarded (ICFs-MR), for additional waiver clients serviced by counties, and for a supplemental incentive per diem.

Counties would be required to make an intergovernmental transfer of funds to the state that equaled the increased supplemental MA per diem payment. The state would then claim federal MA matching funds on the supplemental payment, which would be deposited to the MA trust fund.

Joint Finance/Legislature: Modify the Governor's recommendation by reducing estimated revenue to the MA trust fund by $151,000,000 in 2003-04 to reflect funding available under the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 [P.L. 108-27], which will not be deposited to the MA trust fund, but is budgeted as FED. Decrease funding to support additional administrative costs of implementing this proposal by $6,510,000 SEG in 2003-04. However, specify that if, before July 1, 2005, sufficient federal MA funds are available to support these administrative costs at the funding level recommended by the Governor, DHFS would be required to report this to the Legislature and include any proposed legislation to implement these administrative costs.

Veto by Governor [C-7]: Delete the requirement that DHFS report to the Legislature if sufficient federal MA funds are available to support items at the funding level recommended by the Governor.

[Act 33 Sections: 459, 468, 864, 865, 1113, 1114, and 1526]

[Act 33 Vetoed Section: 9124(11f)]

12. CREATE IGT FOR NONINSTITUTIONAL SERVICES PROVIDED BY COUNTIES
[LFB Papers 378, 379, and 385]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	$119,000,000	- $35,620,200	$83,379,800

Governor: Increase estimated revenue to the MA trust fund by $71,600,000 in 2003-04 and $47,400,000 in 2004-05 to reflect the creation of an intergovernmental transfer (IGT) program between the state and counties for noninstitutional services provided by counties.

Statutory Changes

Create a PR appropriation in the Division of Health Care Financing to fund supplemental payments for the state's share of MA benefits provided by local units of government, including: (a) supplemental payments for school-based services; (b) physician services; (c) HealthCheck services; (d) home health services; (e) laboratory and x-ray services; (f) ambulance services; (g) therapy services; (h) durable medical equipment; (i) mental health and substance abuse day treatment services; (j) personal care services; (k) community support program services; (l) respiratory care services; (m) case management services; (n) prenatal care coordination and child care coordination services; and (o) case management services for children with lead poisoning and high-cost MA recipients. Specify that, on dates to be determined by the Secretary of the Department of Administration, any funds in the appropriation that are in excess of the payments made for these supplemental payments are transferred to the MA trust fund. Modify current provisions regarding the MA trust fund to specify that the trust fund includes funds transferred to it from the new PR appropriation.

Require county boards, upon demand from DHFS, to authorize payment to DHFS not to exceed the amounts paid to the county, beginning in 2003, for rate increases for the MA benefits specified above that relate to substance abuse and mental health prevention and treatment (except this requirement would not apply to school-based services and ambulance services).

Description of the Proposal

In order to implement these provisions, effective January 1, 2003, DHFS would amend its state plan to show that MA payment rates for MA-covered services provided by counties are increased to reflect more closely the estimated cost to provide these services. These service categories include personal care, home health, outpatient and day treatment for mental health and substance abuse, case management, community support program services, mental health crisis intervention and prenatal care coordination. On average, the rates for these services would be increased by approximately 50%.

Based on the rate increases included in the state plan amendment, DHFS would provide supplemental payments to counties equal to the total value of those rate increases. The state's share of payments would be paid from the new, DHFS PR appropriation. The federal share of payments would be paid from the federal MA benefits appropriation. Counties would be statutorily required to return both the state and federal of these payments to DHFS through an intergovernmental transfer (IGT). This IGT revenue (including both the state and federal share of the payment) would be deposited back to the new, PR appropriation. The state's share of the returned payment would be retained in the new, PR appropriation as revenue to support the original payment made to the county. The federal share of the payment returned by the counties would be transferred from this PR appropriation to the MA trust to fund the state's share of MA benefit costs.

Under this provision, counties would not retain the funding for the rate increases included in the MA state plan amendment. Rather, this funding would be returned to the state as IGT revenue and the federal share of this funding would be transferred to the MA trust fund to be used to fund the state's share of MA costs.

The administration's estimate of additional annual revenue that would be available under this proposal is approximately $24.2 million greater in 2003-04 than in 2004-05. The administration indicates that the revenue available in the first year would be greater because it would be available for payments made over an 18-month period (from January, 2003, through June, 2004), compared with a 12-month period included in the 2004-05 revenue estimates.

Joint Finance/Legislature: Decrease estimated revenue to the trust fund by $17,816,600 in 2003-04 and $17,803,600 in 2004-05 to reflect that estimated federal revenue available to make supplemental payments to school districts for school-based services and to municipalities for emergency transportation services would not be deposited to the MA trust fund, as assumed by the Governor. In addition, delete references to emergency transportation services and school-based services in the PR appropriation that would be created under this item, since the federal revenue for these services would not be returned to the state.

[Act 33 Sections: 459, 868, and 1526]

13. HOLD HARMLESS FOR COUNTIES (ELIMINATION OF COMMUNITY SERVICES DEFICIT REDUCTION BENEFIT (CSDRB)) [LFB Paper 378]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$29,000,000	- $12,000,000	$17,000,000

Governor: Provide $14.5 million annually to fund payments to counties that would offset the elimination of CSDRB payments under MA. Specify that, if the proposal to increase federal MA matching funds through the use of IGT revenue for services provided by local governments is approved by the Centers for Medicare and Medicaid Services before July 1, 2005, then counties and local health departments would be prohibited from claiming federal revenue available under the CSDRB program. Provide that, if any county or health department has received a CSDRB distribution for any year after 2002, that county or health department, upon demand by DHFS, would be required to return to DHFS the amount of those distributions.

Under CSDRB, counties and local health departments can claim federal MA matching funds to cover costs for services provided under MA, for which MA reimbursement does not cover the full cost of providing those services. The administration estimates that CSDRB payments would total $14.5 million FED annually in the next biennium. However, if the Governor's recommendation to increase federal MA claiming through a local government IGT mechanism were approved, the state would no longer be able to claim federal matching funds for CSDRB. Therefore, under this provision, SEG funding from the MA trust fund would be budgeted to provide payments to municipalities to hold them harmless from the elimination of CSDRB.

Joint Finance/Legislature: Modify the bill to: (a) reduce funding by $14,500,000 in 2003-04 to reflect that the state would continue to claim federal MA matching funds under CSDRB in 2003-04 and therefore $14,500,000 budgeted in SB 44 would not be needed to hold counties harmless; (b) provide an additional $2,500,000 in 2004-05 to increase funding for CSDRB-related expenditures incurred in calendar years 2002 and 2003; and (c) delete references to calendar year 2002 CSDRB payments to instead specify that payments would be based on a plan developed by DHFS. Further, payments would be limited to the amounts budgeted for such payments.

[Act 33 Sections: 466, 1360 thru 1362, and 9124(8)]

14. TRUST FUND REESTIMATES [LFB Paper 379]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG-REV	$0	- $60,070,900	- $9,922,500	- $69,993,400
GPR	$42,601,500	$17,803,600	$0	$60,405,100
SEG	- 42,601,500	- 17,803,600	0	- 60,405,100
Total	$0	$0	$0	$0

Governor: Reduce MA benefits funding by $40,513,900 GPR and increase MA SEG benefits funding by a corresponding amount in 2003-04 and increase MA benefits funding by $83,115,400 GPR and reduce MA SEG benefits funding by a corresponding amount in 2004-05. This item would transfer MA base program costs between GPR and SEG to reflect revised estimates of the amount of segregated funding that will be available in the MA trust fund to partially support the MA program in the 2003-05 biennium. The administration included these funding transfers so that the projected closing balance of the MA trust fund in 2004-05 would be $0.

Joint Finance: Increase MA benefits funding by $17,803,600 GPR in 2004-05 and decrease SEG benefits funding by a corresponding amount to reflect a reestimate of revenue available to support MA benefits funding. In addition, reduce estimated revenue to the MA trust fund by $60,070,900 in 2003-04 so that the projected closing balance in the MA trust fund in 2004-05 would be $0.

Senate/Legislature: Based on reestimates of revenue from the nursing home bed assessment, reduce estimated revenue to the MA trust fund by $9,922,500 in 2003-04 so that the projected balance in the MA trust fund in 2004-05 would be $0.

15. SOUTHERN VETERANS HOME -- MA BENEFITS FUNDING

GPR	$191,800
FED	269,000
Total	$460,800

Joint Finance/Legislature: Provide $191,800 GPR and $269,000 FED in 2004-05 to support projected increases in medical assistance benefits costs relating to the operations of a new 120-bed skilled nursing facility at the Wisconsin Veterans Home at Union Grove. A description of this item is summarized under "Veterans Affairs--Homes and Facilities for Veterans."

16. NURSE EDUCATION STIPEND PROGRAM [LFB Paper 815]

GPR	- $87,400
SEG	87,400
Total	$0

Joint Finance/Legislature: Provide $43,700 SEG annually from the veterans trust fund and delete $43,700 GPR annually to support the state share of the medical assistance costs of providing stipends for the nurse education stipend program administered by the Department of Veterans Affairs. For additional information on the nurse education stipend program, see "Veterans Affairs -- Homes and Facilities for Veterans."

Health Care Financing -- Payments, Services, and Eligibility

1. MA PAYMENTS -- SCHOOL DISTRICTS AND LOCAL UNITS OF GOVERNMENT (SUPPLEMENTAL PAYMENTS) [LFB Papers 379 and 385]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Lapse	$41,000,000	$0	$41,000,000
GPR	$43,183,400	- $17,803,600	$25,379,800
FED	35,620,200	0	35,620,200
SEG	17,816,600	- 17,816,600	0
Total	$96,620,200	- $35,620,200	$61,000,000

Governor: Provide $48,316,600 ($12,683,400 GPR, $17,816,600 FED, and $17,816,600 SEG) in 2003-04 and $48,303,600 ($30,500,000 GPR and $17,803,600 FED) in 2004-05 to fund medical assistance (MA) benefits and to make supplemental payments to school districts and local units of government for MA services provided by these entities. Reflect $20.5 million as the amount of GPR the Department of Public Instruction (DPI) would lapse annually from its appropriation for special education and school age parents programs under this provision.

Payments to School Districts and Cooperative Educational Service Agencies. Modify current law regarding MA school medical services to authorize DHFS to make supplemental payments to school districts or cooperative educational service agencies (CESAs) for school medical services that would be in addition to the current payments made to school districts and CESAs for these services. Specify that these supplemental payments cannot exceed the applicable limits under federal law that provider payments are consistent with efficiency, economy, and quality and are sufficient to enlist enough providers to participate in MA. Additionally, specify that the funds distributed for aids for special education and school age parent programs would be reduced by the amount of the supplemental MA payments for school medical providers. Require DPI, on dates determined by the DOA Secretary, to lapse from its appropriation for aids for special education and school age parents programs, an amount equal to the amount of supplemental MA payments for school medical services that would be paid under this provision. Finally, make corresponding references changes to MA provisions regarding school medical services to reflect this provision.

The administration indicates that these supplemental payments would total $20.5 million (approximately $8.5 million GPR and approximately $12.0 million FED) annually. Therefore, under this provision, DPI would lapse $20.5 million from its special education appropriation to reflect the availability of the same amount of MA payments to school districts and CESAs.

The administration indicates that this provision would not affect payments to school districts for special education because the DPI appropriation would not be reduced to reflect the availability of MA payments for school medical services, but rather, DPI would be required to lapse the amount of funding equivalent to the MA payments. This item is also briefly summarized as Item #6 under Public Instruction -- Categorical Aids.

Payments to Municipalities. The administration indicates that, of the amounts budgeted under this provision, supplemental payments to municipalities and counties would total $10 million (approximately $4.1 million GPR and approximately $5.9 million FED) annually. These increased payments would be based on increased maximum reimbursement rates available to local government providers of ambulance services only. Private providers of such services would not be eligible for the increased reimbursement rates. The bill does not include any statutory provisions regarding these payments. Under a corresponding item summarized as Item #1 under Shared Revenue and Tax Relief -- Direct Aid Payments, the shared revenue appropriation would be decreased by $10 million annually to reflect the availability of the supplemental MA payments for ambulance services provided by local governments.

In total, this provision reduces funding for special education aids and shared revenue by $30.5 million GPR annually. However, these reductions would be offset by supplemental MA payments totaling approximately $30.5 million (approximately $12.6 million GPR and approximately $17.9 million FED) annually that would be made to schools districts and local government providers of ambulance services.

The additional federal funds that would be claimed under this provision are budgeted in the MA FED appropriation. However, in 2003-04, the bill incorrectly increases the MA trust fund SEG appropriation by $17,816,600.

Joint Finance/Legislature: Modify the Governor's recommendations by deleting $17,816,600 SEG in 2003-04 to reflect that federal revenue available for supplemental MA payments would be paid to school districts and municipalities from a federal benefits appropriation and therefore, would not be available for deposit to the trust fund. Additionally, decrease funding by $17,803,600 GPR in 2004-05 to reflect the funding necessary to support MA payments under this item.

In addition, modify the bill to ensure that the amount of the supplemental MA payment a municipality would receive would equal the reduction in that municipality's shared revenue payment. Specifically, by November 1 of each year, require DHFS to provide information to the Department of Revenue (DOR), concerning the estimated amount of supplements payable from the MA GPR appropriation to specific local governmental units for the provision of transportation for medical care during the fiscal year. Beginning November 1, 2004, the information DHFS provides to DOR must include any adjustments necessary to reflect actual claims submitted by providers in the previous fiscal year.

Annually, on the third Monday in November, require DHFS to pay to local governmental units the estimated net amounts included in the notification to DOR. Specify that, for shared revenue distributions in 2003 and county and municipal aid distributions in 2004 and subsequent years, the November payment to each county and municipality must be reduced by an amount equal to the estimated supplemental MA payments for the fiscal year in which the shared revenue payment is made.

A similar adjustment is not necessary to ensure that the supplemental MA payment to each school district equals the reduction in the school district's aid payment, since the Governor's bill requires a lapse to the general fund from the special education aids payment at the end of each fiscal year.

[Act 33 Sections: 351, 1390 thru 1392, 1393c, 1657d, 1658d, and 1999]

2. MA PAYMENTS -- HMO ASSESSMENT, SUPPLEMENTAL PAYMENTS, AND RATE INCREASES [LFB Paper 386]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG -REV	$77,178,500	- $77,178,500	$0
GPR	- $22,149,500	$22,149,500	$0
FED	50,708,700	- 50,708,700	0
SEG	77,178,500	- 77,178,500	0
Total	$105,737,700	- $105,737,700	$0

Governor: Increase MA and BadgerCare benefits funding by $47,222,900 (-$13,873,000 GPR, $23,630,600 FED and $37,465,300 SEG) in 2003-04 and $58,514,800 (-$8,276,500 GPR, $27,078,100 FED and $39,713,200 SEG) in 2004-05 to reflect the net effect of: (a) increasing capitation payments made to health maintenance organizations (HMOs) that serve MA and BadgerCare enrollees; (b) funding supplemental payments to HMOs; and (c) using a portion of the estimated revenue DHFS would collect from a new assessment on health maintenance organizations to replace GPR base funding for MA and BadgerCare benefits. Increase estimates of revenue to the MA trust fund by $37,465,300 in 2003-04 and by $39,713,200 in 2004-05.

HMO Assessment. For the privilege of doing business in this state, require each HMO to pay an annual assessment of one percent of the HMO's gross revenues for the immediately preceding calendar year to the state. Specify that the revenue from the assessment would be deposited in the MA trust fund. Require DHFS to determine the amount of each HMO's assessment, based on a statement that each HMO must file annually, by March 1, with the Office of the Commissioner of Insurance. Require each HMO to pay one-fourth of the total assessment by the end of each calendar year quarter.

Provide that these assessments would first apply to annual statements for 2002 that were due on March 1, 2003, and to assessments that are due on September 30, 2003.

Specify that current applicable statutory provisions regarding deficiency and refund determinations, interest and penalties, administrative provisions, and collection of delinquent taxes that apply to general use and sales taxes would also apply to the HMO assessment created under this provision. Require DHFS to levy, enforce, and collect the assessment and develop and distribute forms necessary for levying and collecting the assessment. Additionally, require DHFS to promulgate rules that establish procedures and requirements for levying the new assessment.

Authorize an affected HMO to contest an action by DHFS related to this assessment, by submitting a written request for a hearing to DHFS within three days after the date of the DHFS action. Specify that any DHFS order or determination that results from such a hearing would be subject to judicial review under Chapter 227 of the statutes.

Payments to HMOs. Create a biennial, sum certain SEG appropriation from the MA trust fund to support supplemental payments to HMOs. Specify that all moneys received from the HMO assessment would be credited to this appropriation. Require DHFS to provide supplemental payments to HMOs from this new appropriation to assist the HMOs in meeting increasing costs and more intense utilization of services by MA and BadgerCare recipients and other reimbursement needs DHFS identifies.

Of the revenue generated from the assessment: (a) $10,454,300 in 2003-04 and $11,098,800 in 2004-05 would be budgeted in the new SEG appropriation for supplemental payments to HMOs; (b) $13,138,000 in 2003-04 and $20,337,900 in 2004-05 would be allocated for rate increases to HMOs; and (c) $13,873,000 in 2003-04 and $8,276,500 in 2004-05 would be used to reduce base GPR funding for MA and BadgerCare benefits.

Joint Finance/Legislature: Delete provision.

3. DRUG SAVINGS AND PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS

Joint Finance/Legislature: Require, by July 1, 2005, DHFS to develop a plan to fund increases in payments to health maintenance organizations (HMOs) that serve MA and BadgerCare enrollees from any savings available from the use of prior authorization and supplemental rebates for drugs purchased under MA, BadgerCare, and SeniorCare that exceed the savings anticipated in the act, if DHFS determines that such savings exist. Require DHFS to submit this plan to the DOA Secretary for approval. If the DOA Secretary approves the plan, require the DOA Secretary to submit the plan to the Joint Committee on Finance for approval under a 14-day passive review process before the plan can be implemented. Specify that the plan can include any proposed appropriation transfers necessary to implement the plan.

Veto by Governor [C-17]: Delete provision.

[Act 33 Vetoed Section: 9124(7c)]

4. PRESCRIPTION DRUG INITIATIVES

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	- $63,123,600	$3,924,900	- $2,000,000	- $61,198,700
FED	- 78,505,600	5,544,800	- 2,809,400	- 75,770,200
PR	- 1,918,200	0	0	- 1,918,200
Total	- $143,547,400	$9,469,700	- $4,809,400	- $138,887,100

Governor: Decrease MA, BadgerCare, and SeniorCare benefits funding by $59,333,700 (-$26,149,200 GPR, -$32,390,700 FED, and -$793,800 PR) in 2003-04 and by $84,213,700 (-$36,974,400 GPR, -$46,114,900 FED, and -$1,124,400 PR) in 2004-05 to reflect estimated savings in the costs of providing prescription drugs due to several initiatives. These initiatives include: (a) expanding the state's current use of prior authorization in cases where a less expensive drug is available within a therapeutic class: (b) exploring the use of preferred drug lists and multi-state agreements; (c) eliminating enhanced dispensing fees and allowances; (d) using mail-order pharmacies to fill prescriptions for maintenance drugs; and (e) increasing copayments for prescription drugs. All of these initiatives would apply to MA, BadgerCare, and SeniorCare, except the increase in copayments, which would not apply to SeniorCare.

In some cases, the bill contains statutory modifications to implement these initiatives.

Preferred Drug Lists and Multi-State Purchasing Agreements. Authorize DHFS to design and implement a program to reduce the cost of prescription drugs and to maintain high quality in prescription drug therapies, which would include: (a) a list of covered prescription drugs that identifies preferred choices within therapeutic classes and includes generic prescription drugs;

(b) establishing supplemental rebates under agreements with prescription drug manufacturers for prescription drugs purchased by MA, BadgerCare and SeniorCare enrollees, and to beneficiaries of entities participating in a multi-state purchasing agreement only if it is possible to implement the program without adversely affecting supplemental rebates for MA, BadgerCare, and SeniorCare programs; (c) utilization management and fraud and abuse controls; and (d) any other activity to reduce the cost of or expenditures for prescription drugs and maintain high quality in prescription drug therapies.

Authorize DHFS to enter into a multi-state purchasing agreement with another state or a purchaser of prescription drugs if the other state or purchaser agrees to participate in at least one of the above activities. Specify that DHFS may enter into a contract with an entity to perform any of the duties and exercise any of its powers under this provision.

Prior Authorization. Under this item, MA, BadgerCare, and SeniorCare benefits would be reduced by approximately $47.5 million (all funds) in 2003-04 and $68.6 million (all funds) in 2004-05 to reflect increasing use of prior authorization in the next biennium to encourage the use of lower-cost, therapeutically-equivalent drugs. Currently, DHFS requires prior authorization for certain single-source innovator drugs when a therapeutically-equivalent drug is available generically within the same classification. Single-source innovator drugs are drugs for which a patent is pending for the drug's chemical compound. Under this provision, DHFS would expand the use of prior authorization to capture opportunities in the market where the patent protection for single-source innovator drugs has expired and a generic equivalent is available within a therapeutic class. Additionally, the administration expects to reduce MA benefits costs through the use of multi-state agreements and preferred drug lists, which could reduce costs by increasing the amount of rebate revenue the state receives from pharmaceutical manufacturers.

Copayments. Increase from $1 to $3 the copayment MA enrollees (regardless of their income) and BadgerCare enrollees with income that exceeds 150% of the federal poverty level would pay for each brand name prescription drug and establish these copayment amounts in statute. Increase the maximum total amount of copayments for prescription drugs purchased by MA enrollees from $5 per month per pharmacy to $12 per month per pharmacy. The administration indicates that this change would apply to BadgerCare enrollees as well. Specify that these changes would first apply to prescriptions that are filled on the first day of the first month beginning after publication of the bill.

The bill would not modify the current $1 copayment paid by certain MA and BadgerCare enrollees for generic drugs. As under current law, individuals enrolled in health maintenance organizations (HMOs), children under 18 years of age, pregnant women, and individuals in nursing homes would be exempt from the MA and BadgerCare copayment requirements.

Dispensing Fees. Under this item, estimated MA and BadgerCare benefit costs would be reduced by $4.3 million (all funds) in 2003-04 and $4.8 million (all funds) in 2004-05 by eliminating enhanced dispensing fees paid to pharmacists. Currently, MA pays pharmacies a dispensing fee for drugs purchased by MA, BadgerCare, and SeniorCare enrollees. The traditional dispensing fee, which is paid for most drugs dispensed, is $4.88 per prescription. For unit doses, which are individually packaged doses available in no more than a 96-hour supply, the dispensing fee is $6.94 per prescription. For prescription drugs that are dispensed using compliance aids, such as pill minders or blister packaging, unused quantities must be repackaged and relabeled when the drug regimen changes. A repackaging allowance of $0.015/unit is paid as an add-on to either the traditional dispensing fee or the unit dose dispensing fee. Pharmacists that pre-fill syringes of injectable drugs are paid an allowance fee of $1.20 per syringe. Under this proposal, pharmacies would only be paid the traditional dispensing fee for these activities. These changes would also apply to prescriptions filled under SeniorCare.

Mail-Order Pharmacy. Under this proposal, MA and BadgerCare benefits funding would be reduced by approximately $962,000 (all funds) annually to reflect the use of mail-order pharmacy services for maintenance drugs purchased under MA and BadgerCare. Under this proposal, DHFS would establish an exclusive contract with one or more mail-order pharmacies to provide maintenance drugs, such as insulin and diabetes supplies. The funding change included in the bill assumes that drugs could be available to beneficiaries through a mail-order service beginning July 1, 2003. Beneficiaries could voluntarily receive their medications directly through the mail, rather than purchasing such drugs at their local pharmacy. Mail-order pharmacy services would also be an option for SeniorCare enrollees under this proposal.

Joint Finance: Modify the bill as follows:

First, increase funding in the bill by $4,809,400 ($2,000,000 GPR and $2,809,400 FED) in 2003-04 to reflect the estimated cost of delaying the implementation of prior authorization for prescription drugs known as selective serotonin reuptake inhibitors (SSRIs). Prohibit DHFS from requiring prior authorization for prescription drugs used to treat mental illness, including depression, psychosis and bipolar disorder, except that DHFS could require prior authorization for new prescriptions for SSRIs, but not sooner than March 15, 2004. (Prescriptions for patients already stabilized on an SSRI would not require prior authorization).

Second, increase funding in the bill by $2,207,800 ($911,800 GPR and $1,296,000 FED) in 2003-04 and $2,452,500 ($1,013,100 GPR and $1,439,400 FED) in 2004-05 to restore funding for supplemental dispensing fees paid to pharmacies for repackaging and relabeling unused quantities of drugs that were initially dispensed using compliance aids, such as pill minders or blister packaging;

Third, adopt the following statutory provisions:

Prescription Drug Prior Authorization Committee -- Rename and Modify Responsibilities. Rename the current Prescription Drug Prior Authorization Committee, the Prescription Drug Prior Authorization and Therapeutics Committee and require the Committee to advise DHFS on issues relating to the research, development and approval of any preferred drug list for MA's fee-for-service program, BadgerCare and SeniorCare.

Require DHFS to consider the recommendations of the Committee before it requires prior authorization for any prescription drug or determines whether a drug would be included or excluded from a preferred drug list.

Composition of Committee. Require the DHFS Secretary to appoint at least five physicians to the Committee, including: (a) one with expertise in the area of family practice, (b) one with expertise in the area of pediatrics; (c) one with expertise in the area of geriatrics; (d) one with expertise in the area of psychiatric medicine; and (e) one with expertise in the area of internal medicine and who specializes in the treatment of diabetes. This requirement would replace the current requirement that DHFS Secretary appoint two physicians who are currently in practice to the Committee.

Specify that a member of the Committee could not be employed by or under contract with the state or a pharmaceutical manufacturer or labeler, but specify that: (a) providers certified to provide services under MA, BadgerCare, SeniorCare, or the health insurance risk-sharing plan (HIRSP) would not be considered under contract with the state; and (b) physicians or pharmacists that receive grant funding from a pharmaceutical manufacturer for the purpose of research would not be prohibited from membership on the Committee, but such individuals would be required to disclose any such grants to DHFS before they are appointed to the Committee.

Committee's Operating Procedures. Require the Committee to meet: (a) upon the call of the chair of the Committee; and (b) at least annually. Specify that the chairperson of the Committee must serve for a term of one year and must be elected from the committee's membership at the Committee's first meeting each calendar year. Specify that the recommendations of the Committee would be determined by an affirmative vote of a majority of a quorum of members.

Reports to the Governor and Legislature. Require DHFS to report by January 1, 2004, to the Governor, the Joint Committee on Finance, and the appropriate standing committees of the Legislature, the names and therapeutic classes of all drugs that require prior authorization under MA, BadgerCare and SeniorCare and describe the criteria for approving prior authorization requests for each of these drugs or drug classes.

Require DHFS, by January 1 of each subsequent calendar year, to report to the Governor, the Joint Committee on Finance, and the appropriate standing committees of the Legislature on any changes in its prior authorization policies related to drugs purchased under MA, BadgerCare, and SeniorCare, including: (a) the name and therapeutic class of any drugs for which changes in prior authorization policies were made; (b) the criteria for approving prior authorization requests for each drug or therapeutic class of drugs, to which a change in policy has been made; and (c) an identification of how these changes differ, if at all, from the recommendations of the prior authorization committee, including a summary of the clinical and scientific reasoning behind DHFS' decision to implement criteria that differs from the recommendations of the committee.

Current Law. Under current law, the DHFS Secretary must create a Prescription Drug Prior Authorization Committee to advise DHFS on issues related to prior authorization decisions concerning prescription drugs on behalf of MA enrollees. The Secretary appoints members to the committee, including at least: (a) two physicians who are currently in practice; (b) two pharmacists; and (c) one advocate for MA enrollees who has sufficient medical background, as determined by DHFS, to evaluate a drugs' clinical effectiveness. The Committee must accept information and commentary from representatives of the pharmaceutical manufacturing industry in its review of prior authorization policies.

Senate/Legislature: Require the DHFS Secretary to exercise his or her authority to create a Mental Health Medication Review Committee to advise DHFS on implementation of prior authorization requirements for SSRIs and on implementation of a process for reviewing utilization of drugs to treat mental illness under MA. Require the Secretary to appoint at least one advocate for people with mental illness and at least one consumer of a drug used to treat a mental illness as members of the Committee and specify that advocates and consumers must constitute a majority of the Committee. This provision would be effective on the bill's general effective date.

Veto by Governor [C-12 and C-13]: Delete the provisions that would have: (a) prohibited DHFS from requiring prior authorization for drugs used to treat mental illness; (b) delayed implementation of prior authorization requirements for SSRIs; (c) made various changes to DHFS' prior authorization committee; and (d) required DHFS to establish a mental health medication review committee. In addition, decrease MA funding by $2,000,000 GPR in 2003-04 to reflect savings available from earlier implementation of prior authorization requirements for SSRIs. As a result of the Governor's partial veto, it is estimated that federal MA expenditures would be reduced by $2,809,400 in 2003-04.

The following table identifies the total savings projected with each of these initiatives included in Act 33.

Prescription Drug Initiatives
Act 33

	GPR	FED	PR	Total
2003-04				
Prior Authorization	-$21,249,000	-$25,426,200	-$793,800	-$47,469,000
Copayments	-2,715,000	-3,858,700	0	-6,573,700
Dispensing Fees	-876,100	-1,245,100	0	-2,121,200
Mail-Order Pharmacy	-397,300	-564,700	0	-962,000
Total	-$25,237,400	-$31,094,700	-$793,800	-$57,125,900
2004-05				
Prior Authorization	-$30,518,200	-$36,942,400	-$1,124,400	-$68,585,000
Copayments	-4,072,400	-5,785,800	0	-9,858,200
Dispensing Fees	-973,400	-1,382,900	0	-2,356,300
Mail-Order Pharmacy	-397,300	-564,400	0	-961,700
Total	-$35,961,300	-$44,675,500	-$1,124,400	-$81,761,200

[Act 33 Sections: 1373 thru 1376, 1393, 1419, 1420, 1422, and 9324(15)&(16)]

[Act 33 Vetoed Sections: 286 (as it relates to 20.435(4)(b)), 1392p, 1392q, 1392r, 1392rj, 1392s, 1392t , 1392u, 1393, 9124(8w), and 9424(8w)]

5. SENIORCARE COST-SHARING REQUIREMENTS [LFB Papers 387 and 388]

	Governor (Chg. To Base)	Jt. Finance/Leg. (Chg. To Gov)	Net Change
PR-REV	- $8,557,100	$6,699,300	- $1,587,800
GPR	- $9,190,300	- $11,845,600	- $21,035,900
FED	8,694,300	- 18,917,100	- 10,222,800
PR	- 8,557,100	6,699,300	- 1,857,800
Total	- $9,053,100	- $24,063,400	- $33,116,500

Governor: Reduce SeniorCare funding by $3,746,600 (-$4,098,900 GPR, $3,554,600 FED, and -$3,202,300 PR) in 2003-04 and $5,306,500 (-$5,091,400 GPR, $5,139,700 FED, and -$5,354,800 PR) in 2004-05 to reflect the net effect of increasing the enrollment fee and deductible under SeniorCare. Federal MA matching funds support a portion of the costs for SeniorCare enrollees with income at or below 200% of the FPL. PR includes enrollment fee revenue and rebate revenue paid by pharmaceutical manufacturers that manufacture drugs covered under the program.

Enrollment Fee. Increase the enrollment fee from $20 to $25 for enrollees with income up to 200% of the federal poverty level (FPL) and from $20 to $30 for enrollees with income above 200% of the FPL. Specify that this provision would first apply to eligibility determinations made on the bill's general effective date. Enrollees must pay the enrollment fee as a condition of eligibility for each 12-month benefit period.

Deductible. Increase the deductible amount for individuals with income above 200% of the FPL, but no more than 240% of the FPL, from $500 to $750 before SeniorCare benefits are paid on the enrollee's behalf. Increase the deductible amount for individuals with income above 240% of the FPL to $850, in addition to any amount of the enrollee's income that must be spent down before SeniorCare benefits would be paid on the enrollee's behalf. Specify that this provision would first apply to eligibility determinations made on the bill's general effective date.

Individuals with income greater than 160% of the FPL, but no more than 200% of the FPL, would continue to be required to pay a $500 deductible before benefits would be paid on their behalf.

Joint Finance/Legislature: Reduce funding in the bill by $10,008,300 (-$4,647,700 GPR, -$7,931,100 FED, and $2,570,500 PR) in 2003-04 and $14,055,100 (-$7,197,900 GPR, -$10,986,000 FED, and $4,128,800 PR) in 2004-05 and modify statutory provisions to reflect: (a) increasing the deductible to $850 for individuals with income greater than 200% of the FPL, but no greater than 240% of the FPL; (b) increasing the copayment for brand name drugs purchased under

SeniorCare from $15 to $20 for all enrollees; and (c) establishing the enrollment fee at $30 for all enrollees.

Further, specify that deductible and enrollment fee changes would first apply to enrollees with benefit periods beginning September 1, 2003, or the first day of the first month following the bill's general effective date, whichever is later, rather than to individuals determined eligible on the bill's general effective date. Specify that the copayment change would first apply to drugs purchased under SeniorCare beginning September 1, 2003, or the first day of the first month following the bill's general effective date, whichever is later.

Veto by Governor [C-14]: Delete the statutory provision that would have increased the copayment for brand name drugs to $20. The Governor's partial veto does not restore the funding for SeniorCare that would have been saved as a result of the provision in the enrolled bill. In his veto message, the Governor indicated that he is requesting the DHFS Secretary to develop a plan by July 1, 2004, to address the projected deficit that results.

The following table summarizes the fiscal effect associated with each of these items under Senate Bill 44, as introduced, and as included Act 33.

Changes to SeniorCare Cost-Sharing Requirements
Act 33

	2003-04				2004-05			
	GPR	FED	PR	Total	GPR	FED	PR	Total
Senate Bill 44 Change to Base								
Increase Deductible	-$3,697,100	$3,850,800	-$3,900,300	-$3,746,600	-$4,653,900	$5,463,000	-$6,115,600	-$5,306,500
Increase Enrollment Fee	-401,800	-296,200	698,000	0	-437,500	-323,300	760,800	0
Subtotal	-$4,098,900	$3,554,600	-$3,202,300	-$3,746,600	-$5,091,400	$5,139,700	-$5,354,800	-$5,306,500
Act 33 Change to SB 44								
Increase Deductible	-$558,300	-$3,850,800	$2,496,000	-$1,913,100	-$1,415,700	-$5,463,000	$4,168,700	-$2,710,000
Increase Enrollment Fee	-17,400	-57,100	74,500	0	26,800	13,100	-39,900	0
Increase Copayment	-4,072,000	-4,023,200	0	-8,095,200	-5,809,000	-5,536,100	0	-11,345,100
Subtotal	-$4,647,700	-$7,931,100	$2,570,500	-$10,008,300	-$7,197,900	-$10,986,000	$4,128,800	-$14,055,100
Act 33 Change to Base								
Increase Deductible	-$4,255,400	$0	-$1,404,300	-$5,659,700	-$6,069,600	$0	-$1,946,900	-$8,016,500
Increase Enrollment Fee	-419,200	-353,300	772,500	0	-410,700	-310,200	720,900	0
Increase Copayment	-4,072,000	-4,023,200	0	-8,095,200	-5,809,000	-5,536,100	0	-11,345,100
Total Change to Current Law	-$8,746,600	-$4,376,500	-$631,800	-$13,754,900	-$12,289,300	-$5,846,300	-$1,226,000	-$19,361,600

[Act 33 Sections: 1439d, 1442 thru 1445, 1446, and 9324(13q)]

[Act 33 Vetoed Sections: 1446g and 9424(11g)]

6. SENIORCARE -- LONG-TERM CARE INSURANCE AND SPENDDOWN REQUIREMENT

Joint Finance/Legislature: Permit SeniorCare enrollees that are required to spend down their income to 240% of the federal poverty level (FPL) before being eligible to receive SeniorCare benefits, to count premiums paid for long-term care insurance towards their spenddown requirement. Premium payments would not be counted towards the individual's deductible requirement. This provision would first apply to enrollees with 12-month benefit periods that begin starting September 1, 2003, or the first day of the first month after the bill's general effective date, whichever is later.

Currently, only drugs purchased by an individual at retail prices count towards a spenddown requirement. Once an enrollee spends down to 240% of the FPL, the enrollee must pay an annual deductible before the state makes payments for drugs purchased for the enrollee. Currently, that deductible is $500 annually. Under the bill, the annual deductible would increase to $850. In 2003, 240% of the FPL for one person is equal to $21,552 annually and $29,088 annually for two people.

Veto by Governor [C-15]: Delete provision.

[Act 33 Vetoed Sections: 1438h, 1445h, 1446h, and 9324(13d)]

7. MA PAYMENTS -- PRESCRIPTION DRUG REIMBURSEMENT RATES [LFB Paper 389]

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	- $26,588,200	$22,500,600	- $3,044,200	- $7,131,800
FED	- 30,291,700	25,188,200	- 3,781,400	- 8,884,900
PR	- 3,444,200	3,372,700	- 19,300	- 90,800
Total	- $60,324,100	$51,061,500	- $6,844,900	- $16,107,500

Governor: Reduce MA, BadgerCare, and SeniorCare benefits funding by $27,556,500 (-$12,085,900 GPR, -$13,989,600 FED, and -$1,481,000 PR) in 2003-04 and by $32,767,600 (-$14,502,300 GPR, -$16,302,100 FED, and -$1,963,200 PR) in 2004-05 to reflect projected savings that would result by reducing the MA reimbursement rate DHFS pays to pharmacies and pharmacists for brand name and non-readily available generic prescription drugs and the reimbursement rate paid to providers under SeniorCare.

Under this item, DHFS would reimburse pharmacies and pharmacists for these drugs at a rate equal to the average wholesale price (AWP), as reported by manufacturers, minus 15%, plus the applicable dispensing fee (currently $4.88 for most drugs). DHFS currently pays pharmacies and pharmacists a rate equal to the AWP minus 11.25%, plus a dispensing fee, for these types of drugs. DHFS would continue to pay pharmacies and pharmacists for readily available prescription drugs a rate equal to the maximum allowable cost, which is determined by DHFS, plus the applicable dispensing fee.

In addition, modify the current provision that specifies that the SeniorCare program payment rate is the MA reimbursement rate plus 5% to instead specify that the SeniorCare program payment rate equals the MA reimbursement rate. Specify that this provision would take effect January 1, 2004.

Joint Finance/Legislature: Provide $23,453,000 ($10,281,600 GPR, $11,722,800 FED, and $1,448,600 PR) in 2003-04 and $27,608,500 ($12,219,000 GPR, $13,465,400 FED, and $1,924,100 PR) in 2004-05 to provide a maximum MA reimbursement rate for brand name and non-readily available generic drugs at AWP-12% and restore the 5% enhancement for drugs purchased under SeniorCare.

Veto by Governor [C-11]: Reduce GPR funding in 2004-05 by: (a) $2,244,200 for MA; (b) $64,300 for BadgerCare; and (c) $735,700 for SeniorCare to reflect savings associated with reducing the reimbursement rate to AWP minus 13%, beginning in 2004-05.

This partial veto would reduce estimated federal matching funds in 2004-05 by: (a) $3,152,500 for MA; (b) $131,100 for BadgerCare; and (c) $497,800 for SeniorCare. In addition, it is estimated that PR from rebates paid by pharmaceutical manufacturers under SeniorCare would be reduced by $19,300 in 2004-05.

The following table summarizes the fiscal effect of changes to the drug reimbursement rates under SB 44, as introduced, and Act 33.

Prescription Drug Reimbursement Rates
Funding Changes
Act 33

	2003-04				2004-05			
	GPR	FED	PR	Total	GPR	FED	PR	Total
Senate Bill 44								
MA Rate -- AWP-15%	-$8,203,600	-$11,125,200	$0	-$19,328,800	-$9,320,600	-$12,540,400	$0	-$21,861,000
SeniorCare Enhancement	-3,882,300	-2,864,400	-1,481,000	-8,227,700	-5,181,700	-3,761,700	-1,963,200	-10,906,600
Subtotal - SB 44	-$12,085,900	-$13,989,600	-$1,481,000	-$27,556,500	-$14,502,300	-$16,302,100	-$1,963,200	-$32,767,600
Legislature - Change to SB 44								
MA Rate -- AWP-12%	$6,399,300	$8,858,400	-$32,400	$15,225,300	$7,037,300	$9,703,700	-$39,100	$16,701,900
SeniorCare Enhancement	3,882,300	2,864,400	1,481,000	8,227,700	5,181,700	3,761,700	1,963,200	10,906,600
Subtotal - Change to SB 44	$10,281,600	$11,722,800	$1,448,600	$23,453,000	$12,219,000	$13,465,400	$1,924,100	$27,608,500
Governor's Partial Vetoes								
MA Rate -- AWP-13% in 2004-05	$0	$0	$0	$0	-$3,044,200	-$3,781,400	-$19,300	-$6,844,900
SeniorCare Enhancement	0	0	0	0	0	0	0	0
Subtotal - Change to Enrolled SB 44	$0	$0	$0	$0	-$3,044,200	-$3,781,400	-$19,300	-$6,844,900
Net Change in Act 33								
MA Rate	-$1,804,300	-$2,266,800	-$32,400	-$4,103,500	-$5,327,500	-$6,618,100	-$58,400	-$12,004,000
SeniorCare Enhancement	0	0	0	0	0	0	0	0
Total - Change to Current Law	-$1,804,300	-$2,266,800	-$32,400	-$4,103,500	-$5,327,500	-$6,618,100	-$58,400	-$12,004,000

[Act 33 Vetoed Section: 286 (as it relates to 20.435(4)(b),(bc)&(bv))]

8. MA PAYMENTS -- GRADUATE MEDICAL EDUCATION [LFB Paper 390]

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	- $23,780,000	$8,071,600	- $3,033,700	- $18,742,100
FED	- 33,400,600	11,328,400	- 4,261,600	- 26,333,800
Total	- $57,180,600	$19,400,000	- $7,295,300	- $45,075,900

Governor: Reduce MA benefits funding by $28,592,000 (-$11,890,000 GPR and -$16,702,000 FED) in 2003-04 and by $28,588,600 (-$11,890,000 GPR and -$16,698,600 FED) in 2004-05 to reflect cost savings that would result from eliminating MA payments that support hospitals' graduate medical education (GME) costs. This item would delete payments DHFS makes to fund both direct and indirect costs.

Under the MA hospital reimbursement formulas, hospitals' base payment rates are adjusted to reflect the additional costs hospitals incur because they operate GME programs. Direct GME costs are costs of salaries and fringe benefits for residents and interns. Adjustments for indirect costs are based on the Medicare indirect GME payment formula, which adjusts each hospital's base rate based on the hospital's ratio of residents to its available beds. In 2001-02, 33 hospitals received GME payments totaling approximately $9.7 million (all funds) for direct costs and approximately $18.2 million (all funds) for indirect costs.

Joint Finance: Modify the Governor's recommendations by increasing funding by $9,700,000 ($4,033,700 GPR and $5,666,300 FED) in 2003-04 and $9,700,000 ($4,037,900 GPR and $5,662,100 FED) in 2004-05 to restore funding for MA payments for direct GME costs only.

Senate/Legislature: Direct DHFS to expend $2,000,000 GPR in each year of the 2003-05 biennium from the amounts budgeted in MA for hospital payments for direct graduate medical education costs for hospitals' indirect medical education costs. Federal matching funds available for indirect costs are estimated to total $2,809,400 in 2003-04 and $2,804,500 in 2004-05. As a result, $4,890,600 ($2,033,700 GPR and $2,856,900 FED) in 2003-04 and $4,895,500 ($2,037,900 GPR and $2,857,600 FED) in 2004-05 would be budgeted for payments to hospitals for direct medical education costs.

Veto by Governor [C-8]: Reduce MA benefits funding by $3,033,700 GPR in 2003-04 and delete the provision that would require $2,000,000 GPR in the MA benefits appropriation to be spent to support hospitals' indirect costs. As a result of the Governor's partial veto it is expected that federal MA expenditures would be reduced by $4,261,600 in 2003-04.

As a result, Act 33 provides $2,404,700 ($1,000,000 GPR and $1,404,700 FED) in 2003-04 and $9,700,000 ($4,037,900 GPR and $5,662,100 FED) in 2004-05 for enhanced MA payments to qualifying hospitals to support their direct GME costs in the 2003-05 biennium. No funding would be provided to support indirect costs.

[Act 33 Vetoed Sections: 286 (as it relates to 20.435(4)(b)) and 9124(12q)]

9. MA PAYMENTS -- MEDICARE CROSSOVER CLAIMS FOR OUTPATIENT HOSPITAL SERVICES [LFB Paper 391]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $10,917,000	- $3,330,100	- $14,247,100
FED	- 15,333,100	- 4,614,700	- 19,947,800
Total	- $26,250,100	- $7,944,800	- $34,194,900

Governor: Reduce MA benefits funding by $8,750,000 (-$3,638,700 GPR and -$5,111,300 FED) in 2003-04 and $17,500,100 (-$7,278,300 GPR and -$10,221,800 FED) in 2004-05 to reflect projected savings that would result from changing the method DHFS uses to calculate payment of crossover claims for outpatient hospital services.

Medicare crossover claims are claims for which MA is required to pay deductibles and copayments on behalf of Medicare beneficiaries with incomes at or below 100% of the FPL. In 2001-02, MA paid approximately $18.4 million (all funds) for Medicare crossover claims for outpatient hospital services. Under this item, DHFS would modify its method of calculating payments to hospitals for Medicare crossover claims so that the maximum amount MA would pay would be limited to the MA rate per visit for the sum of all services received during an outpatient visit. With this change, DHFS expects that MA would no longer pay crossover claims for most outpatient hospital services, which would reduce payments to providers that offer these services. As required under federal law, Medicare enrollees with incomes below 100% of the FPL would continue to be exempt from deductible and copayment requirements.

Joint Finance/Legislature: Reduce funding by $3,779,900 (-$1,589,800 GPR and -$2,190,100 FED) in 2003-04 and by $4,164,900 (-$1,740,300 GPR and -$2,424,600 FED) in 2004-05 to reflect reestimates of the projected savings available under this item.

10. MA PAYMENTS -- ADJUSTMENTS FOR RURAL HOSPITALS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $1,874,000	$1,874,000	$0
FED	- 2,632,100	2,632,100	0
Total	- $4,506,100	$4,506,100	$0

Governor: Reduce MA benefits funding by $2,253,200 (-$937,000 GPR and -$1,316,200 FED) in 2003-04 and by $2,252,900 (-$937,000 GPR and -$1,315,900 FED) in 2004-05 to reflect projected savings that would result by eliminating funding for supplemental payments for rural hospitals. Delete the statutory requirement that DHFS distribute no more than $2,256,000 annually as supplemental funds to rural hospitals that have a high utilization of inpatient services funded from government sources. Funding for critical access hospitals would not be affected by this item.

Joint Finance/Legislature: Delete provision.

11. MA PAYMENTS -- NON-INSTITUTIONAL PROVIDER RATES [LFB Paper 379]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$6,265,500	- $6,265,500	$0
FED	9,355,400	- 9,355,400	0
Total	$15,620,900	- $15,620,900	$0

Governor: Increase MA and BadgerCare benefits funding by $7,598,100 ($3,047,000 SEG and $4,551,100 FED) in 2003-04 and $8,022,800 ($3,218,500 SEG and $4,804,300 FED) in 2004-05 to fund increases in the maximum reimbursement rate provided for certain non-institutional providers under MA. Under this provision, in 2003-04, rates for: (a) home health services would increase by 10%; (b) speech and language pathology services would increase by 10%; (c) common carrier transportation services would increase to $0.50 per mile for volunteer drivers, $1.25 per mile for human service operators, and $0.01 per mile for administrative costs; and (d) family planning services would increase by 45% and family planning supplies would increase by 55.9%; and (e) outpatient psychiatric evaluations and psychotherapy services would increase from $80.13 per hour to $100 per hour. These rate increases would be effective July 1, 2003.

The rate increase for home health agencies would include the following services provided by the agencies: private-duty nursing, respiratory care services, physical and occupational therapy, home health nursing and home health aide services. Common carrier transportation services are provided for MA and BadgerCare enrollees who are able to walk and receive services through common transportation systems, such as buses and taxis.

Segregated revenue included in this provision would provide the state's share of costs for these rate increases and would be available from the MA trust fund from revenue available from the administration's proposal to create an IGT program for noninstitutional services provided by local units of government, which is summarized as Item #12 under "Health and Family Services -- Health Care Financing -- Base Funding and Revenue."

Joint Finance/Legislature: Delete provision. However, specify that if, before July 1, 2005, sufficient federal funds are available to support this item at the funding level recommended by the Governor, DHFS would be required to report this to the Legislature and include any proposed legislation to implement this item.

Veto by Governor [C-7]: Delete the Joint Finance provision that would have required DHFS to report to the Legislature if sufficient federal MA funds are available to support items at the funding level recommended by the Governor.

[Act 33 Vetoed Section: 9124(11f)]

12. MA PAYMENTS -- OXYGEN AND END-STAGE RENAL DIALYSIS SERVICES

GPR	- $5,032,900
FED	- 7,068,900
Total	- $12,101,800

Governor/Legislature: Reduce MA benefits funding by $6,045,600 (-$2,514,100 GPR and -$3,531,500 FED) in 2003-04 and by $6,056,200 (-$2,518,800 GPR and -$3,537,400 FED) in 2004-05 to reflect the projected cost savings of reimbursing providers for oxygen services and dialysis services for end-stage renal disease (ESRD) provided at free-standing clinics based on the formulas used under Medicare for payment of these services. Under this provision, reimbursement for oxygen equipment rental, accessories, and oxygen content would be reimbursed under one daily rate, rather than as separate services. In addition, ESRD services provided at free-standing clinics would be reimbursed at the Medicare payment rate, rather than under the current formula, which pays these clinics between 95% and 100% of their usual and customary charges. The projected savings for this item is based on the assumption that these changes would take effect July 1, 2003.

13. MA PAYMENTS -- DURABLE MEDICAL EQUIPMENT

GPR	- $1,441,000
FED	- 2,023,700
Total	- $3,464,700

Governor/Legislature: Reduce MA benefits funding by $753,300 (-$313,300 GPR and -$440,000 FED) in 2003-04 and by $2,711,400 (-$1,127,700 GPR and -$1,583,700 FED) in 2004-05 to reflect anticipated savings that would result by: (a) limiting MA payments for rental of durable medical equipment (DME) to the purchase price of the equipment (-$313,300 GPR and -$440,000 FED in 2003-04 and -$627,700 GPR and -$881,500 FED in 2004-05); and (b) directly purchasing DME in bulk quantities for distribution to MA enrollees (-$500,000 GPR and -$702,200 FED in 2004-05).

Under this item, MA would stop paying providers for all existing DME rentals as of January 1, 2004, where MA rental payments have exceeded the purchase price and all rentals starting after January 1, 2004, would be subject to the new limits. Once the rental payments total the purchase price of the equipment, the equipment would belong to the MA enrollee. Additionally, the Executive Budget Book indicates that the Governor is directing DHFS to pursue, by 2004-05, a request-for-proposal to purchase durable medical equipment in bulk quantities that would be available for MA enrollees.

14. MA SERVICES -- INTENSIVE, IN-HOME SERVICES FOR AUTISTIC CHILDREN [LFB Paper 392]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $16,632,000	0.00	$17,342,400	0.19	$710,400	0.19
FED	- 23,360,800	0.00	25,104,600	0.25	1,743,800	0.25
Total	- $39,992,800	0.00	$42,447,000	0.44	$2,454,200	0.44

Governor: Reduce MA benefits funding by $19,997,600 (-$8,316,000 GPR and -$11,681,600 FED) in 2003-04 and by $19,995,200 (-$8,316,000 GPR and -$11,679,200 FED) in 2004-05 to reflect projected net savings that would result by no longer covering intensive, in-home services to children with autism under MA. If this proposal were approved, these children would be able to receive treatment services through clinics, schools, and other types of services. Consequently, the administration's estimate of the cost savings includes projected increases in the cost of these other MA-covered services.

In June, 2000, the U.S. Department of Health and Human Services denied a proposed amendment to the state's MA plan to include intensive, in-home therapy services for autistic children as a covered service under the state's early and periodic screening, diagnostic, and treatment (EPSDT) benefit, known as HealthCheck, indicating these services were not eligible for federal MA matching funds. DHFS has continued to cover this benefit since the proposed amendment was denied and has continued to claim federal matching funds for the benefit. However, continued claiming of federal funds for this benefit could put the state at risk for disallowances for the federal share of costs for the services.

Intensive, in-home services for autistic children involve behavioral therapy services, provided up to 35 hours per week in a child's home under the guidance of a Ph.D. psychologist. Currently, approximately 1,000 children receive these services. Expenditures for these services totaled approximately $31.7 million (all funds) in 2001-02.

Joint Finance: Delete the Governor's recommendation. Instead, create an intensive, in-home autism benefit under a community-based waiver program. Provide $21,014,100 ($8,612,400 GPR and $12,401,700 FED) in 2003-04 and $21,432,900 ($8,730,000 GPR and $12,702,900 FED) in 2004-05 to fund the cost of the wavier proposal and 0.19 GPR position and 0.25 FED position, beginning in 2003-04.

By January 1, 2004, as part of its request to waive federal law for purposes of redesigning the children's long-term care system authorized under 2001 Wisconsin Act 16, authorize DHFS to seek a waiver permitting MA reimbursement on a statewide basis for certain in-home habilitation services for children who are diagnosed with autism spectrum disorder. Additionally, modify current provisions to clarify DHFS' authority to impose cost-sharing for publicly-funded services provided to children under existing MA waiver programs and the children's long-term care system redesign waivers. Finally, create two PR appropriations for revenue received from this cost-sharing requirement for: (a) administrative costs associated with collecting revenue for publicly-funded waiver services provided to children; and (b) distribution to counties for the state share of MA payments for services provided to children under CIP 1B, the brain injury waiver, and the children's long-term care system redesign waivers. Under this item, funding for administrative costs would be limited to the amounts budgeted and all remaining revenue could be distributed to counties.

Senate/Legislature: Modify current law provisions relating to the redesign of children's long-term care services to specify that an administering agency could include a human services agency under contract with DHFS, in addition to county departments. Specify that the administering agency in counties in which the program is located, rather than county departments (as provided under current law), would provide, contract for the provision of, organize, or arrange for the long-term care needs of eligible children. Delete current law provisions that specify that the cost of the children's long-term care program may not exceed the cost of existing community-based waiver programs, the family support program, and the birth-to-three program. Delete the current law provision that requires the program to blend the costs per child served in these programs.

These changes were made to ensure that the bill correctly reflects the intent of the Joint Committee on Finance that counties can choose not to administer the waivers for the children's long-term care redesign and that funding budgeted for intensive, in-home autism services be allocated separately from other funding sources for the waivers.

[Act 33 Sections: 471c, 475f, 475h, 1100g, 1403d, 2813r, 2813s, 2813t, and 9124(8c)]

15. MA SERVICES -- MANDATORY ENROLLMENT IN MANAGED CARE FOR MA RECIPIENTS WHO RECEIVE SSI [LFB Paper 393]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $16,336,200	$1,597,500	- $14,738,700
FED	- 22,943,200	2,242,200	- 20,701,000
Total	- $39,279,400	$3,839,700	- $35,439,700

Governor: Reduce funding by $2,010,300 (-$836,000 GPR and -$1,174,300 FED) in 2003-04 and by $37,269,100 (-$15,500,200 GPR and -$21,768,900 FED) in 2004-05 to reflect projected savings in MA benefits costs that would result if DHFS obtained federal approval to require MA recipients who are eligible for supplemental security income (SSI) to enroll in managed care plans, including recipients who are in a geographic service region that contains only a single managed care organization as a service provider. Require DHFS to request, by January 1, 2004, from the Secretary of the U.S. Department of Health and Human Services, any waivers of federal MA laws necessary to implement this requirement.

Under federal MA rules, states may require MA recipients to enroll in managed care plans, subject to certain limitations and exemptions. In general, a state may require MA recipients to enroll in managed care plans if at least two managed care organizations are present as providers in each of the state's geographic areas. Consequently, Wisconsin currently requires MA recipients, including MA recipients who receive SSI, to enroll in managed care plans only if the recipient has a choice between two or more managed care organizations.

Joint Finance/Legislature: Decrease funding by $6,002,800 (-$2,496,000 GPR and -$3,506,800 FED) in 2003-04 and increase MA benefits funding by $9,842,500 ($4,093,500 GPR and $5,749,000 FED) in 2004-05 to reflect revised estimates of the cost savings of this item. In addition, require DHFS to: (a) consult with advocacy groups and managed care organizations in determining the types of services required by the recipients, particularly those with problems related to mental illness or alcohol or other drug abuse and capitation rates that would be provided under managed care contracts; and (b) submit the proposed managed care contracts to the appropriate standing committees of the Legislature for review before offering the contracts to managed care organizations.

Veto by Governor [C-16]: Delete the provisions that would require DHFS to consult with advocacy groups and managed care organizations and submit proposed managed care contracts to the appropriate standing committees of the Legislature before offering the contracts to managed care organizations for bidding.

[Act 33 Section: 9124(4)]

[Act 33 Vetoed Section: 1312n]

16. MA SERVICES -- MANAGED CARE FOR CHILDREN IN OUT-OF-HOME CARE

	Funding	Positions
GPR	$329,600	1.00
FED	329,600	1.00
Total	$659,200	2.00

Governor/Legislature: Provide $326,200 ($163,100 GPR and $163,100 FED) in 2003-04 and $333,000 ($166,500 GPR and $166,500 FED) in 2004-05 and 2.0 positions (1.0 GPR position and 1.0 FED position) to fund: (a) an evaluation and quality improvement program for a project to provide MA services to children in out-of-home care in Milwaukee county through a managed care organization rather than through fee-for-service providers ($123,600 GPR and $123,600 FED in 2003-04 and $124,600 GPR and $124,600 FED in 2004-05); and (b) 2.0 contract specialist positions to work in Milwaukee County with managed care entities and community organizations to monitor contracts under the project, provide technical assistance to the contracting agency, providers, and child welfare workers ($39,500 GPR and $39,500 FED in 2003-04 and $41,900 GPR and $41,900 FED in 2004-05).

1999 Wisconsin Act 9 required DHFS to request a waiver from the Secretary of the U.S. Department of Health and Human Services, by January 1, 2001, that would allow DHFS to require children in foster care who live in Milwaukee County to enroll in a managed care plan as a condition of receiving benefits under MA. While Act 9 specifies that DHFS must seek a waiver to implement the project, DHFS indicates that a waiver is not necessary to implement the project as planned.

17. MA SERVICES -- PRIOR AUTHORIZATION FOR THERAPY SERVICES

GPR	- $291,100
FED	- 408,900
Total	- $700,000

Governor/Legislature: Reduce MA benefits funding by $700,000 (-$291,100 GPR and -$408,900 FED) in 2004-05 to reflect savings that would result by changing the current prior authorization requirements for therapy services and the process for approving prior authorization requests for therapy services. DHFS has not yet developed a plan to revise its prior authorization requirements or process to create the anticipated savings under this item.

Currently, providers must obtain prior authorization before they can be reimbursed for physical, occupational, and speech therapy services they provide to MA enrollees that exceed 35 treatments per spell of illness.

18. MA SERVICES -- CASE MANAGEMENT FOR JUVENILES UNDER THE SUPERVISION OF THE DEPARTMENT OF CORRECTIONS

Governor/Legislature: Authorize the Department of Corrections to provide case management services, as an MA benefit, for certain juveniles that are MA beneficiaries, under the supervision of the Department of Corrections, and are eligible to receive case management services under MA. Specify that the state's share for the cost of the case management services would be paid from PR appropriations for correctional services, residential aftercare, and corrective sanctions in the Department's Division of Juvenile Corrections. Require DHFS to pay Corrections any federal funding received as reimbursement for the case management services provided under this provision.

MA beneficiaries that are eligible for case management services include individuals that: (a) have a developmental disability; (b) have a chronic mental illness; (c) have Alzheimer's disease; (d) are alcoholics; (e) are drug dependent; (f) are physically disabled; (g) are children with serious emotional disturbances; (h) are members of a family that has a child who is at risk of serious physical, mental, or emotional dysfunction; (i) are HIV infected; (j) are eligible for the birth-to-three program; (k) are infected with tuberculosis; (l) are children with asthma; and (m) are women aged 45 to 64 and who are not residents of a nursing home or otherwise receiving case management services. Currently, counties may elect to provide case management services to individuals eligible for such services. Those counties that elect to provide such services pay the state's share of the services and DHFS is required to pay to the county any federal matching funds received as reimbursement for the cost of the services.

Under federal law, individuals that are residents of public institutions, including any secure correctional facility, are not eligible for MA. Therefore, this provision would not apply to any individual that is a resident of a secure correctional facility.

[Act 33 Sections: 1379 thru 1381]

19. MA SERVICES -- ELIMINATE COMMUNITY-BASED PSYCHOSOCIAL BENEFIT

Governor: Delete community-based psychosocial services, including case management services, provided by the staff of a certified community support program, as an MA benefit.

Psychosocial services refer to a variety of social services that are intended to allow an individual with mental health needs to better manage their symptoms and increase the likelihood of the individuals' independent, effective functioning in the community. These services may include employment-related services, social and recreational skill training, assistance or supervision of activities of daily living, case management and other support services. Currently, a county may elect to make this service available if it provides the state's share of the total MA- eligible cost. Consequently, no GPR funding is budgeted to support this benefit.

This benefit was created in 1997 Wisconsin Act 27 as a way of partially supporting counties' costs of serving individuals with mental health needs that exceed outpatient services, but who do not require the level of need required under community support programs. However, no county has claimed federal matching funds for these services because DHFS has not implemented the benefit.

Joint Finance/Legislature: Delete the Governor's provision. Consequently, community-based psychosocial services, including case management services, provided by the staff of a certified community support program, would be a service covered under the state's MA program in those counties that elect to provide this service.

In addition, authorize DHFS to promulgate emergency rules regarding: (a) standards for eligibility, scope of services and certification requirements; and (b) conditions for MA coverage of these services. Provide that the emergency rules could remain in effect until the date on which permanent rules take effect.

[Act 33 Sections: 1382c, 1382e, and 9124(10m)]

20. MA SERVICES -- CONSUMER-DIRECTED PERSONAL CARE

Governor/Legislature: Direct DHFS to implement a consumer-directed personal care benefit as an MA demonstration program for 100 current community waiver participants. DHFS would establish an annual personal care benefit for each participant, and permit these participants to choose an individualized package of personal care services that do not exceed the cost of the annual benefit. Funding for these services would be provided by reallocating base MA benefits funding. DHFS would be required to submit a request for a waiver of federal MA law to the U.S. Department of Health and Human Services. While the Executive Budget Book describes this item, the administration indicates that no funding or statutory changes are needed to implement it. Consequently, Act 33 does not include funding or statutory changes relating to this proposal.

21. BADGERCARE -- ELIGIBILITY

GPR	- $2,852,500
FED	- 6,868,900
Total	- $9,721,400

Governor: Reduce BadgerCare benefits funding by $1,650,000 (-$491,600 GPR and -$1,158,400 FED) in 2003-04 and by $8,071,400 (-$2,360,900 GPR and -$5,710,500 FED) in 2004-05 to reflect projected savings that would result by: (a) requiring each employed member of a family that is enrolled in BadgerCare to verify specified information (-$362,400 GPR and -$882,600 FED in 2003-04 and -$2,231,700 GPR and -$5,434,700 FED in 2004-05); and (b) making eligibility for the health insurance premium program (HIPP) a qualifying event for immediate enrollment in an employer's health insurance plan (-$129,200 GPR and -$275,800 FED annually).

Employment and Insurance Verification. As a condition of eligibility, require each member of a family who is employed to verify from his or her employer, in the manner specified by DHFS: (a) his or her earnings; (b) whether the employer provides health care coverage for which the family is eligible; and (c) the amount that the employer pays, if any, toward the cost of that coverage, excluding any deductibles or copayments required under the coverage.

Specify that if no waiver is necessary to implement this provision, these requirements would first apply to both eligibility determinations and annual reviews of such determinations on January 1, 2004. If a waiver is necessary to implement these provisions, require DHFS to request a waiver from the Secretary of the U.S. Department of Health and Human Services to require such verification and prohibit DHFS from implementing such requirements unless the waiver is granted. (A technical modification to the bill is necessary to ensure that this provision meets the Governor's intent).

Currently, after a family has applied and been found eligible for BadgerCare, DHFS seeks to verify the income and insurance information provided by the family by sending forms to the employers of any working family members. Under this provision, eligibility would not be determined until the employee's income and health insurance information is verified by the employee's employer. It is intended that such verification would not be required for children that are not residing with their parents.

Individuals that have had access to employer-sponsored health care coverage are not eligible to participate in BadgerCare if the employer would have paid at least 80% of the costs of that coverage. Individuals for whom the employer's contribution is less than 80% of the cost of the coverage are eligible if they meet all other eligibility criteria.

Enrollment Period for HIPP. Require an insurer offering a group health benefit plan to allow an employee or an employee's or participant's dependent who is not enrolled but who is eligible for coverage under the terms of the group health benefit plan, to enroll for coverage under the terms of the plan if all of the following apply: (a) the employee or dependent is eligible for benefits under MA or BadgerCare; and (b) DHFS will purchase coverage under the group health benefit plan on behalf of the employee or dependent because it has determined that paying the portion of the premium for which the employee is responsible would not be more costly than providing MA or BadgerCare benefits.

Require an insurer permitting an employee or dependent to enroll in its health plan under this provision to provide for an enrollment period of not less than 30 days, beginning on the date on which DHFS makes its determination to pay the employee's share of the premium.

Specify that these changes first apply to determinations made on the bill's general effective date.

Under HIPP, DHFS may purchase coverage under a group health insurance plan offered by the employer of a member of a family enrolled in BadgerCare if it determines that purchasing that coverage would not be more costly than providing coverage under BadgerCare. BadgerCare would cover the costs of any deductibles, coinsurance, or copayments required of the plan that exceed the amounts required under BadgerCare and any services covered under BadgerCare that are not covered under the group health plan.

Currently, if a family enrolls in BadgerCare and is eligible to participate in HIPP, typically, the family must wait until the group health plan offers an open enrollment period during which the family can enroll. In the mean time, the family receives coverage under BadgerCare. Under this provision, insurers offering group health plans for which BadgerCare enrollees are eligible would be required to enroll the BadgerCare enrollees in their group health plan within 30 days after DHFS determines that it will pay the employee's share of the premium.

Joint Finance/Legislature: Modify the requirement to verify income and insurance coverage as a condition of eligibility to specify that it applies to adults in families enrolled in BadgerCare.

[Act 33 Sections: 1414 thru 1417, 2651, and 9324(1)]

22. BADGERCARE -- PREMIUMS [LFB Paper 394]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	$4,159,600	$782,300	$4,941,900
GPR	- $1,210,900	- $1,325,700	- $2,536,600
FED	- 2,948,800	- 3,322,100	- 6,270,900
PR	4,159,600	782,300	4,941,900
Total	- $100	- $3,865,500	- $3,865,600

Governor: Reduce BadgerCare benefits funding by $1,395,300 (-$406,200 GPR and -$989,100 FED) in 2003-04 and by $2,764,400 (-$804,700 GPR and -$1,959,700 FED) in 2004-05 and increase funding by $1,395,200 PR in 2003-04 and $2,764,400 PR in 2004-05 to reflect the net effect of increasing premiums paid by families enrolled in BadgerCare with income above 150% of the FPL, beginning January 1, 2004. The additional premium revenue would replace current state and federal funding budgeted for benefits, based on the current allocation of program costs for services provided to these families (29% GPR/71% FED).

Beginning January 1, 2004, prohibit DHFS from establishing a premium schedule that would require a family or child participating in BadgerCare with income above 150% of the FPL to contribute more than 5% of the child or family's income towards the cost of care under BadgerCare. Delete the current statutory provisions that authorize DHFS to establish a premium schedule that would require families to contribute no more than 3% of the family's income towards the cost of care under BadgerCare, or 3.5% of the child's or family's income if approved by the Joint Committee on Finance under a 14-day passive approval process.

Define "cost" as total cost-sharing charges, including premiums, copayments, coinsurance, deductibles, enrollment fees, and any other cost-sharing charges. Change the title of the "BadgerCare premiums" PR appropriation to "BadgerCare cost sharing."

Joint Finance/Legislature: Approve the Governor's recommendations, but reduce funding in the bill by $1,659,500 (-$512,400 GPR, -$1,281,900 FED, and $134,800 PR) in 2003-04 and by $2,206,000 (-$813,300 GPR, and -$2,040,200 FED, and $647,500 PR) in 2004-05 and increase PR-REV by $134,800 in 2003-04 and $647,500 in 2004-05 to reflect a reestimate of the provision.

[Act 33 Sections: 460, 1421, and 9424(9)]

23. WISCONCARE AND HOSPITAL ASSESSMENTS [LFB Paper 395]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $1,500,000	$0	- $1,500,000
FED	- 2,106,800	2,106,800	0
Total	- $3,606,800	$2,106,800	- $1,500,000

Governor: Repeal the WisconCare program. Make statutory changes so that $750,000 PR (revenue from hospital assessments) that is currently budgeted for WisconCare would instead fund general MA benefits costs. Reduce MA benefits funding by $750,000 GPR annually to reflect the substitution of this PR funding for MA GPR base funding. [The bill would also reduce MA benefits funding by $1,053,500 FED in 2003-04 and by $1,053,300 FED in 2004-05. However, the amount of federal MA matching funds the state would claim would not change by substituting one state source (GPR) with another (PR)].

Retitle the current PR appropriation that funds WisconCare and graduate medical education payments under MA to "Medical assistance; hospital assessments" instead. Modify the appropriation so that it can be used for all of the same purposes that the GPR budgeted for MA benefits is used. In addition, modify the GPR MA benefits appropriation to reflect that funding in that appropriation is used to fund a portion of MA-related costs.

WisconCare provides primary health care services, including diagnostic, laboratory and x-ray services, prescription drugs, and nonprescription insulin and insulin syringes to individuals: (a) with income no greater than 150% of the federal poverty level; (b) that are employed for less than 25 hours per week; and (c) do not have health care coverage. WisconCare currently operates in 17 counties and serves approximately 200 individuals. In administering the program, DHFS is required to seek a maximum of donated or reduced-rate health care services to support the program, primarily professional services. Most of the funding budgeted for the program supports prescription drugs and the program's administrative costs.

DHFS currently assesses hospitals $1.5 million annually to support WisconCare ($750,000) and to partially offset MA GPR costs of graduate medical education (GME) payments under MA ($750,000). However, a separate item in the bill would eliminate GME payments. Therefore, under the bill, the total amount of hospital assessment revenue ($1.5 million annually) would be used to reduce GPR MA costs, rather than to fund GME payments or WisconCare.

Joint Finance/Legislature: Modify the Governor's recommendations by: (a) increasing MA benefits funding by $1,053,500 FED in 2003-04 and by $1,053,300 FED in 2004-05 to reflect that federal funding claimed under MA would not change by substituting one state source (GPR) with another (PR); and (b) authorizing DHFS to pay outstanding claims related to the WisconCare program in 2003-04 from the PR appropriation that would be renamed under this item.

[Act 33 Sections: 454, 458, 458b, 1111 thru 1114, 1134, 1135, 1166, 1311, 1318, 1328, 1365 thru 1372, 1378, 1404, 1405, 1409, 2062, 9124(10c) and 9424(11d)]

24. MA AND TITLE IV-E ELIGIBILITY -- UNEMPLOYED PARENT RULE

GPR	- $30,000
FED	30,000
Total	$0

Governor/Legislature: Reduce funding by $12,800 GPR in 2003-04 and $17,200 GPR in 2004-05 and increase federal funding by corresponding amounts to reflect a change in the way individuals are determined eligible for MA and Title IV-E funding under criteria related to the former aid to families with dependent children (AFDC) program. This provision: (a) reduces GPR support and increases federal funding by a corresponding amount for the Bureau of Milwaukee Child Welfare ($3,700 in 2003-04 and $5,000 in 2004-05) and state payments for foster care and adoption assistance ($9,100 in 2003-04 and $12,200 in 2004-05); and (b) transfers funding from BadgerCare to MA ($260,100 GPR and $369,000 FED in 2003-04 and $346,300 GPR and $492,500 FED in 2004-05).

Under MA and Title IV-E, the costs of services provided for families with dependent children are eligible for federal cost-sharing if the families meet the eligibility criteria for participation in the former AFDC program, based on the criteria that existed before the program was eliminated in 1996. Under these criteria, families could be eligible for both MA and Title IV-E if the children's parents were considered absent, incapacitated, unemployed, or underemployed and met the income requirements of the program. Under current law, to be considered underemployed, a parent has to work less than 100 hours in the month in which the family applies or in each of the previous two months and is expected to work less than 100 hours in the next month. This item would eliminate this requirement. Therefore, a parent would be considered underemployed if they have income that meets the income eligibility criteria for AFDC and would not be subject to the 100 hour work rule. This requirement only applies to two-parent families.

With this change, more families would meet the Title IV-E and MA AFDC-related eligibility criteria. Consequently, more federal revenue would be available to support costs for the Bureau of Milwaukee Child Welfare and state foster care and adoption assistance payments that are currently funded by GPR. Additionally, since some families that are currently eligible for BadgerCare would instead be eligible for MA, this item transfers funding from the BadgerCare appropriation to MA to reflect this change.

Because DHFS can make this change administratively, no statutory change is required.

25. MA ELIGIBILITY -- WOMEN DIAGNOSED WITH BREAST OR CERVICAL CANCER OR PRECANCEROUS CONDITIONS

GPR	$25,600
FED	62,600
Total	$88,200

Governor/Legislature: Increase MA benefits funding by $28,300 ($8,200 GPR and $20,100 FED) in 2003-04 and by $59,900 ($17,400 GPR and $42,500 FED) in 2004-05 to support the costs of expanding MA eligibility criteria for women diagnosed with breast or cervical cancer. Modify the current eligibility criteria so that: (a) women diagnosed with precancerous conditions of the breast or cervix would be eligible for MA benefits; and (b) women eligible for benefits under a medical program administered by the Indian Health Service or a tribal organization would be eligible for MA under this criteria. These changes would be effective on the bill's general effective date.

Under provisions created in 2001 Wisconsin Act 16, any woman that is diagnosed with breast or cervical cancer through the Wisconsin Well Woman program, who is under 65 years of age, and requires treatment for the cancer, is eligible for MA, based on federal law changes enacted under the federal Breast and Cervical Cancer Prevention and Treatment Act of 2000 (P.L. 106-354). The administration indicates that these changes are necessary to comply with federal laws and regulations that were enacted after P.L. 106-354. Under P.L. 106-354, enhanced federal matching funds are available to support approximately 71% of the costs of services provided to women who meet these qualifications. The amount of the funding increase is based on an assumption that an additional 13 women per year would be eligible for MA with this change. As of May, 2003, there were 111 women enrolled in MA under this eligibility category.

[Act 33 Sections: 1406 thru 1408, and 1410]

26. MA ELIGIBILITY -- DIVESTMENT

GPR	- $441,800
FED	- 620,700
Total	- $1,062,500

Governor/Legislature: Reduce MA benefits funding by $530,800 (-$220,700 GPR and -$310,100 FED) in 2003-04, and by $531,700 (-$221,100 GPR and -$310,600 FED) in 2004-05 to reflect projected savings in MA benefits costs that would result from making changes to the state's divestment policies.

DHFS would implement two policy changes under its current statutory authority. First, DHFS would limit individuals' ability to use annuities to become eligible for MA by treating annuities as a countable asset if there is a market in which the annuity could be sold.

Second, DHFS would ensure that assets transferred to a community spouse are for the sole benefit of the community spouse by: (a) requiring that transfers be arranged in such a way that no individual except the spouse, disabled child, or disabled individual under the age of 65 can, in any way, benefit from the assets transferred either at the time of the transfer or at any time in the future; and (b) requiring that transfers be accomplished through a written instrument of transfer, such as a trust document, which legally binds the parties to a specific course of action and which clearly sets out the conditions under which the transfer was made, as well as who can benefit from the transfer.

27. MA ELIGIBILITY -- IRREVOCABLE BURIAL TRUSTS [LFB Paper 396]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $318,000	$318,000	$0
FED	- 446,600	446,600	0
Total	- $764,600	$764,600	$0

Governor: Reduce MA benefits funding by $764,600 (-$318,000 GPR and -$446,600 FED) in 2004-05 to reflect the projected savings that would result by reducing, from $3,000 to $1,500, the maximum amount of an irrevocable burial trust that is excluded from an individual's assets for the purpose of determining the individual's eligibility for MA. Specify that this provision would take effect January 1, 2004, and would first apply to burial trust agreements entered into on that date.

Joint Finance/Legislature: Delete provision.

28. MA ELIGIBILITY -- SPOUSAL IMPOVERISHMENT ASSET LIMIT

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $184,800	$184,800	$0
FED	- 259,500	259,500	0
Total	- $444,300	$444,300	$0

Governor: Reduce MA benefits funding by $111,000 (-$46,200 GPR and -$64,800 FED) in 2003-04 and by $333,300 (-$138,600 GPR and -$194,700 FED) in 2004-05 to reflect projected cost savings that would result by changing the state's community spouse resource allowance to a single standard of $50,000.

Currently, if a married individual who is in a medical institution or nursing facility or receives long-term care through a community-based program (an "institutionalized spouse") is eligible for MA, and his or her spouse is not in a nursing facility or does not receive long-term care through a community-based program (a "community spouse"), an amount of the couple's assets need not be used to pay for the care of the institutionalized spouse and may be retained by the community spouse. This amount is called the "community spouse resource allowance."

The allowance equals the amount by which the amount of resources otherwise available to the community spouse is exceeded by the greatest of the following: (a) $12,000, increased by the same percentage increase as the increase in the consumer price index between September, 1988 and the September of the year before the calendar year involved; (b) $50,000; (c) the lesser of $60,000, increased by the same percentage as the consumer price index between September, 1988 and the September of the year before the year involved, or one-half of the value of the spouse's assets, determined at the beginning of the institutionalized spouse's institutionalization; (d) the amount established in a fair hearing; or (e) the amount transferred under a court order.

The bill would establish the maximum amount of assets that could be transferred to a community spouse at $50,000. This change would lower the asset limit for couples that have assets greater than $100,000, since these couples can currently transfer up to half of their assets, up to the federal maximum ($90,660 as of January 1, 2003).

The following table compares how the community spouse resource allowance is currently calculated and how it would be calculated under the bill.

Calculation of the Community Spouse Resource Allowance (2003)

	Current Law	Bill
If the Countable Assets of the Couple are:		
$100,000 or less	$50,000	$50,000
Greater than $100,000 but less than $181,320	50% of the total countable assets of the couple	$50,000
$181,320 or more	$90,660	$50,000

Joint Finance/Legislature: Delete provision.

29. MA ELIGIBILITY -- PERSONAL NEEDS ALLOWANCE [LFB Paper 397]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $3,424,800	$3,424,800	$0
FED	- 4,810,300	4,810,300	0
Total	- $8,235,100	$8,235,100	$0

Governor: Reduce MA benefits funding by $4,117,800 (-$1,712,400 GPR and -$2,405,400 FED) in 2003-04 and by $4,117,300 (-$1,712,400 GPR and -$2,404,900 FED) in 2004-05 to reflect projected savings that would result by reducing the personal needs allowance from $45 to $30 per month. Specify that this change would take effect on July 1, 2003, or on the first day of the first month beginning after the bill's publication, whichever is later.

Under federal law, institutionalized individuals whose care is supported by MA must be allowed to retain a minimum of $30 per month to support personal needs expenses. In Wisconsin, many MA enrollees in nursing facilities, intermediate care facilities, hospitals, or other public institutions may retain $45 of unearned income to support their personal needs. These individuals typically "spend down" to qualify for MA support or qualify for MA because their income does not exceed 300% of the federal supplemental security income (SSI) payment level. Other MA enrollees in institutions who receive SSI and have no other sources of income may retain $30 per month for their personal needs.

Joint Finance/Legislature: Delete provision.

30. MA PAYMENTS -- HOSPITAL PAYMENTS FOR MILWAUKEE COUNTY GENERAL ASSISTANCE MEDICAL PROGRAM

FED	$3,000,000
PR	2,139,400
Total	$5,139,400

Joint Finance/Legislature: Provide $2,139,400 PR and $3,000,000 FED in 2004-05 to reflect an increase in the amount that DHFS may receive from Milwaukee County as an intergovernmental transfer (IGT) for Milwaukee County's general assistance medical program (GAMP).

Under current law, DHFS is authorized to receive $4,660,000 annually from Milwaukee County as an IGT payment. This revenue is deposited in a PR appropriation in DHFS and matched with federal MA funds (approximately $6.5 million) and distributed to eligible hospitals in Milwaukee County as reimbursement for services provided by the hospitals and originally paid under GAMP. These hospitals then reimburse Milwaukee County for any payments made under GAMP.

Under this provision, the amount that DHFS may receive, as IGT from Milwaukee County, would increase to $6,799,400 PR, beginning in 2004-05. It is estimated that federal funds available as match to this revenue could total approximately $9.5 million, beginning in 2004-05 annually.

The amount of federal funds that would be available would depend on the amount of payments originally paid to these hospitals under GAMP. Therefore, before DHFS can use the IGT funds to match federal funds, it must first verify that sufficient payments were made to eligible hospitals under GAMP. Additionally, this increase is subject to federal approval as an amendment to the state's MA plan.

Health Care Financing -- Nursing Homes

1. NURSING HOME RATE INCREASES AND BED ASSESSMENT [LFB Paper 400]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg)	Net Change
SEG-REV	$87,436,700	- $32,794,900	$15,593,200	$0	$70,235,000
GPR	- $8,119,300	$7,959,200	$0	- $7,959,200	- $8,119,300
FED	57,059,100	22,321,300	7,956,100	- 11,167,500	76,169,000
SEG	101,603,800	- 44,895,900	5,670,700	0	62,378,600
PR	7,999,600	- 178,300	0	0	7,821,300
Total	$158,543,200	- $14,793,700	$13,626,800	- $19,126,700	$138,249,600

Governor: Provide $72,903,300 (-$12,124,400 GPR, $29,080,400 FED, $4,176,000 PR, and $51,771,300 SEG) in 2003-04 and $85,639,900 ($4,005,100 GPR, $27,978,700 FED, $3,823,600 PR, and $49,832,500 SEG) in 2004-05 to reflect the net effect of: (a) increasing MA reimbursement to nursing homes; and (b) substituting GPR MA base funding with additional segregated revenue from the MA trust fund the state would collect by modifying the nursing home bed assessment.

Funding Changes

Nursing Home Rate Increases. Provide $13,011,300 SEG in 2003-04 and $25,651,500 SEG in 2004-05 to increase nursing home rates by approximately 3.3% in 2003-04 and by an additional 3.3% in 2004-05. (The federal matching funds relating to this item, $18,277,100 FED in 2003-04 and $36,025,600 FED in 2004-05, are not included in the bill.)

Pay Back Facilities for Assessment Increase. Provide $49,782,300 ($20,702,000 SEG and $29,080,400 FED) in 2003-04 and $47,931,300 ($19,952,600 SEG and $27,978,700 FED) in 2004-05 to increase reimbursement to facilities to partially offset the additional costs they would incur to pay the assessments.

Increase Funding for State Centers. Provide $4,176,000 PR in 2003-04 and $3,823,600 PR in 2004-05 to increase funding for the state centers for the developmentally disabled to pay the proposed increase in the bed assessment.

Substitute GPR MA Base Funding with SEG Funding. Reduce MA base funding by $12,124,400 GPR and increase MA base funding by $12,124,400 SEG in 2003-04 and increase MA base funding by $4,005,100 GPR and decrease MA base funding by $4,005,100 SEG in 2004-05 to use a portion of the additional revenue that would result by increasing the bed assessment to reduce GPR-funded MA benefits costs.

Increase SEG Funding for MA Benefits. Provide $5,933,600 SEG in 2003-04 and $8,233,500 SEG in 2004-05 to increase MA benefits funding. (This funding increase, which equals the administration's estimate of reduced revenues that the state will receive under the current nursing home IGT program, was inadvertently included in the bill.)

Revenue Effect. Increase estimates of revenue that would be deposited to the MA trust fund by $45,837,700 in 2003-04 and by $41,599,000 in 2004-05, which includes: (a) increases in revenue to the MA trust fund from the bed assessment ($51,771,300 in 2003-04 and $49,832,500 in 2004-05) and; (b) a reduction in estimated claims the state would make under the nursing home intergovernmental transfer (IGT) program (-$5,933,600 in 2003-04 and -$8,233,500 in 2004-05).

Statutory Changes

Increase Bed Assessment Revenue. Expand the current assessment on occupied, licensed beds of nursing homes and facilities to apply the assessments to all licensed beds, including beds occupied by residents whose costs are paid under the federal Medicare program. Repeal the current provision that exempts state- and federally-owned and operated facilities from the assessment. Specify that the number of licensed beds in a nursing home includes any number of beds that have been delicensed but not deducted from the nursing home's licensed bed capacity.

Increase the assessment on nursing home beds from $32 per month to $116 per month and on ICF-MR beds from $100 per month to $435 per month in 2003-04 and to $445 per month in 2004-05.

Deposit Assessment Revenue to the MA Trust Fund. Provide that all revenue collected from the assessment in excess of $14,300,000 in 2003-04 and in excess of $13,800,000 in 2004-05 would be deposited to the MA trust fund. As under current law, the rest would be deposited to the general fund. Specify that, beginning July 1, 2005, in each fiscal year, 45% of the total revenue from the assessments would be deposited to the MA trust fund. Currently, all revenue from the assessment is deposited to the general fund.

Rules. Require DHFS to submit proposed rules relating to these provisions to the staff of the Legislative Council by the first day of the fourth month beginning after the bill's general effective date. Authorize DHFS to promulgate the rules as emergency rules without making a finding that an emergency exists.

Initial Applicability. Specify that these changes would first apply to assessments that are due on the first day of the second full calendar month after the bill's general effective date.

Joint Finance: Decrease funding by $12,827,900 ($2,729,500 GPR, $3,661,700 FED, -$19,067,700 SEG, and -$151,400 PR) in 2003-04 and by $1,965,800 ($5,229,700 GPR, $18,659,600 FED, -$25,828,200 SEG, and -$26,900 PR) in 2004-05 and reduce estimated revenue to the MA trust fund by $16,629,000 in 2003-04 and by $16,165,900 in 2004-05 to reflect the following modifications.

Nursing Home Rate Increase and Payback to Facilities. Reduce funding by $6,742,900 ($2,729,500 GPR, $3,661,700 FED, and -$13,134,100 SEG) in 2003-04 and increase funding by $6,294,600 ($5,229,700 GPR, $18,659,600 FED, and -$17,594,700 SEG) in 2004-05 to: (a) support a 3.2% nursing home rate increase in 2003-04 and an additional 3.2% increase in 2004-05; and (b) reflect reestimates of reimbursements to facilities to offset the additional costs of the bed assessment.

Assessment Amount. Reduce the amount of the assessment on all licensed nursing facility beds from $116 per month, as recommended by the Governor, to $75 per month.

Funding for State Centers. Decrease funding for the state centers for the developmentally disabled by $151,400 PR in 2003-04 and by $26,900 PR in 2004-05 to reflect a reestimate of the costs the centers would incur in paying the assessment.

SEG Funding for MA Benefits. Delete $5,933,600 SEG in 2003-04 and $8,233,500 SEG in 2004-05 that was inadvertently included in the bill and represents the administration's estimates of reduced revenues that the state would receive under the nursing home IGT program.

Statutory Changes

Waiver Request and Report. Require DHFS to develop and submit to the Joint Finance Committee, within 60 days of enactment of the bill: (a) a waiver proposal that would exempt certain facilities with a high proportion of private-pay residents or MA-supported residents from the bed assessment; and (b) a report on the feasibility of exempting private-pay residents from the bed assessment.

Initial Applicability. Specify that the bed assessment would first be effective on July 1, 2003, rather than on the first day of the second full calendar month after the bill's general effective date.

Senate/Legislature: Provide an additional $4,109,300 ($1,708,800 SEG and $2,400,500 FED) in 2003-04 and $9,517,500 ($3,961,900 SEG and $5,555,600 FED) in 2004-05 and increase estimated revenues to the MA trust fund by $6,889,600 in 2003-04 and by $8,703,600 in 2004-05 to: (a) reflect revised estimates of the costs of funding a 3.2% annual increase in nursing home rates in the 2003-05 biennium; and (b) eliminate the double-counting of the loss of intergovernmental transfer (IGT) revenues as a result of the nursing home bed assessment and rate increase.

The increase in estimated revenues to the MA trust fund represents the sum of an increase in current nursing home IGT claiming ($2,105,100 in 2003-04 and $1,839,900 in 2004-05) and an increase in nursing home bed assessment revenues ($4,784,500 in 2003-04 and $6,863,700 in 2004-05).

Provide a refundable income tax credit for nursing home residents who pay the bed assessment. The tax credit would be allowed on $43 per month (the difference between $75 and $32) and would first be available for tax year 2003 for bed assessments paid on or after July 1, 2003. The credit would be paid through a sum-sufficient GPR appropriation at an estimated cost of $2,200,000 in 2003-04 and $4,400,000 in 2004-05. [The fiscal effect of this item is summarized under "General Fund Taxes."]

Veto by Governor [C-9 and C-10]: Delete the GPR funding added by the Legislature to support a portion of the rate increase by reducing the MA benefits appropriation by $2,729,500 GPR in 2003-04 and by $5,229,700 GPR in 2004-05. Federal MA benefits funding is estimated to decrease by $3,834,200 in 2003-04 and $7,333,300 in 2004-05 because of this partial veto. The administration estimates that the remaining funding budgeted for nursing home rate increases would support rate increases of approximately 2.6% per year.

In addition, delete the Senate provision that would have provided a refundable income tax credit for nursing home residents who pay the bed assessment. [The fiscal effect of the Governor's partial veto is summarized under "General Fund Taxes."]

Finally, the Governor's partial veto deletes the provision relating to the waiver request and report.

[Act 33 Sections: 866, 1476 thru 1481, 9124(3)&(11pd), 9324(4), and 9424(11pd)]

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.435(4)(b) and 20.835(2)(e)), 666m, 1580r thru 1580w, 9124(11k), 9124(11p), 9345(4f), and 9445(3f)]

2. REDUCE NURSING HOME SUPPLEMENTAL PAYMENTS

FED	- $46,730,000
SEG	- 33,270,000
Total	- $80,000,000

Governor/Legislature: Reduce MA benefits funding by $40,000,00 (-$16,634,000 SEG and -$23,366,000 FED) in 2003-04 and by $40,000,000 (-$16,636,000 SEG and -$23,364,000 FED) in 2004-05 to reduce supplemental payments to county- and municipally-operated nursing homes.

Under current law, if the state receives less than one dollar of federal matching funds based on intergovernmental transfers (IGT funds) in a state fiscal year, DHFS is limited to distributing $37,100,000 in supplemental payments to county- and municipally-operated homes in that year. However, if the state receives at least one dollar of IGT revenues, DHFS may distribute up to $77,100,000 in supplemental payments in that year. This provision would: (a) reduce supplemental payment levels to a maximum of $37,100,000 annually, regardless of the amount of IGT revenues collected in any year, beginning July 1, 2003; and (b) allow supplemental payments to be made to care management organizations, in addition to county- and municipally-operated nursing facilities. These changes would be take effect retroactively to July 1, 2003.

[Act 33 Sections: 1363, 1364, and 9424(7)]

3. NURSING HOMES -- LABOR REGION ADJUSTMENT [LFB Paper 401]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- $600,400	$600,400	$0
SEG	- 427,400	427,400	0
Total	- $1,027,800	$1,027,800	$0

Governor: Reduce MA benefits funding by $513,900 (-$213,700 SEG from the MA trust fund and -$300,200 FED) annually to reflect the projected savings that would result by eliminating the requirement that DHFS use the Medicare hospital cost index to calculate the labor region adjustment for nursing homes in St. Croix, Douglas, and Pierce Counties. Specify that this change would take effect retroactively to July 1, 2003. The current requirement was enacted as part of 2001 Wisconsin Act 109 and first applied to 2002-03 MA payments to nursing homes in those three counties.

Under current law, DHFS is required to establish standards for payment of allowable direct care costs that are based on direct care costs for all facilities, as adjusted to reflect regional labor cost variations. Currently, DHFS is required to use, for all facilities in the state -- with the exception of facilities in St. Croix, Douglas, and Pierce Counties -- a labor region adjustment that uses the Medicare labor region designations, weighted to MA patient day costs, based on Wisconsin facility-specific average wages, excluding county-owned nursing homes. Nursing homes in St. Croix, Douglas, and Pierce Counties have a labor region adjustment to their allowable direct care costs that is based on the Medicare hospital cost index.

Joint Finance/Legislature: Delete provision, but add a reference to MA payments for allowable direct care costs.

[Act 33 Section: 1346d]

4. NURSING HOME REIMBURSEMENT METHODS

Governor: Make the following statutory changes to the methods DHFS uses to reimburse nursing homes for the care they provide to MA enrollees.

Pay Nursing Homes on a Flat-Rate Basis for Certain Costs. Beginning on the bill's general effective date, require DHFS to make a flat-rate payment for nursing home costs, as determined by DHFS, for personal comfort supplies and allowable support service costs.

Beginning July 1, 2004, require DHFS to make a flat-rate payment for: (a) personal comfort supplies; (b) medical supplies; (c) over-the-counter drugs; and (d) nonbillable services of a ward clerk, activity person, recreation person, social worker, volunteer coordinator, teacher for residents aged 22 and older, vocational counselor for residents aged 22 and older, religious person, therapy aide, therapy assistant, and counselor on resident living; and (e) allowable fuel and utility costs, including electrical, water and sewer services, and heat.

Combine Current Cost Centers. Effective July 1, 2004, combine three separate cost centers -- support services, fuel and utilities, and administrative/general -- into a single cost center. After July 1, 2004, DHFS would make cost-based payments for the following cost centers: (a) nonbillable services provided by registered nurses, licensed practical nurses, and nurse's assistants; (b) property tax or municipal services; (c) interest expenses; and (d) capital payments.

Cost Center for Property Taxes and Municipal Services. Repeal the current definition of "net property tax," which is defined as the property tax from which the Wisconsin property tax credit has been deducted. Specify that this cost center would be the property tax or municipal service costs paid by the owner of the facility for the facility, rather than the net property tax or allowable municipal service costs incurred by the owner of the facility for the facility, as provided under current law.

Use of Most Recently Completed Cost Reports. Require DHFS to base rates on information from cost reports for the most recently completed fiscal year of the facility and delete obsolete references to the use of cost reports in previous fiscal years.

Calculation of Payment Rates. Require DHFS to calculate a payment rate for a facility by applying criteria set forth under the remaining cost centers to information from cost reports submitted by the facility, as affected by any adjustment for ancillary services and materials.

These statutory changes are intended to simplify the nursing home cost center reimbursement formula to reflect a transition from a cost-based system to a flat-rate system for certain costs. Currently, DHFS establishes a single rate for each nursing facility based on seven different cost centers -- direct care, support services, administrative and general expenses, fuel and utilities, property taxes, capital costs, and over-the-counter drugs. DHFS staff determine the nursing home-specific rates based on information contained in cost reports that are submitted annually by nursing facilities.

Joint Finance/Legislature: Adopt the Governor's recommendations, except alter the nursing home formula to ensure that the same proportionate share of nursing home funding that is allocated to support the direct care cost center in 2002-03 would be maintained under the proposed reimbursement formula.

Veto by Governor [C-9]: Delete the provision that would require that the same proportionate share of nursing home funding that is allocated to support the direct care cost center in 2002-03 would be maintained under the proposed reimbursement formula.

[Act 33 Sections: 1327, 1329 thru 1359, and 9424(6)&(7)]

[Act 33 Vetoed Sections: 1333d and 9424(7)]

5. REDUCE USE OF NURSING HOMES FOR THE PROVISION OF LONG-TERM CARE

[LFB Paper 379]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	$3,016,400	0.50	- $3,016,400	- 0.50	$0	0.00
PR	105,700	0.50	- 105,700	- 0.50	0	0.00
SEG	2,177,900	0.00	- 2,177,900	0.00	0	0.00
Total	$5,300,000	1.00	- $5,300,000	- 1.00	$0	0.00

Governor: Provide $1,756,300 ($722,400 SEG, $1,002,100 FED, and $31,800 PR) in 2003-04 and $3,543,700 ($1,455,500 SEG, $2,014,300 FED, and $73,900 PR) in 2004-05 and 1.0 position (0.5 FED position and 0.5 PR position), beginning in 2003-04, to improve access to community-based, long-term care for elderly, physically disabled, and brain-injured nursing home residents and to provide an incentive for nursing homes to engage in phase-down and relocation activities.

County Funding Allotments. Provide one-time funding for eligible nursing homes that agree to reduce the number of their licensed beds ($690,600 SEG and $970,300 FED in 2003-04 and $1,381,600 SEG and $1,940,400 FED in 2004-05).

Quality Assurance and DHFS Staff. Provide funding to support: (a) a contracted quality assurance position in the Bureau of Developmental Disabilities Services, beginning in 2003-04, to provide oversight to the waiver programs ($13,100 SEG and $13,100 FED in 2003-04, and $52,300 SEG and $52,300 FED in 2004-05); and (b) 1.0 budget and policy analyst position (0.5 GPR position and 0.5 FED position) and associated supplies and services funding to conduct activities relating to reducing the use of nursing homes for the provision of long-term care ($18,700 FED, $31,800 PR, and $18,700 SEG in 2003-04, and $21,600 FED, $73,900 PR, and $21,600 SEG in 2004-05).

Joint Finance/Legislature: Delete provision. However, specify that if, before July 1, 2005, sufficient federal MA funds are available to support this item at the funding level recommended by the Governor, DHFS would be required to report this to the Legislature and include any proposed legislation to implement this item.

Veto by Governor [C-7]: Delete the requirement that DHFS report to the Legislature if sufficient federal MA funds are available to support this item at the funding level recommended by the Governor.

[Act 33 Vetoed Section: 9124(11f)]

6. LIMIT PLACEMENT OF INDIVIDUALS WITH DEVELOPMENTAL DISABILITIES IN ICFS-MR AND NURSING HOMES [LFB Paper 402]

	Funding	Positions
GPR	- $385,100	0.50
FED	673,200	0.50
Total	$1,058,300	1.00

Governor: Reduce funding by $53,800 GPR in 2003-04 and increase funding by $1,112,100 ($438,900 GPR and $673,200 FED) in 2004-05 and provide 1.0 position (0.5 GPR position and 0.5 FED position), beginning in 2004-05, to reflect the net fiscal effect of the Governor's proposal to increase access to community-based, long-term care for individuals with developmental disabilities and to provide an incentive for intermediate care facilities for the mentally retarded (ICFs-MR) to reduce the number of their licensed beds.

Statutory Changes

Restrict Institutional Admissions. Prohibit a person from placing an individual with a developmental disability in an ICF-MR, and prohibit an ICF-MR from admitting an individual, unless, before the placement or admission, a court finds that the placement under a plan for home or community-based care is not in the individual's best interests. Require an ICF-MR, within five days after receiving an application for an admission, to notify the county department of the applicant's residence concerning the application.

Provide that if DHFS or an entity determines from a screen that an individual requires active treatment for developmental disability, no individual may be placed in a nursing facility, and no nursing facility may admit the individual, unless it is determined from the screening that the individual's need for care cannot fully be met in an ICF-MR or under a plan for home and community-based care.

Specify that these provisions would not apply to emergency placements and temporary placements.

Require a county department that participates in CIP IB to develop a plan for providing home or community-based care to an individual in a noninstitutional community setting under any of the following circumstances: (a) within 90 days after it is determined that the level of care required by a resident that is provided by a facility could be provided in an ICF-MR or under the home or community-based care plan; (b) within 90 days after the county receives notice of an application for an admission to an ICF-MR; (c) within 90 days after a proposal is made to place the individual in an ICF-MR or nursing facility; (d) within 90 days after receiving a written notice of the placement of the individual in a nursing home or ICF-MR; or (e) within 60 days after extension of a temporary placement order.

Modify current provisions regarding preadmission screenings to specify that if DHFS or an entity determines that an individual requires active treatment for a developmental disability, DHFS or the entity would determine whether the level of care required by the individual that is provided by a nursing facility could be provided safely in an ICF-MR or under the plan for home-or community-based care.

County Liability for Non-Federal Care Costs. Modify current statutes that require a county to pay a portion of the costs of services provided to individuals at the intensive treatment programs (ITPs) at the state centers for the developmentally disabled to instead require a county to provide the portion of payment that is not provided by the federal government for ITP services, as well as for services in ICFs-MR other than the state centers and for permissible services that are provided in nursing facilities. Specify that counties would be required to make this payment for these services unless the individual who receives services is protectively placed or is under an emergency or temporary placement.

These provisions would only apply if an individual was placed in, or admitted to, a nursing home or ICF-MR after the placing board considered a plan for home or community care and rejected the plan or found it would not meet the person's needs.

Petitions for Placements. Require a court to notify the appropriate county department to develop a plan for home and community care for a person who is about to be protectively placed. Require a court to request a statement or testimony from the county department as to whether the individual's needs could be met in a noninstitutional setting. Provide that, if the county board proposes to place an individual who has a developmental disability in an ICF-MR or nursing facility under a protective placement order, the county would be required to develop a home or community-based care plan and furnish the plan to the county board or agency and to the individual's guardian. Require the county board or agency to place the individual in a noninstitutional community setting in accord with the plan unless the court finds that to do so is not in the individual's best interests. Provide that, if the individual or the individual's guardian rejects the plan, the court must consider the rejection in determining whether or not the placement is in the individual's best interests. Finally, permit a court to extend a temporary placement up to 60 days to allow a county to develop a plan of community care.

Initial Applicability and Effective Dates. These provisions would first apply to preadmission screenings and resident reviews performed, petitions for protective placements filed, transfers of protectively placed individuals, annual reviews of protectively placed individuals, temporary protective placements, and services provided by counties on April 1, 2004.

The provisions relating to placements and admissions to ICFs-MR and nursing facilities would take effect on January 1, 2004.

Funding Changes

County Funding Allotments. Provide $375,800 ($156,300 GPR and $219,500 FED) in 2004-05 to provide counties funding amounts equal to the MA fee-for-service costs for institutional services to individuals with developmental disabilities in ICFs-MR and nursing homes, which counties could use to either continue to pay for institutional care or community-based services under the CIP IB program.

CIP IB Slots. Provide $341,900 ($142,200 GPR and $199,700 FED) in 2004-05 to support 25 additional CIP IB slots in 2004-05, which would be administered separately from other CIP IB slots and would be distributed to counties to address community placement needs arising from the denial of new ICF-MR admissions not matched by decreases in institutional users, and the relocation of individuals with developmental disabilities who live in nursing homes.

ICF-MR Incentives. Provide $355,600 ($147,900 GPR and $207,700 FED) in 2004-05 to provide as incentive payments to ICFs-MR that enter into phase-down agreements with DHFS in the biennium.

Staff. Provide $42,600 ($21,300 GPR and $21,300 FED) in 2004-05 to fund 1.0 contract specialist, beginning in 2004-05 to implement this proposal.

Information Systems. Provide $50,000 ($25,000 GPR and $25,000 FED) in 2004-05 to fund information systems changes that would enable staff to identify the county of residence and responsibility for all MA eligible individuals who seek admission to either ICFs-MR or nursing homes.

Eliminate Funding for Services Provided to the Former Residents of the Christian League for the Handicapped. Delete $53,800 GPR annually that DHFS currently provides to Walworth County to support community-based services for individuals who formally resided at the Christian League for the Handicapped in Walworth County on the date that facility ended its participation in the MA program. However, the bill would not repeal the current statutory provision that requires DHFS to pay the county $53,800 annually for services it provides to these individuals.

Joint Finance/Legislature: Modify the Governor's recommendations by: (a) repealing the statutory requirement that DHFS make payments for services for individuals that were formerly served by the Christian League for the Handicapped; (b) establishing an effective date of January 1, 2005, rather than January 1, 2004, to be consistent with the funding the Governor recommended for this item; (c) delaying the initial applicability dates relating to preadmission screenings, resident reviews, petitions for protective placements, transfers, annual reviews, and county services from April 1, 2004, to May 1, 2005, and for extension of temporary protective placements from April 1, 2004, to April 1, 2005; (d) extending from 90 days to 120 days specified periods by which county departments would be required to develop a plan for providing home- and community-based care to individuals in a noninstitutional setting; (e) requiring that a court must use "the most integrated setting appropriate to the needs of the individual, taking into account information presented by all affected parties" rather than the "in the individual's best interest" standard with respect to these provisions; and (f) defining "most integrated setting" as a setting that enables an individual to interact with persons without developmental disabilities to the fullest extent possible.

In addition, require DHFS to contract with a public or private agency to develop a long-term care plan, rather than require a county department to develop such a plan, for residents identified in the contract, who: (a) reside in a county with a population of less than 100,000 in which two intermediate care facilities that are licensed as nonprofit organizations and are exempt from federal income taxation are located; and (b) are placed in, or proposed to be placed in, an intermediate care facility described above that has agreed to reduce its licensed bed capacity to an extent and according to a schedule acceptable to the facility and the department.

Specify that DHFS would be responsible for the non-federal share of ICF-MR, nursing home, and intensive treatment program costs for certain MA-eligible individuals with developmental disabilities described in (a) and (b) above, according to provisions in the contract.

[Act 33 Sections: 1131, 1132, 1159c, 1321 thru 1326, 1383 thru 1388, 1401, 1402, 1504 thru 1515, 9324(5) thru (9),(11), and 9424(5)]

7. KILBOURN CARE CENTER -- SUPPLEMENTAL PAYMENTS

Senate/Legislature: Require DHFS to allocate $405,100 GPR in 2003-04 and $405,500 GPR in 2004-05 from funding budgeted in the MA benefits appropriation as a payment to Milwaukee County to support a two-year demonstration project that involves a nursing facility that: (a) has between 80 and 90 licensed beds; (b) has at least 90% of its residents supported by MA; and (c) is located in the City of Milwaukee. Kilbourn Care Center would likely meet all of these criteria.

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

[Act 33 Vetoed Section: 9124(13k)]

Health Care Financing -- Administration

1. MA CONTRACTS AND CARES FUNDING

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$6,312,200	- $1,823,300	$4,488,900
FED	11,341,600	- 1,823,300	9,518,300
PR	5,312,000	0	5,312,000
Total	$22,965,800	- $3,646,600	$19,319,200

Governor: Provide $10,135,800 ($2,652,000 GPR, $4,977,800 FED, and $2,506,000 PR) in 2003-04, and $12,830,000 ($3,660,200 GPR, $6,363,800 FED, and $2,806,000 PR) in 2004-05 to fund projected increases in the cost of MA contracts and the client assistance for re-employment and economic support system (CARES). Further, authorize DHFS to pay administrative contract costs of the food stamps program from the GPR- and FED-funded MA contracts administration appropriations.

Administration Contracts. Provide $4,460,400 ($938,400 GPR and $3,522,000 FED) in 2003-04 and $6,219,700 ($1,585,000 GPR and $4,634,700 FED) in 2004-05 to support the MA fiscal agent contract and other MA administration contracts.

CARES. Provide $3,026,900 ($616,500 GPR, $510,800 FED, and $1,899,600 PR) in 2003-04 and $3,812,500 ($1,074,600 GPR, $861,800 FED, and $1,876,100 PR) in 2004-05 to support administration of the CARES system. CARES determines eligibility for the MA, BadgerCare, SSI Caretaker Supplement, Family Care, SeniorCare, W-2, and child care programs. CARES costs are comprised of direct and cost-allocated charges, the latter of which are allocated among the supported programs according to the number of recipients in the program.

SeniorCare. Provide $2,500,000 ($585,600 GPR, $498,500 FED, and $1,415,900 PR) in 2003-04 and $2,589,200 ($606,600 GPR, $516,400 FED, and $1,466,200 PR) in 2004-05 to support administrative costs for SeniorCare. In addition, provide $100 ($437,300 GPR, $372,300 FED, and -$809,500 PR) in 2003-04 and provide $0 ($289,700 GPR, $246,600 FED, and -$536,300 PR) in 2004-05 to reflect a decrease in program revenues generated from enrollee fees that support administrative costs for SeniorCare.

Family Planning Waiver. Provide $148,400 ($74,200 GPR and $74,200 FED) in 2003-04 and $208,600 ($104,300 GPR and $104,300 FED) in 2004-05 to support the administrative costs of the family planning waiver program. In June, 2002, DHFS received federal approval to provide MA family planning benefits to women between the ages 15 and 44 years with countable income below 185% of the federal poverty level. The program went into effect on January 1, 2003.

Joint Finance/Legislature: Reduce funding for MA and BadgerCare contract costs by $1,221,800 (-$610,900 GPR and -$610,900 FED) in 2003-04 and by $2,424,800 (-$1,212,400 GPR and -$1,212,400 FED) in 2004-05.

[Act 33 Sections: 455, 461, and 463]

2. INCOME MAINTENANCE -- FUNDING [LFB Paper 405]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $10,144,100	$1,822,300	- $8,321,800
FED	- 10,144,100	6,042,300	- 4,101,800
Total	- $20,288,200	$7,864,600	- $12,423,600

Governor: Reduce funding by $6,823,200 (-$3,411,600 GPR and -$3,411,600 FED) in 2003-04 and by $13,465,000 (-$6,732,500 GPR and -$6,732,500 FED) in 2004-05 to reflect the net effect of three items relating to funding the state provides to counties to support income maintenance function. "Income maintenance" refers to eligibility management functions associated with federal entitlement programs such as MA, food stamps, the SSI caretaker supplement, and burial and cemetery aids.

Eligibility Determination Processing Changes. Reduce funding by $1,759,800 (-$879,900 GPR and -$879,900 FED) in 2003-04 and by $3,519,600 (-$1,759,800 GPR and -$1,759,800 FED) in 2004-05 to reflect projected savings that would result by implementing the following changes in processing eligibility determinations: (a) reducing verification requirements; (b) reducing the frequency of eligibility reviews; (c) improving access to automated tools for internet, mail, and phone contacts; and (d) amending change reporting requirements. Beginning in calendar year 2004, DHFS would reduce county income maintenance contracts by approximately $24 per managed case to reflect projected savings due to simplifying the eligibility determination process.

Transfer Most MA-Only Cases to the State. Reduce funding by $5,241,200 (-$2,620,600 GPR and -$2,620,600 FED in 2003-04 and by $10,482,200 (-$5,241,100 GPR and -$5,241,100 FED) to reflect estimated savings that would result by transferring 75% of the MA-only caseload (approximately 90,000 cases) from local income maintenance agencies to the central state processing center. This administration estimates that this change would reduce the average cost of processing these cases from approximately $242 per case to $126 per case. Beginning in calendar year 2004, DHFS would reduce county income maintenance contracts by approximately $242 per case that is transferred to the central state processing center.

Rate Increase. Increase funding by $177,800 ($88,900 GPR and $88,900 FED) in 2003-04 and by $536,800 ($268,400 GPR and $268,400 FED) in 2004-05 to fund a 2% annual rate increase to the county income maintenance contracts in calendar year 2004 and 2005 after accounting for allocation reductions due to the proposed processing changes and the transfer of MA-only cases to the state.

Joint Finance/Legislature: Delete provision. Instead, increase funding in the bill by $3,361,500 ($563,500 GPR and $2,798,000 FED) in 2003-04 and $4,503,100 ($1,258,800 GPR and $3,244,300 FED) in 2004-05 to reflect the following changes to the base funding for income maintenance functions.

Federal Funding Reestimate. Delete $1,198,600 GPR and provide $1,198,600 FED in 2003-04 and delete $1,187,800 GPR and provide $1,187,800 FED in 2004-05 to reflect the higher federal matching rate that DHFS has been able to claim for administrative costs related to BadgerCare.

Workload Reduction Change. Reduce funding by $5,171,900 (-$2,491,200 GPR and -$2,680,700 FED) in 2003-04 and by $12,278,900 (-$5,919,800 GPR and -$6,359,100 FED) in 2004-05 to reflect projected savings that would result from implementing a number of policy, process, and CARES changes that are intended to reduce workload for counties and tribes.

Central Change Centers. Reduce funding by $338,500 (-$162,800 GPR and -$175,700 FED) in 2003-04 and by $683,800 (-$328,200 GPR and -$355,600 FED) in 2004-05 to reflect savings from using a central change reporting center model. Counties could purchase these services from either the state processing center or from the other three counties that operate change centers, or counties could implement changes in their own system to internally achieve these savings. Currently, IM caseworkers handle applications for programs, perform the regular case reviews, and input changes in clients' information into CARES. Dane and Milwaukee Counties currently operate reporting centers and La Crosse County expects to implement a center in 2003.

Increase IM Allocations. Provide $2,148,700 ($1,054,500 GPR and $1,094,200 FED) in 2003-04 and $4,200,800 ($2,062,100 GPR and $2,138,700 FED) in 2004-05 to increase county and tribes' IM allocations, beginning in January, 2004.

State Operations. Reduce funding by $100,000 (-$50,000 GPR and -$50,000 FED) in 2003-04 and by $200,000 (-$100,000 GPR and -$100,000 FED) in 2004-05 for DHFS operations funding to reflect the automation of a portion of the CARES case directory. Currently, the case directory is mailed to the IM agencies, but sending it electronically would save shipping costs.

3. TRANSFER INCOME MAINTENANCE FUNCTIONS

GPR	$9,100,400

Governor/Legislature: Make the following changes to the state's program to reimburse counties for cemetery, funeral, and burial expenses for indigent decedents and the administration of income maintenance programs.

Cemetery, Funeral, and Burial Program. Provide $4,550,200 annually to reflect the transfer, from DWD to DHFS, of funding to support cemetery, burial, and funeral services for deceased individuals who received W-2, supplemental security income (SSI), or MA benefits and have insufficient funds in their estate to cover these costs. Reduce funding budgeted in DWD by the same amount. Authorize DHFS to make payments to counties and tribes to support these costs from the current GPR appropriation that supports county income maintenance activities, and delete references to these costs from the DWD appropriation that supports W-2 administration and benefits.

Income Maintenance Program. Expand the definition of the state's "income maintenance program" to include the cemetery, funeral, and burial program. Clarify that DHFS, rather than DWD, may adjust reimbursement for income maintenance programs for workload changes and computer network activities performed by a county or tribe and may reduce the amount of the reimbursement if federal reimbursement is withheld due to audits, quality control samples, or program reviews. Permit DHFS, under the income maintenance contract, to delegate all or any portion of the eligibility determination function to counties or tribal governing bodies. Currently, DHFS is required to delegate this function to counties and tribal governing bodies.

Specify that all DWD rules that are primarily related to competency standards, including training requirements, for income maintenance workers and that are in effect on the bill's general effective date are transferred to DHFS and remain in effect until their specified expiration dates or until amended or repealed by DHFS.

[Act 33 Sections: 456, 462, 622, 1092, 1105 thru 1108, 1288, 1302 thru 1310, 1313, 1315, 1316, 1377, 1389, 1412, 1450, 1516, 2420, and 9159(1)]

4. FOOD STAMPS [LFB Paper 406]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$0	$14,300	$14,300
GPR	- $571,100	$315,900	- $255,200
FED	3,678,100	338,200	4,016,300
PR	- 4,855,500	0	- 4,855,500
Total	- $1,748,500	$654,100	- $1,094,400

Governor: Provide $189,700 (-$371,800 GPR, $2,938,600 FED, and -$2,377,100 PR) in 2003-04 and reduce funding by $1,938,200 (-$199,300 GPR, $739,500 FED, and -$2,478,400 PR) in 2004-05 to reflect the net effect of several changes in the funding for food stamps benefits and administration costs.

Benefits to Immigrants. Reduce funding by $625,000 GPR in 2003-04 and $561,900 GPR in 2004-05 to reflect a projected decrease in state-funded benefits for qualified immigrants due to a recent federal law change that made certain immigrant groups eligible for federally-funded benefits. This GPR funding is currently used to meet a portion of the state's TANF maintenance-of-effort requirement.

Reinvestment Plan. Provide $308,300 ($2,685,400 FED and -$2,377,100 PR) in 2003-04 and reduce funding by $2,101,500 ($376,900 FED and -$2,478,400 PR) in 2004-05 to fund activities approved by the U.S. Department of Agriculture to reduce the state's food stamp payment error rate as an alternative to paying federal sanctions. The federal amounts would be funded with income augmentation revenues.

Contract Costs. Provide $506,400 ($253,200 GPR and $253,200 FED) in 2003-04 and $725,200 ($362,600 GPR and $362,600 FED) in 2004-05 to fund projected increases in the contracted costs of administering the program.

Funding Transfer. Transfer $1,000,000 GPR and $1,000,000 FED annually from the appropriations that support operations of the Division of Health Care Financing to the appropriations that support contracted services relating to the MA program to consolidate funding budgeted for contracted services.

Joint Finance/Legislature: Modify the Governor's recommendation by providing an additional $270,400 ($134,100 GPR and $136,300 FED) in 2003-04 and $383,700 ($181,800 GPR and $201,900 FED) in 2004-05 to reflect the following: (a) reestimates of state food stamp benefits amounts (-$2,200 GPR in 2003-04 and -$34,400 GPR in 2004-05); (b) reestimated contract costs ($136,300 GPR and $136,300 FED in 2003-04 and $216,200 GPR and $216,200 FED in 2004-05); and (c) reinvestment amounts for penalties through federal fiscal year 2001 (-$14,300 FED in 2004-05). Lapse $14,300 in federal income augmentation funds to the general fund in 2004-05 to reflect the revised amount of reinvestment penalties through federal fiscal year 2001.

[Act 33 Sections: 9124(9c) and 9224(2c)]

5. AUDITING FOR IMPROPER PAYMENTS

GPR	- $170,800
FED	- 239,800
Total	- $410,600

Governor/Legislature: Reduce MA benefits funding by $410,600 (-$170,800 GPR and -$239,800 FED) in 2004-05 to reflect projected savings in MA benefits costs that would result by reassigning 1.0 current position to the Bureau of Health Care Program Integrity to investigate fraudulent MA claims and initiate recoveries of benefit payments.

6. FUNDING CHANGES FOR STAFF IN THE DIVISION OF HEALTH CARE FINANCING

	Funding	Positions
GPR	- $1,800	- 3.00
FED	- 12,400	- 3.05
PR	720,600	6.05
Total	$706,400	0.00

Governor/Legislature: Provide $353,200 (-$900 GPR, -$6,200 FED, and $360,300 PR) annually, and convert 3.00 GPR and 3.05 FED positions to 6.05 PR positions, beginning in 2003-04, to: (a) support the food stamps call center, which responds to questions from county staff, through charges to appropriate programs, rather than to directly fund staff costs with GPR and federal funds DHFS receives for the administration of the food stamp program; and (b) make numerous changes to funding and positions in the Division of Health Care Financing (DHCF) to better reflect the time DHFS spent with programs administered by DHCF in the 2001-03 biennium.

7. MA ADMINISTRATION -- IDENTIFICATION OF INSURANCE

Governor/Legislature: Eliminate the requirement that DHFS make incentive payments to counties to encourage counties to identify other insurance for MA applicants and enrollees and to submit this information to DHFS. The annual funding that was provided in the 2001-03 biennial budget act to support these incentive payments ($120,000 GPR and $90,000 FED in MA matching funds) was deleted as part of the Department's November, 2001, plan to reallocate funding reductions for general program operations appropriations, which was approved by the Joint Committee on Finance.

Under federal law, states must take all reasonable measures to ascertain the legal liability of other resources to pay for care and services furnished to MA enrollees, and to establish procedures for paying claims where other resources are available. Currently, the identification of coordination of benefits (COB) resources is a shared responsibility of county income maintenance agencies, child support agencies, district offices of the Social Security Administration, the state's MA fiscal agent, and the state's coordination of benefits unit in DHFS.

[Act 33 Section: 1314]

Community-Based Long-Term Care

1. CIP IB, CIP II AND COP-W SLOTS AND RATES [LFB Paper 379]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	$73,811,900	- $73,811,900	$0
SEG	51,873,900	- 51,873,900	0
Total	$125,685,800	- $125,685,800	$0

Governor: Provide $41,721,200 ($16,963,900 SEG and $24,757,300 FED) in 2003-04 and $83,964,600 ($34,910,000 SEG and $49,054,600 FED) in 2004-05 to support: (a) increasing per diem reimbursements rates to counties for services provided under CIP IB, CIP II, and total allocations under COP-W; (b) additional CIP IB slots, beginning in 2003-04; and (c) additional CIP II/COP-W slots, beginning in 2003-04.

The CIP IB, CIP II and COP-W programs provide enrollees a comprehensive set of community-based services as an alternative to institutional care. The CIP IB program serves individuals with developmental disabilities, while the COP-W and CIP II programs serve individuals who are elderly and individuals who are physically disabled. CIP IB per diem rates are currently $49.67 and CIP II rates are $41.86. County COP-W allocations are determined on a calendar-year basis.

Joint Finance/Legislature: Delete provision. However, specify that if, before July 1, 2005, sufficient federal MA funds are available to support this item at the funding level recommended by the Governor, DHFS would be required to report this to the Legislature and include any proposed legislation to implementation this item.

Veto by Governor [C-7]: Delete the requirement that DHFS report to the Legislature if sufficient federal MA funds are available to support items at the funding level recommended by the Governor.

[Act 33 Vetoed Section: 9124(11f)]

2. CIP II ENHANCED RATE

Governor/Legislature: Authorize DHFS to provide counties enhanced reimbursement for CIP II services that a county provides to an individual who is relocated to the community from a nursing home by a county department on or after the bill's general effective date, if the nursing home bed that was used by the individual is delicensed upon relocation by the individual. Require DHFS to develop and utilize a formula to determine the enhanced reimbursement rate.

Under CIP II, counties provide elderly and disabled enrollees a comprehensive set of community-based services as an alternative to institutional care. CIP II slots are created following the closure of a nursing home bed. In 2002-03, DHFS pays counties a maximum daily reimbursement rate of $41.86 to provide these services.

[Act 33 Section: 1123]

3. REQUIRE COUNTIES TO OFFER CIP II AND CIP IB SERVICES TO CERTAIN NURSING HOME RESIDENTS

Governor: Make the following statutory changes to increase community-based long-term care services provided under the community integration programs (CIP II and CIP IB).

Assessments. Beginning June 1, 2004, require counties that participate in CIP II and CIP IB to conduct a needs and costs-based assessment for individuals who have applied, and qualify for CIP II and CIP IB services, and who indicate that they prefer to receive services in the community. Require a county to initiate the assessment before the resident has resided in the nursing home for 90 continuous days or before the cost of the resident's nursing home care has been paid by MA for 30 days, whichever is longer. Require the county to complete the assessment within 90 days after initiating it, and to contact DHFS regarding available funding.

Specify that if DHFS determines that costs for home or community-based services for the nursing home resident, as determined by the assessment, are equal to or less than a specified amount, the county would be required to offer, and, if accepted, provide, CIP II and CIP IB services to the nursing home resident, if the cost of the resident's nursing home care has been paid under MA for at least 30 days. Alternatively, if DHFS determines that the costs for CIP II and CIP IB services for the individual exceed the specified amount, DHFS would ascertain whether additional funding is available and, if the cost of the resident's nursing home care has been paid by MA for at least 30 days, the county would be required to offer and, if accepted, provide, CIP II and CIP IB services to the nursing home resident.

Provide that, if a county fails to complete the assessment or offer CIP II or CIP IB services as described above, it would be required to pay the nonfederal share of MA for the individual's nursing home care, unless the nursing home resident refused to participate in the assessment or the assessment determined that participation was not feasible.

Calculation of Funding Allocation -- Cost Neutrality. Specify that the funding amount DHFS would pay to a county to provide services for an individual who is relocated from a nursing home under these provisions would be no more than the per-person, per-day payment rate at the individual's level-of-care requirement for the nursing home, indexed annually by the percentage of any annual nursing home average rate increase, minus the amount that is obtained by subtracting the average annual costs for allowable charges that are payable on behalf of individuals in nursing homes from the average annual costs per MA recipient for the allowable charges payable on behalf of individuals who are relocated into communities from nursing homes. However, specify that, notwithstanding this funding limitation, the funding amount could include, in addition to the amount calculated above, an amount that does not exceed the sum obtained by subtracting the total of all payments made for home or community-based services for nursing home residents who are relocated under this provision from the amount that would be available under that calculation. Specify that funding to a county is available only during the period in which a relocated individual continues to receive home or community-based care.

Relocation Activities. Authorize DHFS to provide funding to counties from the MA trust fund to support the costs of administrative relocation activities and to provide additional funding to support services provided to nursing home residents relocated to the community who may have average costs of care that are higher than current MA-waiver rates.

Reporting Requirement. Repeal the current requirement that a county submit a plan for delicensing a bed of an institution or ICF-MR from which an individual is relocated to the community under CIP IB.

Effective Date. Specify that all of these changes would take effect on June 1, 2004, except that DHFS would be authorized to provide funding for relocation activities beginning January 1, 2004, and the reporting requirement would be repealed on January 1, 2004.

Joint Finance/Legislature: Delete provision.

4. COMMUNITY SUPPORT PROGRAM [LFB Paper 379]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$872,600	- $872,600	$0

Governor: Provide $872,600 from the MA trust fund in 2004-05 to increase funding to counties that provide the state's share of MA program benefits to MA recipients who receive services under community support programs (CSP). Make statutory changes to authorize DHFS to use revenue from the MA trust fund for this purpose.

The community support program is a county-administered program that provides community-based, individualized services, including coordinated care, treatment, rehabilitation and support services, to adults with serious and persistent mental illness. Currently, counties provide the state match for federal MA funds for eligible services provided to MA recipients. In addition, 2001 Wisconsin Act 16 provided $500,000 GPR in 2001-02 and $1,000,000 GPR in 2002-03 to provide state funding for CSP services.

The administration estimates that the amount of additional funding that would be provided in this item would be sufficient to eliminate current waiting lists for the program.

Joint Finance/Legislature: Delete provision. However, specify that if, before July 1, 2005, sufficient federal MA funds are available to support this item at the funding level recommended by the Governor, DHFS would be required to report this to the Legislature and include any proposed legislation to implement this item.

Veto by Governor [C-7]: Delete the requirement that DHFS report to the Legislature if sufficient federal MA funds are available to support this item at the funding level recommended by the Governor.

[Act 33 Vetoed Section: 9124(11f)]

5. CHILDREN'S LONG-TERM CARE REDESIGN

GPR	$686,800
FED	825,000
Total	$1,511,800

Governor/Legislature: Provide $420,000 ($210,000 GPR and $210,000 FED) in 2003-04 and $1,091,800 ($476,800 GPR and $615,000 FED) in 2004-05 to support an initiative to redesign long-term care services for children. DHFS would use this funding to implement a new MA waiver to provide children with developmental disabilities and other long-term care needs family-centered services and a single entry point for eligibility determinations and information in each county.

This item would: (a) increase MA benefits funding by $821,800 ($341,800 GPR and $480,000 FED) in 2004-05 to support 25 waiver slots in Milwaukee County, seven waiver slots in each of four pilot counties, and 40 statewide waiver slots for crisis situations; and (b) provide $420,000 ($210,000 GPR and $210,000 FED) in 2003-04 and $270,000 ($135,000 GPR and $135,000 FED) in 2004-05 to fund contracted services, including program development, functional screens, quality assurance, and database revisions.

6. FAMILY CARE -- EXPANSION TO KENOSHA COUNTY [LFB Paper 379]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	$3,126,800	- $3,126,800	$0
SEG	681,100	- 681,100	0
Total	$3,807,900	- $3,807,900	$0

Governor: Provide $3,807,900 ($681,100 SEG and $3,126,800 FED) in 2004-05 to expand the Family Care pilot program to establish a new care management organization (CMO) site in Kenosha County, beginning in July, 2004. Family Care provides services to elderly, physically disabled, and developmentally disabled individuals through resource centers and CMOs in participating counties. Currently, nine counties operate aging and disability resource centers (Fond du Lac, La Crosse, Portage, Milwaukee, Richland, Kenosha, Marathon, Trempealeau, and Jackson Counties), while five counties provide the full Family Care benefit through CMOs (Fond du Lac, La Crosse, Portage, Milwaukee, and Richland Counties).

Funding to support capitation payments to the Kenosha County CMO would be provided with the additional funding that would be provided under this item and, in part, through the transfer of federal funding from the MA and the social services block grants for local assistance to the federal MA-Family Care appropriation. In addition, the item includes GPR cost increases that would be fully offset by increases in the amount of funding that would be transferred from community aids and the community options program (COP) to support Family Care.

Currently, care management organizations receive a flat, monthly payment for each enrollee, regardless of the type or amount of services the CMO provides to each enrollee. In calendar year 2003, these rates range from $1,768 per month in Milwaukee County to $2,368 per month in Portage County.

Joint Finance/Legislature: Delete provision. However, specify that if, before July 1, 2005, sufficient federal MA funds are available to support this item at the funding level recommended by the Governor, DHFS would be required to report this to the Legislature and include any proposed legislation to implementation this item.

Veto by Governor [C-7]: Delete the requirement that DHFS report to the Legislature if sufficient federal MA funds are available to support this item at the funding level recommended by the Governor.

[Act 33 Vetoed Section: 9124(11f)]

7. FAMILY CARE -- ELIGIBILITY

Governor/Legislature: Delete the current law provision that limits the eligibility of individuals who have a primary diagnosis of developmental disability for Family Care benefits to residents of a county or members of a tribe or band that has operated a care management organization before July 1, 2003.

[Act 33 Sections: 1133, 1136 thru 1139, and 1141]

8. FAMILY CARE -- ENTITLEMENT FOR NON-MA ELIGIBLE APPLICANTS

Governor/Legislature: Extend, from January 1, 2004, to January 1, 2006, the latest date by which DHFS could determine the date on which functionality criteria would first apply to applicants who are not MA eligible, after which applicants who meet the functional eligibility requirements of Family Care but are not eligible for MA would be entitled to receive the Family Care benefit by enrolling in a care management organization in participating pilot counties.

Under current law, DHFS is required to determine a date that is before January 1, 2004, after which individuals who are not eligible for MA but who meet Family Care's functional eligibility requirements would be entitled to receive the Family Care benefit in participating pilot counties. Before that date, individuals who are not eligible for MA may receive the Family

Care benefit within the limits of state funds budgeted for the program and available federal funds.

[Act 33 Section: 1140]

9. FAMILY CARE -- FUNDING TRANSFERS

Governor/Legislature: Make the following funding changes to simplify and consolidate funding budgeted for Family Care: (a) increase MA benefits funding by $10,365,400 GPR to fund payments to care management organizations (CMOs); (b) increase community aids funding by $7,913,700 GPR to support resource centers; (c) decrease funding budgeted for CMOs from the community options program (COP) appropriation by $15,414,700 GPR; (d) decrease funding budgeted for CMOs from the community aids appropriation by $1,285,100 GPR; (e) decrease funding for community aids by $1,579,300 GPR; and (f) transfer $208,200 FED from the social services block grant from community aids to Family Care.

10. COMMUNITY OPTIONS PROGRAM -- CARRYOVER FUNDS

Governor/Legislature: Reduce the amount of a county's community options program (COP) allocation that DHFS may, at the request of the county, carry forward from one calendar year to the next, from 10% of a county's total calendar year allocation less any amounts in risk reserve, to 5% of a county's calendar year allocation less any amounts in risk reserve. Specify that this change would take effect January 1, 2004, and would first apply to funds carried forward from calendar year 2004 to calendar year 2005.

[Act 33 Sections: 1109, 9324(3), and 9424(1)]

Health

1. HIRSP -- GPR SUPPLEMENT [LFB Paper 415]

GPR	- $20,483,600

Governor: Delete $10,241,800 annually to eliminate all GPR that is used to partially support the health insurance risk-sharing plan (HIRSP), including funding budgeted to offset total program costs ($9,500,000 annually) and to partially support the costs of premium subsidies provided to low-income policyholders ($741,800 annually). Repeal two GPR appropriations that provide funding for these purposes.

In addition, make the following statutory changes.

Modify Allocation of HIRSP Costs. Specify that all of the costs for HIRSP would be distributed among policyholders (58%), insurers (21%), and providers (21%). Currently, after deducting the GPR funding budgeted for the program, the costs for HIRSP are distributed among policyholders (60%), insurers (20%), and providers (20%).

Subsidies. Authorize DHFS to provide subsidies for prescription drug copayments, in addition to subsidies for premiums and deductibles as provided under current law, for eligible individuals based on income levels. Specify that the costs for subsidies for premiums, deductibles, and prescription drug copayments would be distributed equally between insurers and providers.

Currently, subsidies to low-income policyholders are funded from a GPR appropriation that would be repealed in the bill. However, if the amount in the GPR appropriation is insufficient to fund the subsidies, the remaining costs are distributed between insurers and providers. Also, under current law, policyholders pay a prescription drug coinsurance of 20%, up to a maximum of $25 per prescription. HIRSP has the authority to establish a prescription drug copayment, but currently has no copayment requirement.

Joint Finance/Legislature: Adopt all of the Governor's recommendations, except the provision relating to the reallocation of HIRSP costs among policyholders, insurers, and providers. Consequently, HIRSP costs would continue to be distributed among policyholders (60%), insurers (20%), and providers (20%).

[Act 33 Sections: 452, 453, 465, 857, 858, 2068 thru 2087, and 2091]

2. HIRSP -- BENEFITS AND ADMINISTRATION COSTS [LFB Paper 415]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$191,710,400	- $37,784,900	$153,925,500

Governor: Provide $64,374,000 in 2003-04 and $127,336,400 in 2004-05 to reflect a reestimate of benefits that will be paid by HIRSP and the costs of administering the plan in the 2003-05 biennium. Premiums paid by policyholders, insurer assessments, and provider payment adjustments are deposited to a segregated fund to support the benefits and administrative costs of HIRSP.

Benefits. Provide $63,493,700 in 2003-04 and $125,928,900 in 2004-05 to reflect reestimates of benefits that will be paid by HIRSP. Under the bill, a total of $146,080,700 in 2003-04 and $208,515,900 in 2004-05 would be budgeted to support estimated benefits costs. Enrollment is anticipated to increase from an estimated 16,600 individuals in 2002-03 to 20,800 in 2003-04 and to 25,400 in 2004-05.

Administration. Provide $880,300 in 2003-04 and $1,407,500 in 2004-05 to support projected increases in the costs of administering HIRSP. HIRSP administrative costs include expenses for plan administration, policy management, actuarial services, DHFS administration, medical consultants, postage costs, and legal and referral fees. Under the bill, a total of $5,430,200 in 2003-04 and $5,957,600 in 2004-05 would be budgeted to support these costs.

HIRSP is a health insurance plan for the medically uninsurable. HIRSP offers three plans, two major medical plans and a Medicare supplement plan, for individuals who cannot obtain affordable coverage either through the individual or group insurance market.

Joint Finance/Legislature: Modify the Governor's recommendation by reducing funding in the bill by $15,792,900 in 2003-04 and $21,992,000 in 2004-05 to reflect a reestimate of benefits that will be paid by HIRSP and the costs of administering the plan in the 2003-05 biennium.

Benefits. Reduce funding by $15,140,100 in 2003-04 and $21,050,700 in 2004-05 to reflect reestimates of benefits that would be paid by HIRSP. A total of $130,940,600 in 2003-04 and $187,465,200 in 2004-05 would be budgeted to support estimated benefits costs. Enrollment is anticipated to increase from an estimated 16,600 individuals in 2002-03 to 20,700 in 2003-04 and 25,300 in 2004-05.

Administration. Reduce funding by $652,800 in 2003-04 and $941,300 in 2004-05 so that the amounts budgeted for the costs of administering HIRSP would be increased by 5% in each fiscal year. A total of $4,777,400 in 2003-04 and $5,016,300 in 2004-05 would be budgeted to support these costs.

3. HIRSP -- PROCUREMENT [LFB Paper 415]

Governor: Repeal the current requirement that the HIRSP plan administrator be the medical assistance (MA) fiscal agent. Instead, authorize DHFS to select the HIRSP plan administrator through a competitive bidding process.

The current MA fiscal agent contract will expire on December 31, 2005. If this provision were enacted, DHFS could implement a new HIRSP plan administrator contract at the same time it implements a new contract for the MA fiscal agent.

Joint Finance/Legislature: Adopt the Governor's recommendation. In addition, require DHFS to prepare a request-for-proposal (RFP) for the selection of the plan administrator not later than the first day of the seventh month beginning after the bill's general effective date and to submit the RFP to the Joint Committee on Finance before soliciting bids on the RFP. Specify that DHFS could only release the RFP upon approval of the RFP by the Committee under a 14-day passive review process.

Veto by Governor [C-23]: Delete the requirement that DHFS prepare the RFP not later than the first day of the seventh month beginning after the bill's general effective date. In addition, delete the requirement that DHFS submit the RFP to the Committee under a 14-day passive review process before soliciting bids.

[Act 33 Sections: 2067, 2088 thru 2090]

[Act 33 Vetoed Section: 9124(10h)]

4. CHRONIC DISEASES [LFB Paper 416]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$0	- $243,300	- $243,300
PR	546,000	- 215,600	330,400
Total	$546,000	- $458,900	$87,100

Governor: Provide $17,200 (-$255,800 GPR and $273,000 PR) in 2003-04 and $528,800 ($255,800 GPR and $273,000 PR) in 2004-05 to reflect a reestimate of the amount of funding that will be required to support medical services provided under the Wisconsin chronic diseases program (WCDP) in the 2003-05 biennium. The projected increases in the amount of program revenue that will be available to support the program reflect the recent implementation of a drug rebate program. Base funding for the program is $4,932,000 GPR. The WCDP reimburses health care providers for disease-related services provided to individuals with chronic renal disease (CRD) and hemophilia and adults with cystic fibrosis.

In addition, make the following statutory changes.

Drug Copayments. Require individuals enrolled in the chronic disease aids programs to pay a $5 copayment for each generic drug and a $15 copayment for each brand name drug in cases where a pharmacy directly bills DHFS or a contracted entity for the drug. Currently, there are no statutorily established copayment amounts. However, under current rules, these copayments are $5 for each generic prescription drug and $10 for each brand name prescription drug.

Patient Liability for Treatment Costs. Modify the current requirement that DHFS promulgate rules that require individuals enrolled in the chronic disease aids programs to obligate or expend specified portions of their income on medical care for treatment of CRD, hemophilia, and cystic fibrosis before receiving benefits by specifying that: (a) this cost sharing requirement would apply to individuals with estimated total family income that is at or above 200% of the federal poverty level (FPL), rather than to the income of individuals that exceed specified limits; and (b) the rules would require program participants to pay the following percentages of his or her family income for medical services covered under these programs before receiving benefits:

Income as a % of Federal Poverty Level	Percent of Total Family Income: Current Law	Percent of Total Family Income: Governor
300% thru 325%	0.75%	1.00%
>325% thru 350%	1.50	1.75
>350% thru 375%	2.25	2.50
>375% thru 400%	3.00	3.25
>400%	4.00	4.25

Under the bill, DHFS would specify the percentage of income required for this deductible for income levels from 200% to 300% of the FPL.

Require DHFS to continuously review the sliding scale for patient liability coinsurance and revise it as needed to ensure that the amounts budgeted for the chronic disease aids programs are sufficient to cover treatment costs. Currently, DHFS is required to review and, if necessary, revise the sliding scale for patient liability every three years.

Provider Reimbursement for CRD Services. Eliminate the current requirement that the state reimburse providers that render services under the CRD program at rates that equal the allowable charges under the federal Medicare program. Instead, require DHFS to reimburse providers at rates that do not exceed the allowable charges under Medicare.

Require a person that provides a service to a patient for which assistance is provided under the CRD program to accept the state payment as payment in full and prohibit the person from billing the patient for any amount by which the charge for the service exceeds the state payment.

Application to Other Programs. Specify that assistance under the disease aids program may only be provided to an individual if he or she has first applied for benefits under all other health care coverage programs specified by DHFS rule for which the person reasonably may be eligible. Direct DHFS to promulgate rules that specify these other programs, but require the rules to include MA, BadgerCare, and SeniorCare. Authorize DHFS to promulgate both emergency rules and permanent rules to implement this requirement, but exempt DHFS from the criteria that DHFS would otherwise be required to meet to promulgate emergency rules. Specify that this requirement would first apply to persons who apply for benefits under the disease aids program on the bill's general effective date.

Under current law, there is no requirement that applicants apply for any other state health programs before becoming eligible for assistance under the disease aids program.

Payer of Last Resort. Prohibit DHFS from making payments under the CRD, hemophilia, and cystic fibrosis programs for any portion of medical treatment costs or other expenses that are payable under any state, federal, or other health care coverage program, or any grant, contract, or other contractual arrangement.

Under current law, the disease aids program is generally the payer of last resort. For CRD services, individuals must have no other form of aid available from Medicare or other insurance. For hemophilia treatment services, reimbursement is subject to costs that are not payable by any other state or federal program or under any grant, contract and any other financial arrangement. No similar provision applies relating to payments under the cystic fibrosis program.

Managed Care Methods. Authorize DHFS to adopt managed care methods of cost containment for the chronic disease aids programs.

Joint Finance/Legislature: Reduce funding by $119,500 (-$11,700 GPR and -$107,800 PR) in 2003-04 and $339,400 (-$231,600 GPR and -$107,800 PR) in 2004-05.

Funding Reestimate. Reduce funding by $119,500 (-$11,700 GPR and -$107,800 PR) in 2003-04 and $204,300 (-$96,500 GPR and -$107,800 PR) in 2004-05 to reflect a reestimate of the amount of funding that would be required to support medical services provided under the WCDP in the 2003-05 biennium. A total of $4,829,700 ($4,664,500 GPR and $165,200 PR) in 2003-04 and $5,256,500 ($5,091,300 GPR and $165,200 PR) in 2004-05 would be available to support these medical services.

Drug Copayments. Reduce funding by $21,000 GPR in 2004-05 to reflect estimated savings from drug copayments. Require individuals enrolled in the chronic disease aids programs to pay a $7.50 copayment for each generic drug and a $15 copayment for each brand name drug in cases where a pharmacy directly bills DHFS or a contracted entity for the drug.

Patient Liability for Treatment Costs. Reduce funding by $114,100 GPR in 2004-05 to reflect estimated savings from deductibles. Modify the current requirement that DHFS promulgate rules that require individuals enrolled in the chronic disease aids programs to obligate or expend specified portions of their income on medical care for treatment of chronic renal disease, hemophilia, and cystic fibrosis before receiving benefits by specifying that the rules would require program participants to pay the following percentages of his or her family income for medical services covered under these programs before receiving benefits:

Income as a percent of Federal Poverty Level	Percent of Total Family Income		
	Current Law	Governor	Joint Finance/Leg.
200% thru 250%	none	set by DHFS	0.50%
>250% thru 275%	none	set by DHFS	0.75
>275% thru 300%	none	set by DHFS	1.00
>300% thru 325%	0.75%	1.00%	1.25
>325% thru 350%	1.50	1.75	2.00
>350% thru 375%	2.25	2.50	2.75
>375% thru 400%	3.00	3.25	3.50
>400%	4.00	4.25	4.50

Provider Reimbursement for CRD Services. Require the state to reimburse providers that render services under the CRD program at the lower of Medicare rates or medical assistance rates.

Application to Other Programs. Exempt individuals from the requirement of applying to other health care programs, specified by DHFS, for which he or she may reasonably be eligible, before receiving assistance under the hemophilia home care program of WCDP.

Veto by Governor [C-21]: Modify the provisions related to provider reimbursement for chronic renal disease services and application to other programs as follows:

Provider Reimbursement for CRD Services. Require the state to reimburse providers that render services under the CRD program equal to the rates paid under Medicare for these services.

Application to Other Programs. Delete the requirement that DHFS include, in its rules, MA, BadgerCare, and SeniorCare as programs for which individuals must apply before applying for benefits under the chronic disease program. Consequently, DHFS would determine, by rule, all health programs for which individuals would be required to apply before applying for the chronic disease program.

In addition, extend the requirement relating to the application to other health programs to include the hemophilia home care program of WCDP.

[Act 33 Sections: 1423 thru 1426, 1428 thru 1435, 1437, and 9324(2)]

[Act 33 Vetoed Sections: 1424, 1425, 1426, 1429, 1430, 1433, and 9324(2)]

5. TOBACCO CONTROL AND PREVENTION [LFB Paper 720]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$0		- $30,690,200		- $30,690,200	
GPR	$0	0.00	$20,116,500	1.00	$20,116,500	1.00
SEG	30,116,500	1.00	- 30,116,500	- 1.00	0	0.00
Total	$30,116,500	1.00	- $10,000,000	0.00	$20,116,500	1.00

Governor: Provide $15,054,500 SEG in 2003-04, $15,062,000 SEG in 2004-05, and 1.0 SEG position, beginning in 2003-04, to reflect the Governor's proposal to eliminate the Tobacco Control Board and the transfer of funding for grants ($15,000,000 annually) and operations ($54,500 in 2003-04 and $62,000 in 2004-05) to DHFS. For additional information on this item, "Tobacco Control Board."

Joint Finance/Legislature: Delete $15,054,500 SEG in 2003-04, $15,062,000 SEG in 2004-05, and 1.0 SEG position, beginning in 2003-04. Instead, provide $10,054,500 GPR in 2003-04, $10,062,000 GPR in 2004-05, and 1.0 GPR position, beginning in 2003-04, to reflect the elimination of the Tobacco Control Board and the transfer of funding for grants ($10,000,000 GPR annually) and operations ($54,500 GPR in 2003-04 and $62,000 GPR in 2004-05) to DHFS.

Tobacco Control Fund. Eliminate the segregated tobacco control fund. Instead, budget all funding for the tobacco control and prevention program with GPR, rather than SEG. Transfer to the general fund the unencumbered balance in the tobacco control fund on the bill's general effective date.

Earmarked Grants. Eliminate current statutory provisions that earmark grant funding for the Thomas T. Melvin program, the University of Wisconsin-Madison Center for Tobacco

Research and Intervention, and the Medical College of Wisconsin.

Strategic Plan. Require DHFS to continue to implement the strategic plan developed by the Tobacco Control Board, and to update the plan annually.

In September, 2000, the Tobacco Control Board adopted its strategic plan, which outlines the Board's vision, mission, goals, and an allocation of the Board's funds. In its plan, the Board indicates that its mission is "to aggressively pursue the elimination of tobacco use by partnering with communities to prevent tobacco use among youth, promote cessation, and eliminate secondhand smoke. This mission will be achieved through comprehensive state and local efforts that utilize best practices and address the needs of diverse populations most adversely impacted by tobacco use." The plan identifies the following goals for the state to achieve by 2005: (a) tobacco use among middle and high school-age youth will decline by 20%; (b) tobacco use among adults will decline by 20%; (c) tobacco consumption will decline by 20%; (d) 100 Wisconsin municipalities will establish smoke-free restaurant ordinances; (e) 100% of municipal governments will have smoke-free government-owned buildings; (f) 90% of workplaces will establish smoke-free environments; and (g) 70% of homes will voluntarily establish smoke-free environments.

Tobacco Control Advisory Committee. Create a Tobacco Control Advisory Committee, with membership appointed for three-year terms by, and reporting directly to, the DHFS Secretary.

Direct the DHFS Secretary to appoint a maximum of 17 members to the Committee, which would include the following: (a) at least one representative of a local tobacco prevention coalition; (b) at least one youth representative involved in tobacco prevention and control efforts; (c) at least one representative of a population disproportionately impacted by tobacco; (d) at least one representative of a statewide health care provider association or organization; (e) at least one representative of a statewide or regional hospital association or organization; (f) at least one representative of a statewide or regional insurance association or organization; (g) at least one representative of a state or local chamber of commerce or other business association or organization; (h) one Senator; (i) one Representative to the Assembly who is from a different political party than the appointed Senator; (j) at least three representatives of organizations that have reduction of the health and economic impacts of tobacco use as their primary organizational mission; (k) the DHFS Secretary; (l) the Superintendent of Public Instruction or his or her designee; (m) the Attorney General or his or her designee; and (n) the remaining members from organizations or associations identified by DHFS.

Require the Committee to: (a) develop public-private partnerships on tobacco control issues and initiatives; (b) ensure regular review and monitoring of Wisconsin's strategic plan; (c) identify external resources and action steps DHFS could take to support its implementation of the plan and/or other local policy initiatives; (d) ensure coordination with other tobacco control efforts in Wisconsin; (e) provide advice and guidance on proposed tobacco prevention and control plans and strategies, including those to be funded by DHFS; (f) ensure an external evaluator conducts regular outcome-based evaluations of tobacco control and prevention projects and presents the evaluations to the Joint Legislative Audit Committee; (g) develop and distribute an annual report on the impacts of tobacco in Wisconsin and the progress of the tobacco prevention and control efforts; and (h) have members authorized by their respective organizations commit the human and material resources of those organizations to the greatest extent possible.

Under current law, the Tobacco Control Board is an independent state agency that is attached to DHFS for limited administrative purposes. Current law does not specify the number of persons who serve on the Board or the length of Board members' terms, nor does it require that specific interests be represented on the Board. Instead, the Governor determines the size of the Board and all appointments to it. All Board members serve at the pleasure of the Governor. As of January 1, 2003, there were 17 Board members, which included legislators, public health advocates, health care providers, county officials, youth members, the State Superintendent of Public Instruction, and representatives of the business community.

Veto by Governor [C-22]: Delete the provisions related to the Tobacco Control Advisory Committee.

[Act 33 Sections: 10c, 112, 177g, 348, 387, 470h, 478x, 670m, 837s, 842p, 861x, 863g, 2455t thru 2459d, 2460d thru 2464d, 9151, and 9224(1x)]

[Act 33 Vetoed Sections: 2459x and 9124(5x)]

6. TRANSFER MILK CERTIFICATION PROGRAM [LFB Paper 417]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $724,200	- 5.00	$0	0.20	- $724,200	- 4.80

Governor: Reduce funding by $362,100 annually and delete 5.0 positions, beginning in 2003-04, to reflect the transfer of the milk certification program from DHFS to the Department of Agriculture, Trade and Consumer Protection (DATCP). Replace current statutory references to DHFS with references to DATCP with respect to the program.

In session law, decrease the number of authorized positions in DHFS by 4.8 GPR positions on the bill's general effective date, and provide 4.8 PR positions, funded from milk certification fees, in DATCP.

Provide that, on the bill's general effective date: (a) the assets and liabilities of DHFS primarily related to the certification of grade A dairy operations, as determined by the DOA Secretary, would become the assets and liabilities of DATCP; (b) all positions and all incumbent employees holding these positions in DHFS, as determined by the Secretary of the Department of Administration (DOA), would be transferred to DATCP and retain the employee rights they enjoyed in DHFS immediately before the transfer; (c) all tangible property, including records, of

DHFS that is primarily related to the certification of grade A dairy operations, as determined by the DOA Secretary, would be transferred to DATCP; (d) all contracts entered into by DHFS that are primarily related to the certification of grade A dairy operations, as determined by the DOA Secretary, remain in effect and are transferred to DATCP, which would carry out any obligations under such a contract until the contract is modified or rescinded by DATCP to the extent allowed under the contract; and (e) any matter pending with DHFS relating to the program is transferred to DATCP, and all materials submitted to or actions taken by DHFS with respect to the pending matter are considered as having been submitted to or taken by DATCP.

Joint Finance/Legislature: Modify the Governor's recommendation by providing an additional 0.2 GPR position, beginning in 2003-04, so that the number of positions that would be deleted in DHFS (4.8 FTE positions), would equal the increase in the number of positions in DATCP. In addition, delete session law provisions that identify these position changes.

[Act 33 Sections: 1757, 1758, 2453m, 2454, and 9124(5)]

7. REGULATION OF RADIOACTIVE MATERIALS

	Funding	Positions
PR	$251,800	0.25

Governor/Legislature: Provide $135,900 in 2003-04, $115,900 in 2004-05, and 0.25 position, beginning in 2003-04, to enable DHFS to continue to work toward assuming regulatory oversight over radioactive materials that are currently regulated by the Nuclear Regulatory Commission (NRC).

1999 Act 9 authorized DHFS to begin assuming full regulatory authority over manufactured radioactive materials used in medicine, industry, research, and education. DHFS anticipates that state regulation of these materials will reduce fees for users, provide the state a greater role in the regulation of these materials and create a more consistent regulation process by combining this function with the Department's current responsibilities to regulate radioactive materials not regulated by the NRC, such as naturally occurring and accelerator-produced radioactive materials.

8. ELIMINATE BASE FUNDING FOR DISCONTINUED PROGRAMS

GPR	- $327,600

Governor/Legislature: Delete $163,800 annually to eliminate base funding for: (a) the Milwaukee healthy women and infants project, which was discontinued at the end of the 1998-99 fiscal year (-$100,000 annually); (b) the state match for federal medical assistance funding that, until 2001-02, DHFS received and transferred to DWD to conduct Healthy Start outreach activities (-$50,000 annually); and (c) the costs of administering these contracts (-$13,800 annually). The funding budgeted for these programs has lapsed in each of the past several years.

9. IMMUNIZATIONS

Governor/Legislature: Extend the Department's authority to expend up to $9,000,000 GPR in each fiscal year to support the state immunization program, and delete references to this annual funding limit that was established for each year of the 2001-03 biennium. Replace current references to federal funds the state receives from two sources -- the federal vaccines for children program and section 317 of the Public Health Services Act -- with any federal funds the state receives for the provision of vaccine to immunize children, including these two sources.

DHFS is currently authorized to expend $9,000,000 in each year of the 2001-03 biennium from a sum sufficient appropriation that is equal to the difference between this statutory amount and the amount of federal funding DHFS receives to support the state immunization program. In the 2001-03 biennium, federal funding has exceeded $9 million annually, and, consequently, no GPR funds have been expended from this appropriation.

[Act 33 Section: 470]

10. RURAL HEALTH DENTAL CLINICS

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

Governor: Authorize DHFS to expend up to $232,000 GPR annually for the rural dental health clinic in the City of Ladysmith and up to $355,600 GPR annually for the rural health dental clinic in the City of Menomonie. These statutory allocation amounts equal the amounts budgeted for each of these clinics in 2002-03. Delete references to the 2001-02 and 2002-03 funding allocations for these clinics.

The Ladysmith rural health dental clinic provides dental services to individuals who are developmentally disabled, elderly, or have low-income and live in Rusk, Price, Taylor, Sawyer, and Chippewa Counties. The Menomonie rural health dental clinic provides dental services to this group of individuals who live in Barron, Chippewa, Dunn, Pepin, Pierce, Polk, and St. Croix Counties.

Joint Finance/Legislature: Adopt the Governor's recommendations. In addition, provide $50,000 in 2003-04 in one-time funding to support start-up costs for the Tri-County Dental Clinic in the City of Appleton, which would serve low-income residents in Winnebago, Calumet, and Outagamie Counties.

[Act 33 Sections: 470d, 470e, 2061, 9124(1f), and 9424(11f)]

11. WELL-WOMAN PROGRAM

Joint Finance/Legislature: Require DHFS to allocate and expend at least $60,000 GPR annually from the amounts budgeted for the well-woman program as reimbursement for the provision of multiple sclerosis screening services to women as part of screenings conducted by the well-woman program.

Under current law, the well-woman program is budgeted $2,188,200 GPR annually. From these funds, DHFS provides reimbursement for health care screenings, referrals, follow-ups, and patient education provided to low-income, underinsured, and uninsured women.

Within the amounts budgeted for the program, DHFS is required to provide: (a) breast cancer screening services; (b) media announcements and educational materials; (c) breast cancer screenings using mobile mammography vans; (d) specialized training for rural colposcopic examinations and activities; (e) health care screening, referral, follow-up, and patient education; (f) a women's health campaign; (g) osteoporosis prevention and education; and (h) multiple sclerosis education. However, if the projected costs of conducting these activities exceeds the amount budgeted, DHFS must modify services and reimbursement accordingly to not exceed its budget authority.

Veto by Governor [C-24]: Modify the provision by: (a) deleting the provision that limits the use of these earmarked funds for screening services; and (b) deleting the requirement that DHFS allocate and expend this amount annually. Consequently, the $60,000 GPR would be one-time funding, and DHFS would have discretion as to which multiple sclerosis services would be supported with the funds.

[Act 33 Section: 2455r]

[Act 33 Vetoed Section: 2455r]

12. HOSPITAL AND AMBULATORY SURGERY CENTER DATA COLLECTION

	Funding	Positions
PR-REV	- $1,300,000	
PR	- $2,050,000	- 18.00

Joint Finance/Legislature: Reduce funding by $750,000 in 2003-04 and $1,300,000 in 2004-05 and delete 18.0 positions, beginning in 2003-04, to reflect the transfer of hospital and ambulatory surgery center (ASC) data collection and dissemination responsibilities from DHFS to a contracted entity.

Department of Administration. Provide $750,000 in 2003-04, from the $1.3 million in hospital and ASC assessments collected by DHFS, to the Department of Administration (DOA) to fund a contract with a private entity. Specify that the contract would require the private entity to collect and disseminate hospital and ASC data. Require DOA, by the first day of the second month after the bill's general effective date, to contract with an entity that is: (a) not-for-profit, as defined under section 501(c)(6) of the Internal Revenue Service Code; (b) a business membership organization that represents at least 70% of hospitals in Wisconsin; and (c) affiliated with a group that would oversee the entity's data program ("oversight group"). Require DOA to monitor the contract. The Wisconsin Hospital Association would meet these criteria.

Prohibit DOA from requiring any additional data and information collection or dissemination activities of the entity. Require DOA to include in the contract only terms authorized under current law or that are standard terms in contracts with DOA.

Contracted Entity. Require the contracted entity to: (a) collect the data and information that the Bureau of Health Information (BHI) in DHFS currently collects from hospitals and ASCs, including claims data information from the fiscal survey and the American Hospital Association annual survey; (b) prepare and release the collected data and other information in the data sets and standard reports as required under current law and accomplished by BHI, including the hospital rate increase report, the guide to Wisconsin hospitals report, the patient-level data utilization and charge report, and the uncompensated health care in Wisconsin hospitals report; (c) protect patient confidentiality, as required under current law, for data collected from hospitals and ASCs; (d) release all claims data and provider survey information to DHFS for epidemiological purposes as required under current law; (e) assess fees as approved by the oversight group for the sale of data sets and standard reports, although the entity would provide DHFS with claims and provider survey information without charge; and (f) expand the current hospital outpatient database to include all outpatient hospital-based services within 18 months of the contract date.

Delete the requirement that hospitals and ASCs submit claims data and survey information to BHI. Instead, require hospitals and ASCs to submit claims data and survey information to the contracted entity.

Require the entity to provide equal access to the data collected and reports generated under the program to all requestors that pay the fees, limited by the privacy and security provisions under current law. Authorize other organizations to use the purchased data to generate and publish reports, but not re-release or resell the data sets. Authorize DHFS to release data and information as part of reports created by DHFS, but not re-release or resell the data sets.

Authorize the entity to have sole rights to sell hospital and ASC data and information collected beginning January 1, 2004, unless otherwise agreed to by the entity, based on the reasonable and necessary fees established by the oversight group for data sets and standard reports. Authorize the entity, rather than BHI, to have the rights to use and the sole authority to sell hospital and ASC data collected by BHI since the inception of the program and retain all fees associated with those sales.

Oversight Group. Specify that the oversight group would include the following members: (a) the DHFS Secretary as a nonvoting member and the chair of the oversight group; (b) two members named by Wisconsin Manufacturers and Commerce; (c) two members named by the Wisconsin Association of Health Plans; (d) one member named by the AFL-CIO; (e) two members named by the Wisconsin Hospital Association; (f) one member named by the Speaker of the Assembly; and (g) one member named by the Senate Majority Leader. Require the Secretary, as chair of the oversight group, to report by April 1, 2004, and annually thereafter, to the Legislature on the content and number of reports generated by the entity and the currency of the information and reports generated by the entity. Require the oversight group to review and approve reasonable fees necessary to generate the required data and standard reports.

Require the oversight group to review the entity's performance under the contract every two years, including the timeliness and quality of the reports the entity generates. Authorize the oversight group to recommend to DOA that DOA issue a request-for-proposal (RFP) for the work performed by the entity under the contract if the oversight group is not satisfied with the entity's performance. Require the hospital and ASC data and information collection and dissemination activities to transfer back to DHFS if no organization responds to the RFP.

Department of Health and Family Services. Delete the authority of DHFS to collect and disseminate data and information related to hospitals and ASCs.

Require DHFS to provide the entity with all databases and all prior databases and computer software, including manuals, documentation, and program codes, during the first year of the contract. Require DHFS to provide the entity with transition assistance to ensure that the data collection and dissemination program is functioning by January 1, 2004.

Repeal DHFS authority to assess hospitals and ASCs to support the activities of BHI, beginning July 1, 2004.

Veto by Governor [C-20]: Modify the provision as follows:

Department of Administration. Require DOA to contract with the entity by the second month after the bill's general effective date (September, 2003) rather than the first day of the second month after the bill's general effective date (September 1, 2003). In addition, delete the requirement that DOA only include in the contract terms standard to contracts with DOA under Chapter 16 of the statutes.

Contracted Entity. Specify that the contracted entity would collect information on outpatient hospital-based services from hospitals and ASCs within 18 months after the date of the contract, rather than collect information on all outpatient hospital-based services from hospitals and ASCs within 18 months after the date of the contract.

Delete the provision that would have permitted the contracted entity to waive specified data submission requirements for hospitals and ASCs that request a waiver and present evidence that the requirements are burdensome.

Require the entity to establish reasonable and necessary user fees to fund the cost of the compilation or report, rather than to fund the actual necessary and direct cost of the compilation or report.

Oversight Group. Specify that the contracted entity would receive oversight with respect to services performed by the contracted entity from the DHFS Secretary, rather than an oversight group. Require the Board of Health Information to advise the contracted entity, as well as DHFS, with regard to the collection, analysis, and dissemination of health care information, provide oversight on the standard reports required by the contracted entity, as well as DHFS, and develop the overall strategy and direction for implementation of the duties and powers of the contracted entity, as well as DHFS.

Department of Health and Family Services. Require the first annual report DHFS is required to submit concerning the content and number of reports and currency of information of reports generated in the previous calendar year by the contracted entity to be submitted by April 1, rather than April 1, 2004. Require DHFS to submit to the Governor and to the chief of clerk of each house of the Legislature for distribution to the Legislature an annual guide to assist consumers in selecting health care providers, including hospitals and ASCs.

Exempt DHFS from the prohibition on releasing or selling data sets purchased from the contracted entity in cases where the data is part of reports created by DHFS to reflect that DHFS would not purchase any data compilation or special report from the contracted entity.

Require DHFS to provide to the entity all health care information databases and computer software related to hospitals and ASCs, including manuals, documentation, and program codes possessed by DHFS after the contract is agreed upon, rather than before 12 months have elapsed after a contract is agreed upon. In addition, require DHFS to provide the entity with transition assistance to ensure the entity's program is functioning in 2004, rather than by January 1, 2004.

[Act 33 Sections: 211, 214b, 215c, 458r, 570, 2092c thru 2093f, 2094h thru 2095rt, 9124(10k), 9224(3k), and 9424(11k)]

[Act 33 Vetoed Sections: 2092c, 2092e, 2092f, 2092i, 2092j, 2093bg, 2094c, 2094d, 2094e, 2094f, 2094g, 2094L, 2094x, 2095re, 2095rn, and 9124(10k)]

13. GROUNDWATER AND AIR QUALITY STANDARDS [LFB Paper 572]

	Funding	Positions
SEG	- $105,000	- 0.93

Joint Finance/Legislature: Delete $105,000 in 2004-05 from the environmental management account of the environmental fund and 0.93 position, beginning in 2004-05, related to development of groundwater and air quality standards. With this change, DHFS would be budgeted $291,200 and 2.57 positions in 2004-05 from the environmental management account of the environmental fund.

14. MINORITY HEALTH PROGRAM

PR	$200,000

Joint Finance/Legislature: Provide $100,000 annually in tribal gaming revenue from the appropriation that supports gaming economic development and diversification grants and loans in the Department of Commerce to support the grants to community-based organizations under the minority health program in DHFS.

The minority health program supports grants to improve the health status of economically disadvantaged minority groups and to conduct a public information campaign on minority health. Base funding for the minority health program is $50,000.

[Act 33 Section: 2059g]

Care and Treatment Facilities

1. NORTHERN WISCONSIN CENTER -- ELIMINATE LONG-TERM CARE SERVICES [LFB Paper 420]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	- $3,286,800	0.00	$528,300	0.00	- $2,758,500	0.00
GPR	- $9,197,400	2.00	$2,706,000	0.00	- $6,491,400	2.00
FED	- 11,410,400	2.00	2,168,000	0.00	- 9,242,400	2.00
PR	- 24,213,500	- 304.93	- 1,229,900	54.50	- 25,443,400	- 250.43
Total	- $44,821,300	- 300.93	$3,644,100	54.50	- $41,177,200	- 246.43

Governor: Reduce funding by $15,001,900 (-$2,891,500 GPR, -$4,128,100 FED, and -$7,982,300 PR) and delete 373.93 positions (2.0 GPR positions, 2.0 FED positions, and -377.93 PR positions) in 2003-04, and by $29,819,400 (-$6,305,900 GPR, -$7,282,300 FED, and - $16,231,200 PR) and delete 300.93 positions (2.0 GPR positions, 2.0 FED positions, and -304.93 PR positions) in 2004-05, to reflect the net fiscal effect of reducing operations at Northern Wisconsin Center (NWC) so that, by July, 2004, all current long-term care residents would be relocated. In addition, reduce GPR revenue by $1,194,600 in 2003-04 and by $2,092,200 in 2004-05 to reflect estimates of the loss of administrative overhead, depreciation and interest costs that the state currently claims under the MA program that are deposited to the general fund.

NWC would continue to operate an intensive treatment program to serve 20 clients, and operate a dental clinic. This item would increase funding and positions budgeted for Central Wisconsin Center (CWC) to support the costs of serving some individuals who are relocated from NWC for whom community placement is not feasible or possible.

DHFS currently operates three centers for the developmentally disabled, including: (a) NWC in Chippewa County; (b) Southern Wisconsin Center (SWC) in Racine County; and (c) CWC in Dane County. As of December 31, 2002, there were 174 residents at NWC, 268 residents at SWC, and 353 residents at CWC.

The Governor recommends the following:

Reduce Staff at NWC. Reduce funding budgeted for the operations of NWC by $7,982,300 PR in 2003-04 and by $20,313,800 PR in 2004-05 and delete 377.93 PR positions, beginning in 2003-04.

Reduce MA benefits funding by $9,610,900 (-$5,386,300 GPR and -$4,224,600 FED) in 2003-04 and by $18,500,800 (-$11,115,100 GPR and -$7,385,700 FED) to reflect the net effect of: (a) reducing funding to support NWC, central office costs of the Division of Care and Treatment Facilities, and DHFS infrastructure costs; and (b) increasing funding to support transition costs (such as the reimbursement for costs of employee transfers, unemployment compensation costs, and retirement benefits), the costs of staffing additional beds at CWC, projected increases in MA card costs, and the federal share of services provided under the community integration program (CIP IA).

CIP IA (GPR) Costs. Provide $2,378,300 GPR in 2003-04 and $4,685,800 GPR in 2004-05 to fund the state share of costs for services provided under CIP IA that would be provided to individuals who are relocated from NWC.

Intensive Treatment Programs. Provide $4,410,000 PR and 73.0 positions in 2004-05 to operate the intensive treatment program.

Repair and Maintenance. Reduce funding by $325,400 PR in 2004-05 that is currently budgeted to support repair and maintenance activities at NWC.

Dental Subsidy. Provide $20,000 GPR in 2003-04 and 2004-05 to fund dental services for individuals who are relocated from NWC.

Staff. Provide $193,000 ($96,500 GPR and $96,500 FED) in 2003-04 and $206,800 ($103,400 GPR and $103,400 FED) in 2004-05 to support 4.0 positions (2.0 GPR positions and 2.0 FED positions), beginning in 2003-04, in the Division of Supportive Living to assist in relocating individuals from NWC to other placements.

Farm Operations. Reduce funding that supports farm operations at NWC by $2,000 PR in 2004-05.

Resident Transfers. Eliminate the requirement that DHFS notify, and obtain approval from, the appropriate county department before DHFS transfers a resident from one state center to another or to a community setting.

Joint Finance/Legislature: Modify the Governor's recommendations as follows:

Funding. Provide $3,569,200 ($1,654,900 GPR, $2,323,900 FED, and -$409,600 PR) in 2003-04 and $74,900 ($1,051,100 GPR, -$155,900 FED, -$820,300 PR) in 2004-05 to reflect reestimates of the costs of implementing the Governor's recommendations. Increase estimates of GPR revenue by $952,000 in 2003-04 and decrease estimates by $423,700 in 2004-05 to reflect reestimates of the loss of administrative overhead, depreciation and interest costs that the state currently claims under the MA program, which are deposited to the general fund.

Delete the provision that would have eliminated the statutory requirement that DHFS notify, and obtain approval from, the appropriate county department before DHFS transfers a resident from one state center to another or into a community placement unless approval of such a transfer is first obtained from the county.

Direct DHFS to sell surplus land at NWC and specify that all of the proceeds from the sale be deposited as revenues in the Division of Care and Treatment Facilities PR general program operations appropriation, notwithstanding other statutory provisions relating to the proceeds from the sale of land. Specify that these revenues could be released by the Joint Finance Committee to support any state activities on the state land currently managed by DHFS or Corrections at NWC.

Staff and Residents. Prohibit DHFS from transferring residents and staff from NWC to CWC to enable DHFS to increase the number of positions that would be available to support the following services: (a) dental services (1.70 PR positions annually); (b) quality assurance (2.0 PR positions annually); (c) power plant and maintenance operations (17.0 PR positions annually); (d) community capacity teams (12.0 PR positions annually); and (e) limited long-term care services at NWC (109.30 PR positions).

Provide 17.5 PR positions in 2003-04 and 54.50 PR positions in 2004-05 to increase vocational programming at NWC (17.50 PR positions annually) and to increase staffing for the intensive treatment program (37.50 PR positions in 2004-05). These additional positions would be supported by a combination of county and federal funding.

Veto by Governor [C-25]: Delete the provision that would prohibit the involuntary transfer of staff from NWC to another center and the requirement that DHFS obtain the approval of the resident's guardian before a resident can be transferred from a center.

[Act 33 Sections: 10r, 26, 209, 447, 861, 1488, 1490, 1495, 1496, 1496c, 1498, 1499, and 1499b]

[Act 33 Vetoed Sections: 1490c and 1496c]

2. STATE CENTERS -- REDUCTIONS TO REFLECT 2001-03 CIP IA PLACEMENTS [LFB Paper 421]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $5,036,800	- 51.61	$492,600	5.10	- $4,544,200	- 46.51

Governor: Decrease funding by $2,518,400 annually and delete 51.61 positions, beginning in 2003-04, to reflect the relocation of residents from the centers for the developmentally disabled into community settings under the community integration program (CIP IA) during the 2001-03 biennium. Reductions in funding and staff are due to the relocation of 21 residents from the centers in 2001-02 and 12 residents that DHFS projects will be placed in the 2002-03 fiscal year.

Joint Finance/Legislature: Increase the centers' budget by $246,300 and 5.10 positions annually to reflect a reestimate of the number of CIP IA placements that will be made from the centers in the 2002-03 fiscal year. It is anticipated that nine placements will be made from centers in 2002-03, rather than 12, as assumed by the Governor.

3. CIP IA RATE FOR NEW PLACEMENTS AND CENTERS REDUCTION RATE [LFB Paper 420]

Governor/Legislature: Increase the maximum rate DHFS would pay counties to provide services for individuals who are relocated from state centers for the developmentally disabled to the community under the CIP IA program such that DHFS would pay a maximum rate of $325 per day for services provided to individuals who are relocated on or after July 1, 2004.

Reduce payments to the state centers following each CIP IA placement so that the centers' budget would be reduced by $325 per day beginning in 2004-05, rather than $225 per day, as under current law. Thus, the increase in the cost of supporting community placements would be offset by a corresponding reduction in funding for the state centers.

Currently, DHFS reimburses counties for the costs of services they provide to CIP IA enrollees under six different rates, depending upon when the placements occurred. These rates are shown below.

Placement Date	Daily Rate
Before July 1, 1995	$125
July 1, 1995 thru June 30, 1997	153
July 1, 1997 thru June 30, 2000	184
July 1, 2000 thru June 30, 2001	190
July 1, 2001 thru June 30, 2002	200
July 1, 2002 and after	225

Veto by Governor [C-26]: Delete the reference to "-05" in the effective date, so that the centers' budget reduction rate would be $225 per day for individuals who are relocated on or after July 1, 2003. In his veto statement, the Governor indicates that the $325 CIP IA rate would first apply to individuals who are relocated on or after July 1, 2003.

[Act 33 Section: 1320]

[Act 33 Vetoed Section: 1320]

4. STATE CENTERS -- INTENSIVE TREATMENT SERVICES

Governor/Legislature: Make the following statutory changes relating to the operation of intensive treatment programs (ITPs) at the state centers for the developmentally disabled:

Limit on Number of Individuals Served. Delete the provision that prohibits DHFS from providing services to more than 50 individuals under the program.

Admission to ITPs. Authorize DHFS to place an individual at a center for ITP services only if: (a) DHFS determines that a licensed bed and other necessary resources are available to provide services to the individual; and (b) DHFS and the county of residence of the individual agree on a maximum discharge date for the individual.

Extended Intensive Treatment Surcharge. Authorize DHFS to assess counties a surcharge of 10 percent of the total cost of care provided to individuals served at the ITPs for each six-month period in which residents remain at the centers beyond the discharge date set by the center and the resident's county of residence, and to increase the amount of the surcharge by 10 percent of the total cost of care provided during each six-month period thereafter. Create a continuing, program revenue appropriation for the Division of Care and Treatment Facilities (DCTF), funded from these surcharge revenues, to support grants to counties for one-time costs associated with CIP IA relocations.

Provide that these provisions would first apply to ITP services that are provided on the bill's general effective date.

Placement of Children. Modify statutes that currently require individuals under the age of 22 to be placed at Central Center, unless DHFS authorizes the placement at Northern Center or Southern Center, to authorize placements of individuals under the age of 22 at ITPs that could operate at any of the centers.

The ITPs provide short-term care to individuals with developmental disabilities who have behavior or psychiatric crises. Counties currently pay the nonfederal costs of care for individuals who receive intensive treatment services.

[Act 33 Sections: 448, 1115, 1486 thru 1489, 1491 thru 1494, 1497, 1502, 1503, and 9324(12)]

5. MENTAL HEALTH INSTITUTES -- FUNDING SPLIT

	Funding	Positions
GPR	$4,129,500	21.81
PR	- 4,129,500	- 21.81
Total	$0	0.00

Governor/Legislature: Provide $2,053,100 GPR and reduce funding by $2,053,100 PR in 2003-04 and provide $2,076,400 GPR and reduce funding by $2,076,400 PR in 2004-05 to adjust base funding for the mental health institutes' (MHI's) overhead costs. This funding adjustment is made biennially to assign these costs based on the percentage of the population at the MHIs that is comprised of forensic patients and other nonbillable patients, whose care is supported by GPR, and other patients, whose care is supported by program revenues contributed by counties, medical assistance, and other third-party payers. In addition, convert

21.81 PR positions to 21.81 GPR positions, beginning in 2003-04, to reflect this funding adjustment. DHFS projects that the populations at the MHIs will be 65% GPR-funded/35% PR-funded at Mendota MHI and 53% GPR-funded/47% PR-funded at Winnebago MHI in both years of the 2003-05 biennium.

6. CONDITIONAL AND SUPERVISED RELEASE SERVICES AND OUTPATIENT COMPETENCY EXAMINATIONS [LFB Paper 422]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$4,012,700	- $318,100	$3,694,600

Governor: Provide $1,337,200 in 2003-04 and $2,675,500 in 2004-05 to increase funding for services provided for individuals who are on conditional release, supervised release and to conduct outpatient competency examinations as follows.

Supervised Release. Provide $1,056,500 in 2003-04 and $2,121,000 in 2004-05 to increase funding for services to individuals who have been committed as sexually violent persons (SVPs) and have been released by the court under the supervision of DHFS. The administration projects that the average number of individuals on supervised release will increase from 25 in 2002-03 to 32 in 2003-04 and to 47 in 2004-05. Base funding for these services is $751,500.

Conditional Release. Provide $136,300 in 2003-04 and $331,900 in 2004-05 to increase funding for contracted services to individuals who are conditionally released from the mental health institutes. This population is projected to increase from an average of 261 in 2002-03 to 270 in 2003-04 and to 280 in 2004-05. Base funding for these services is $3,991,000.

Outpatient Competency Examinations. Provide $415,300 in 2003-04 and $493,500 in 2004-05 to support projected increases in the cost of conducting competency examinations. DHFS projects that the number of outpatient competency examinations it will conduct, either by DHFS staff or under contract, will increase from an estimated 891 in 2002-03 to 1,025 in 2004-05 and 1,128 in 2004-05. Base funding for these services is $484,300.

In addition, reduce base funding by $270,900 from the Division of Care and Treatment Facilities' general program operations budget to the appropriation that supports outpatient competency examinations and services for individuals who are on supervised and conditional release. Modify that appropriation by: (a) deleting the requirement that DHFS use funding budgeted in that appropriation to support competency examinations in all areas of the state, rather than only in Milwaukee County, as provided under current law; and (b) specifying that only competency examinations conducted in jails or a locked units could be funded from the appropriation. Finally, specify that the Department's responsibility for conducting examinations is limited to inpatient examinations and those outpatient examinations that are for defendants in custody in jail or in a locked unit of a facility.

Joint Finance/Legislature: Reduce funding by $2,300 in 2003-04 and by $315,800 in 2004-05 to reflect reestimates of the amount of funding that would be needed to support these services in the 2003-05 biennium. Delete the Governor's provision that would limit DHFS' responsibility for conducting inpatient examinations and outpatient examinations to defendants in jail or in a locked unit of a facility.

[Act 33 Section: 445]

7. VARIABLE NONFOOD AND FOOD COSTS [LFB Paper 423]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$3,394,400	- $365,500	$3,028,900
FED	0	$491,200	491,200
PR	1,523,200	1,596,900	3,120,100
Total	$4,917,600	$1,722,600	$6,640,200

Governor: Provide $2,338,500 ($1,576,600 GPR and $761,900 PR) in 2003-04 and $3,387,600 ($2,244,100 GPR and $1,143,500 PR) in 2004-05 to fund projected increases in variable nonfood costs, such as medical care, drugs, clothing, and other supplies for individuals who receive care at the centers for the developmentally disabled, the mental health institutes, the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center.

Reduce funding by $404,400 (-$230,300 GPR and -$174,100 PR) in 2003-04 and by $404,100 (-$196,000 GPR and -$208,100 PR) in 2004-05 to fund the projected costs of food services for residents at the mental health institutes, the centers for the developmentally disabled, the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center.

Joint Finance/Legislature: Modify the Governor's recommendation by increasing funding in the bill by $305,200 (-$381,200 GPR and $686,400 PR) in 2003-04 and by $576,400 (-$334,100 GPR and $910,500 PR) in 2004-05 for food and variable nonfood costs at DCTF institutions. In addition, increase MA benefits funding by $318,300 ($132,300 GPR and $186,000 FED) in 2003-04 and by $522,700 ($217,500 GPR and $305,200 FED) in 2004-05 to reflect these changes.

8. SHARED SERVICES -- ELIMINATE CHARGE-BACK SYSTEM

	Funding	Positions
GPR	$0	31.62
PR	- 4,232,400	- 31.62
Total	- $4,232,400	0.00

Governor/Legislature: Reduce funding by $2,116,200 PR annually and convert 31.62 PR positions to 31.62 GPR positions, beginning in 2003-04, to directly fund positions that provide shared services to facilities operated by the Division of Care and Treatment, rather than to fund these positions on a charge-back basis, as under current practice.

Currently, funding to support these services appears twice in the DHFS budget -- first, within the GPR and PR amounts budgeted for supplies and services for DCTF facilities, and second, as program revenue-service funds budgeted for interagency and intra-agency operations. This item would eliminate the charge-back process for these services, and therefore, the "double counting" of these costs in the Department's budget. GPR and PR funding currently budgeted for supplies and services to pay these charges would instead be used to fund the salary and fringe benefit costs of these positions. Consequently, the Governor's recommendation would have no effect on the amount of funding that would be provided to support these services. In total, 47.38 positions that are currently funded as PR-service positions would instead be funded as GPR positions (31.62 positions) or PR positions (15.76 positions), beginning in 2003-04.

9. FUEL AND UTILITIES

GPR	- $40,100

Governor/Legislature: Reduce funding by $41,000 in 2003-04 and increase funding by $900 in 2004-05 to fund projected changes in the cost of fuel and utilities for facilities administered by the Division of Care and Treatment Facilities.

10. ALTERNATIVE SERVICES

Governor/Legislature: Convert the current appropriation that funds alternative services provided by the centers for the developmentally disabled and the mental health institutes (MHIs) from an annual appropriation to a continuing appropriation.

Under current law, the MHIs may provide, under specified circumstances, alternative services such as mental health outpatient treatment and services, day programming, consultation and services in residential facilities, including group homes, residential care centers for children and youth, and community-based-residential facilities to outside organizations. The centers may provide short-term residential services, dental and mental health services, therapy services, psychiatric and psychological services, general medical services, pharmacy services, and orthotics. The revenue DHFS receives for providing these alternative services is credited to an appropriation that supports these services.

[Act 33 Section: 446]

11. TRANSFER POSITIONS

Governor/Legislature: Transfer $288,600 GPR and 3.88 GPR positions annually from the appropriation that supports the Mendota Mental Health Institute to the appropriation that supports the Sand Ridge Secure Treatment Center. These positions conduct evaluations of sexual predators, most of whom are placed at the Sand Ridge Secure Treatment Center.

Children and Families

1. FOSTER CARE AND ADOPTION ASSISTANCE REESTIMATE [LFB Paper 430]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$15,148,100	- $1,435,700	$13,712,400
FED	12,326,600	- 1,152,600	11,174,000
Total	$27,474,700	- $2,588,300	$24,886,400

Governor: Provide $9,996,500 ($5,644,200 GPR and $4,352,300 FED) in 2003-04 and $17,478,200 ($9,503,900 GPR and $7,974,300 FED) in 2004-05 to reflect reestimates of the amount of funding that will be required to support foster care and adoption assistance payments for children with special needs who are under the guardianship of the state. The state serves as guardian for children with special needs after their parents' parental rights have been terminated. The state pays the cost of out-of-home placements for these children while they await adoption and makes adoption assistance payments to families who adopt children with special needs. Base funding for this program is $58,556,900 ($30,597,800 GPR and $27,959,100 FED).

Joint Finance/Legislature: Reduce funding by $1,513,300 (-$851,800 GPR and -$661,500 FED) in 2003-04 and by $1,075,000 (-$583,900 GPR and -$491,100 FED) in 2004-05 to reflect reestimates of state costs for foster care and adoption assistance payments in the 2003-05 biennium.

2. MILWAUKEE CHILD WELFARE OPERATIONS AND AIDS [LFB Papers 431 and 432]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$5,316,300	3.18	- $1,498,700	- 1.62	$3,817,600	1.56
FED	- 1,788,300	- 3.18	- 2,372,400	1.62	- 4,160,700	- 1.56
PR	5,059,700	0.00	- 1,817,800	0.00	3,241,900	0.00
Total	$8,587,700	0.00	- $5,688,900	0.00	$2,898,800	0.00

Governor: Provide $4,363,500 ($2,274,600 GPR, -$399,300 FED, and $2,488,200 PR) in 2003-04 and $4,224,200 ($3,041,700 GPR, -$1,389,000 FED, and $2,571,500 PR) in 2004-05 to support operations and service costs relating to child welfare services in Milwaukee County. In addition, convert 3.18 FED positions to GPR positions, beginning in 2003-04. Base funding for operations and services is $110,067,700 ($49,255,600 GPR, $26,615,000, and $34,197,100 PR).

Milwaukee Child Welfare Operations. Provide $1,823,700 ($405,400 GPR, -$184,100 FED, and $1,602,400 PR) in 2003-04 and $2,171,200 ($553,800 GPR, -$68,300 FED, and $1,685,700 PR) in 2004-05 to support the administration of the child protective services program in Milwaukee

County. Convert 3.18 FED positions to GPR positions annually to reflect projected changes in the Title IV-E claiming rate. Federal funding is available under Title IV-E of the Social Security Act and PR funding includes TANF funds transferred from DWD and MA targeted case management funds. Base funding for Milwaukee child welfare operations is $18,950,900 ($12,094,500 GPR, $6,228,000 FED, and $630,000 PR).

This item increases funding to support: (a) the Wisconsin statewide child welfare informational system (WISACWIS) to reflect a change in federal regulation that does not allow the state to claim Title IV-E matching funds for WISACWIS costs that relate to kinship care (-$68,900 GPR, -$737,700 FED, and $806,600 PR annually); (b) supplies and services and Milwaukee's share of the master lease payments for the implementation costs of WISACWIS, based on a reestimated and extended payment schedule ($303,500 GPR, $240,000 FED, and $461,100 PR annually); (c) reestimates of infrastructure costs related to the Bureau's computer systems ($301,400 GPR, $222,800 FED, and $92,500 PR in 2003-04 and $449,800 GPR, $332,500 FED, and $138,000 PR in 2004-05); (d) a reestimate of the amount of federal Title IV-E that the state can claim (-$130,600 GPR and $180,800 FED annually); and (e) changes in rent costs (-$90,000 FED and $242,200 PR in 2003-04 and -$83,900 FED and $280,000 PR in 2004-05).

Milwaukee Child Welfare Aids. Provide $2,539,800 ($1,869,200 GPR, -$215,200 FED, and $885,800 PR) in 2003-04 and $2,053,000 ($2,487,900 GPR, -$1,320,700 FED, and $885,800 PR) in 2004-05 to fund projected aids costs. The federal funding is available under Title IV-E and $1,000,000 in 2003-04 from the state's federal adoption incentive award. The PR funding includes TANF funds transferred from DWD, collections, and MA targeted case management funds. Base funding for Milwaukee child welfare aids is $91,116,800 ($37,162,700 GPR, $20,387,000 FED, and $33,567,100 PR).

This item includes: (a) a reestimate of the amount of Title IV-E that the state can claim ($2,971,300 GPR and -$1,465,000 FED annually); (b) projected increases in placement costs ($1,319,000 GPR, $249,800 FED, and $278,100 PR in 2003-04 and $929,100 GPR, $144,300 FED, and $278,100 PR in 2004-05); and (c) projected decreases in service costs (-$2,421,100 GPR, $1,000,000 FED, and $607,700 PR in 2003-04 and -$1,412,500 GPR and $607,700 PR in 2004-05).

Milwaukee child welfare aids fund: (a) direct payments for children in out-of-home care; (b) case management of out-of-home care cases; and (c) services to families where abuse or neglect has been substantiated or is likely to occur, but where the children remain at home as long as appropriate services are provided (safety services). DHFS contracts with private agencies for the administration of most Milwaukee child welfare aid activities.

Joint Finance/Legislature: Reduce funding in the bill by $3,535,500 (-$1,352,100 GPR, -$1,274,500 FED, and -$908,900 PR) in 2003-04 and by $2,153,400 (-$146,600 GPR, -$1,097,900 FED, and -$908,900 PR) in 2004-05 to support operations and services provided by the Bureau of Milwaukee Child Welfare. In addition, convert 1.62 GPR positions to FED positions, beginning in 2003-04.

Milwaukee Child Welfare Operations. Reduce funding in the bill by $281,200 (-$316,400 GPR and $35,200 FED) in 2003-04, and by $85,800 GPR and provide $85,800 FED in 2004-05 and convert 1.62 GPR positions to FED positions to reflect the following changes: (a) revised estimates of federal Title IV-E claiming rates for Bureau of Milwaukee Child Welfare positions (-$85,800 GPR and $85,800 FED annually and –1.62 GPR positions and 1.62 FED positions, beginning in 2003-04); and (b) delete $281,200 (-$230,600 GPR and -$50,600 FED) in 2003-04 for supplies and services.

Milwaukee Child Welfare Aids. Reduce funding by $3,254,300 (-$1,035,700 GPR, -$1,309,700 FED, and -$908,900 PR) in 2003-04 and by $2,153,400 (-$60,800 GPR, -$1,183,700 FED, and -$908,900 PR) in 2004-05 to reflect revised estimates of state costs for services in the Bureau of Milwaukee Child Welfare. This reestimate is based on updated caseload figures, available federal funding, and technical corrections.

The following table summarizes the total funding that would be provided for aids expenses in the Bureau of Milwaukee Child Welfare under Act 33.

Milwaukee Child Welfare Aids Funding Summary
2003-05 Biennium
Act 33

	2003-04				2004-05			
	GPR*	FED	PR	Total	GPR*	FED	PR	Total
Placement Costs								
Foster Care	$11,595,300	$5,967,200	$0	$17,562,500	$11,595,300	$5,966,600	$0	$17,561,900
Treatment Foster Care	4,647,500	2,390,200	0	7,037,700	4,647,500	2,390,200	0	7,037,700
Wraparound Services	7,731,100	1,055,500	0	8,786,600	7,880,900	1,075,900	0	8,956,800
RCCs	3,474,000	751,600	0	4,225,600	3,474,000	751,600	0	4,225,600
Group Homes	1,972,800	426,800	0	2,399,600	1,972,800	426,800	0	2,399,600
Receiving and Assessment Homes	3,798,100	0	0	3,798,100	3,798,100	0	0	3,798,100
	$33,218,800	$10,591,300	$0	$43,810,100	$33,368,600	$10,611,100	$0	$43,979,700
Service Costs								
Safety Services	$0	$0	$7,323,600	$7,323,600	$0	$0	$7,323,600	$7,323,600
Ongoing Services	7,795,000	2,583,000	0	10,378,000	8,795,000	1,583,000	0	10,378,000
	$7,795,000	$2,583,000	$7,323,600	$17,701,600	$8,795,000	$1,583,000	$7,323,600	$17,701,600
Vendor Costs								
Case Management Contract	$13,083,000	$2,871,900	$0	$15,954,900	$13,083,000	$2,871,900	$0	$15,954,900
Out-of-Home Placement Unit	4,346,000	954,000	0	5,300,000	4,346,000	954,000	0	5,300,000
Adoption Contracts	1,895,000	1,459,000	0	3,354,000	1,895,000	1,459,000	0	3,354,000
FISS Unit	206,000	0	0	206,000	206,000	0	0	206,000
Independent Investigations	295,000	0	0	295,000	295,000	0	0	295,000
Prevention Services Contract	0	0	1,489,600	1,489,600	0	0	1,489,600	1,489,600
Mentors	307,500	67,500	0	375,000	307,500	67,500	0	375,000
Kinship Care Payment Unit	329,700	0	0	329,700	339,600	0	0	339,600
Trust Fund Accounting Unit	108,400	23,800	0	132,200	111,700	24,500	0	136,200
EDS Child Hospital	30,000	0	0	30,000	30,000	0	0	30,000
Adoption Search	50,000	0	0	50,000	50,000	0	0	50,000
Other	1,493,100	311,600	0	1,804,700	1,493,100	311,600	0	1,804,700
	$22,143,700	$5,687,800	$1,489,600	$29,321,100	$22,156,900	$5,688,500	$1,489,600	$29,335,000
Grand Total (Act 33)	**$63,157,500**	**$18,862,100**	**$8,813,200**	**$90,832,800**	**$64,320,500**	**$17,882,600**	**$8,813,200**	**$91,016,300**

*Includes GPR funding, collections and MA targeted case management revenues, and Milwaukee County's contribution.

[Act 33 Sections: 1279f and 1280]

3. WISACWIS [LFB Paper 433]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	$2,006,900	- $537,400	$0	$1,469,500
FED	7,076,800	0	0	7,076,800
PR	681,500	537,400	- 537,400	681,500
Total	$9,765,200	$0	- $537,400	$9,227,800

Governor: Provide $4,506,600 (-$234,000 GPR, $4,462,500 FED, and $278,100 PR) in 2003-04 and $5,258,600 ($2,240,900 GPR, $2,614,300 FED, and $403,400 PR) in 2004-05 to continue the implementation and ongoing support of the Wisconsin statewide automated child welfare informational system (WISACWIS). The increase in federal funding includes $2,199,000 in income augmentation funds in 2003-04. The increase in PR funding includes $518,600 annually in TANF funds transferred from DWD to DHFS and a reduction in amounts budgeted from county receipts and MA targeted case management funds transferred from the Division of Management and Technology for the costs of implementing and operating WISACWIS (-$240,500 in 2003-04 and -$115,200 in 2004-05). In addition, create a statutory allocation of TANF funding to support WISACWIS so that a total of $1,695,700 in 2003-04 and $1,741,300 in 2004-05 in TANF funds would be budgeted for this purpose.

WISACWIS is the automated child welfare system that assists case workers and administrators in managing child welfare services. The system maintains information on intake, assessment, eligibility determinations, case management, court processing, financial reporting, and administration. To comply with state law and to avoid financial penalties, DHFS must implement the system statewide by the end of the 2004-05 fiscal year. As of February, 2003, WISACWIS was fully implemented in Milwaukee County and 28 other counties. DHFS projects that by June, 2003, the system will be implemented in 40 counties.

Joint Finance/Legislature: Adopt the Governor's recommendations. In addition, require counties to support 50% of the non-federal portion of the ongoing costs of WISACWIS, beginning in 2003-04. Therefore, provide $268,700 PR annually to reflect increased county payments and delete a corresponding amount of GPR annually.

Veto by Governor [C-29]: Delete $268,700 PR annually to reflect the Governor's veto of the provision requiring counties to support 50% of the non-federal portion of the ongoing costs of WISACWIS.

[Act 33 Sections: 1280 and 9124(9c)]

[Act 33 Vetoed Sections: 448t, 1104m, and 9324(15x)]

4. KINSHIP CARE [LFB Paper 851]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- $1,393,800	- $67,000	- $1,460,800

Governor: Reduce funding by $696,900 annually to reflect the administration's estimate of the amount of funding that will be required to support kinship care payments in the 2003-05 biennium. The program is funded with federal TANF block grant funds transferred from DWD to DHFS. Under this item, a total of $22,501,100 would be budgeted for kinship care benefits in each year.

Reduce from $24,852,600 to $24,155,700 the annual statutory allocation of TANF funds that would be budgeted to support the kinship care program. This new amount would reflect annual funding that would be budgeted to support kinship care benefits ($22,501,100), assessments ($1,464,000), and administrative costs ($190,600 annually).

Counties, and in Milwaukee County, DHFS, pay a benefit of $215 per month to kinship care relatives if: (a) there is a need for the child to be placed with the relative and placement with the relative is in the best interests of the child; (b) the child meets the criteria, or would be at risk of meeting the criteria, for a child or juvenile in need of protection and services, if the child were to remain at home; and (c) the relative meets other non-financial requirements.

Joint Finance/Legislature: Reduce funding for kinship care benefits by $33,500 annually to reflect current estimates of kinship care payments made by DHFS and the counties. Total funding for kinship care benefits would be $22,467,600 annually.

[Act 33 Section: 1274]

5. CHILD CARE LICENSING [LFB Paper 434]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$209,600	2.00	- $209,600	- 2.00	$0	0.00

Governor: Provide $100,600 in 2003-04 and $109,000 in 2004-05 and 2.0 positions, beginning in 2003-04, to perform child care licensing activities in the Bureau of Regulation and Licensing. The administration's intent is to convert 2.0 current positions, which are currently supported by federal child care development funds transferred from DWD, to 2.0 PR positions funded from child care license fee revenue, but the bill would not provide a corresponding decrease in funding or position authority from the funds transferred from DWD.

The Bureau is responsible for licensing and regulating child care facilities, children's group homes, shelter care facilities, residential care centers for children and youth, and child placing agencies for foster care and adoption.

Joint Finance/Legislature: Reduce funding by $100,600 in 2003-04 and $109,000 in 2004-05 and eliminate 2.0 positions, beginning in 2003-04, to reflect the Governor's intent to convert 2.0 PR positions funded with child care licensing revenue to 2.0 PR positions funded with federal child care development fund revenue. The federal child care development fund revenue would be transferred from the Department of Workforce Development to DHFS.

6. CENTRALIZED ELIGIBILITY UNIT

Governor/Legislature: Require DHFS to contract for the provision of a centralized unit for determining whether the cost of providing care for a child is eligible for reimbursement under Title IV-E of the federal Social Security Act. Require DHFS to reduce a county's allocation of Title IV-E incentive funds by 50% if, on December 31 of any year, the county is not using the centralized eligibility unit for Title IV-E eligibility determinations

Under current law, if, on December 31 of any year, there remains any unspent or unencumbered funds in the community aids basic county allocation that exceed the amount received under Title IV-E and distributed to counties, DHFS must carry forward the excess funds and distribute at least 50% to counties, other than Milwaukee County, that are making a good faith effort to comply with implementing the Wisconsin statewide automated child welfare informational system (WISACWIS) by July 1, 2005, for projects to assist children and families and to support WISACWIS implementation costs. The funds distributed to counties are referred to as Title IV-E incentive funds.

Currently, 47 counties use the centralized eligibility unit to determine Title IV-E eligibility for children in their custody. This unit operates under contract with MAXIMUS, Inc., and uses information about new child welfare cases collected by counties to determine if a child in out-of-home care is Title IV-E eligible and if the case is eligible for Title IV-E reimbursement.

[Act 33 Sections: 1096, 1147, and 1148]

Community Aids and Supportive Living

1. COMMUNITY AIDS

FED	- $2,119,000

Governor/Legislature: Reduce funding by $1,059,500 annually to reflect: (a) reductions in the amount of federal social services block grant (SSBG) funds and Title IV-B funds the state will receive; (b) a change in the base amount for calculating the amount of TANF funding that can be used for federal SSBG purposes; and (c) adjustments for Family Care.

Reduction in SSBG Funds. The actual federal SSBG award level in federal fiscal year 2001-02 was 2.8% less than the amount of SSBG that was budgeted in the 2001-03 biennium. Reduce funding by $868,800 annually to reflect that less funding is available from this source to support community aids.

Reduction in Title IV-B Funds. The actual federal Title IV-B award level in federal fiscal year 2001-02 was less than the amount of Title IV-B that was budgeted in the 2001-03 biennium. In addition, DHFS expects the federal fiscal year 2002-03 award amount to be 1.2% less than the 2001-02 award amount. Reduce funding by $154,800 annually to reflect that less funding is available from this source to support community aids. Specify that DHFS must distribute not more than $3,809,600 in Title IV-B funds in each fiscal year under community aids.

TANF/SSBG Conversion. Under federal law, a state may use a portion of its TANF allocation to fund SSBG eligible activities. This percentage is based on the amount of TANF the state receives, which is the state's TANF award, less TANF funding received directly by tribes within the state. The Oneida Tribe is expected to begin directly receiving TANF funds in 2003, which will reduce the TANF amount received by the state. Reduce funding by $35,900 annually to correctly reflect the amount of TANF funds that the state can use for SSBG purposes.

Family Care Adjustments. A portion of Family Care counties' community aids funding is transferred from community aids to Family Care to support Family Care program costs. Reduce funding by $193,600 (-$151,800 GPR and -$41,800 FED) in 2003-04 and by $193,200 (-$151,500 GPR and -$41,700 FED) in 2004-05 in community aids. Provide a corresponding increase of $193,600 ($151,800 GPR and $41,800 FED) in 2003-04 and $193,200 ($151,500 GPR and $41,700 FED) in 2004-05 in Family Care to reflect the correct amount of Family Care transfers.

Medical Assistance Funding. Include federal funds the state receives under the medical assistance (MA) program that the state claims for costs of preventing out-of-home care as a funding source for community aids. In addition, direct DHFS to first use these MA funds to meet the budgeted level of federal funding in community aids.

Basic County Allocation. Delete references to 2001-03 funding allocations, and instead, specify that funding for the basic county allocation would be $242,078,700 in each fiscal year to reflect changes in the amount of federal funding that would be budgeted for the program.

Family Support Program. Delete references to the 2001-02 and 2002-03 funding allocations for the family support program. Instead, require DHFS to distribute not more than $5,089,800 in each fiscal year for the program. This provision maintains the 2002-03 funding level for the family support program.

Family Support Program – Carryover Funds. Require DHFS to carry forward up to 5% of a county's family support program allocation from one calendar year to another, at a county's request. Require DHFS to carry forward up to 3% of the total amount of the county's community aids allocation, excluding the amount allocated to the family support program, from one calendar year to the next, at the county's request. Current law does not exclude the family support program allocation from the county's community aids allocation, but does allow counties to request that DHFS carry over 3% of the county's community aids allocation. Require counties to use these carryover funds for the purpose for which the funds were originally allocated, but prohibit counties from using these carryover funds for administrative or staff costs. Provide that all funds that were carried forward and that are not spent or encumbered by a county by December 31 of the calendar year to which those funds were carried forward would lapse to the general fund on the succeeding January 1. Specify that these carryover funds would not affect a county's base family support program allocation, or if funds were carried forward for other community aids programs, a county's base allocation for those programs.

Authorize DHFS to carry over any funds allocated for the family support program that are not carried over at a county's request, for emergencies, for justifiable unit service costs above planned levels, and for increased costs due to population shifts. Under current law, DHFS may carry forward 10% of any community aids funds that are not spent or encumbered by counties by December 31 of each calendar year, and that are not otherwise carried forward, for emergencies, for services costs above planned levels, and for increased costs due to population shifts. This provision would allow DHFS to carry forward all family support program funds, while maintaining the 10% limit for other community aids programs. Specify that carryover funds do not affect a county's base family support program allocation or, if the funds were carried forward for other community aids programs, a county's base allocation for that program.

The following table summarizes the changes to community aids funding under Act 33.

Act 33 Community Aids Funding
Changes to Community Aids Under This Item

	2003-04			2004-05		
	GPR	FED	Total	GPR	FED	Total
Base	$178,933,000	$85,664,200	$264,784,300	$178,933,000	$85,664,200	$264,784,300
SSBG		-868,800	-868,800		-868,800	-868,800
Title IV-B		-154,800	-154,800		-154,800	-154,800
TANF		-35,900	-35,900		-35,900	-35,900
Family Care	-151,800	-41,800	-193,600	-151,500	-41,700	-193,200
Community Aids Total	$178,781,200	$84,562,900	$263,531,200	$178,781,500	$84,563,000	$263,531,600
Family Care Transfer	$151,800	$41,800	$193,600	$151,500	$41,700	$193,200
Item Total	$178,933,000	$84,604,700	$263,724,800	$178,933,000	$84,604,700	$263,724,800
Difference (Change to Base)	$0	-$1,059,500	-$1,059,500	$0	-$1,059,500	-$1,059,500

Other Changes to Community Aids*

	2003-04			2004-05		
	GPR	FED	Total	GPR	FED	Total
Family Care Simplification	-$1,579,300	-$208,200	-$1,787,500	-$1,579,300	-$208,200	-$1,787,500
Total Community Aids	$177,353,700	$84,396,500	$261,750,200	$177,353,700	$84,396,500	$261,750,200

* These funding changes are summarized under items relating to Family Care.

[Act 33 Sections: 478, 1144 thru 1146, 1149 thru 1153, and 1190]

2. RETIRED SENIOR VOLUNTEER PROGRAM [LFB Paper 440]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $1,005,200	$502,600	- $502,600

Governor: Delete $502,600 annually to eliminate all state funding that is currently budgeted to supplement federal funds agencies receive to support the retired senior volunteer program (RSVP). Repeal statutory provisions that authorize DHFS to establish and operate RSVP and all statutory references to the program.

The RSVP is a federal program that develops and supports volunteer opportunities for adults age 55 and older, enabling volunteers to stay or become active in the community through volunteer services. The RSVP recruits, interviews, trains, and places men and women with public and private nonprofit agencies requesting service. Funding is provided for out-of-pocket expenses, such as transportation and liability insurance for volunteers. In calendar year 2003, DHFS distributed state funds to 17 public and nonprofit agencies that serve 29 counties. These agencies received approximately $1.0 million in federal funding directly from the Corporation for National and Community Services.

Joint Finance/Legislature: Delete the Governor's provision. Instead, provide $251,300 annually for the program, which represents 50% of the amount allocated to RSVP projects in 2002-03. In addition, modify the statutes to specify that the RSVP program shall engage persons aged 55 or over as volunteers, instead of 60 or over, as stated in current law.

[Act 33 Sections: 1172 thru 1174]

3. MENTAL HEALTH/SUBSTANCE ABUSE MANAGED CARE DEMONSTRATION PILOT PROGRAMS

FED	$586,700
PR	586,700
Total	$1,173,400

Governor/Legislature: Provide $724,200 ($362,100 FED and $362,100 PR) in 2003-04 and $449,200 ($224,600 FED and $224,600 PR) in 2004-05 to fund one-time costs of developing a functional screening tool and data analysis activities that are necessary to continue implementing the mental health/substance abuse managed care demonstration projects that began in the 1999-01 biennium.

These costs would be supported from federal medical assistance (MA) matching funds and PR funding budgeted from the appropriation that supports licensing and support services provided by the Division of Supportive Living. Health care licensing fees, certification fees, plan review fees, fees for background checks, workshop fees, and fees assessed for inspecting, licensing, and approving facilities, and revenue from the annual licensing and approval fees assessed to inpatient health care facilities, are credited to this appropriation. Specify that the PR funding may be used for the demonstration projects only through June 30, 2005.

Require DHFS to expend $362,100 in 2003-04 and $224,600 in 2004-05 from the licensing and support services appropriation to contract with counties to provide up to six demonstration projects. Require the demonstration projects to provide mental health and substance abuse services under managed care program to persons who suffer from mental illness, alcohol or other drug dependence, or both mental illness and alcohol or other drug dependency.

Require DHFS to submit to the U.S. Department of Health and Human Services any requests for waiver of federal MA laws that are necessary to secure federal MA matching funds for these projects. Authorize DHFS to contract for the provision of the managed care demonstration projects, regardless of whether a waiver is approved.

In January, 2001, DHFS began operating four mental health/substance abuse demonstration projects that provide services to individuals with mental illness and/or alcohol or other drug dependency on a fee-for-services basis. The four mental health/substance abuse demonstration projects are in Milwaukee, Dane, Kenosha, and Forest/Oneida/Vilas Counties. DHFS expects that, eventually, services to individuals enrolled in the programs will be funded through capitation payments that will include a combination of MA, local tax, and community aids funds. Further, individuals will access services through a single-entry point.

[Act 33 Sections: 473, 474, 9124(2), and 9424(2)]

4. CARETAKER SUPPLEMENT ADMINISTRATION [LFB Paper 852]

PR	$1,013,200

Governor: Provide $506,600 annually in TANF funds to support increased costs of administering the caretaker supplement program that resulted when, beginning in January, 2002, DHFS and DWD established the program as a distinct program in the client assistance for re-employment and economic support (CARES) computer system with its own eligibility determination process. Before January, 2002, children for whom caretaker supplement payments were made were identified as children in certain medical assistance categories that were equivalent to caretaker supplement eligibility criteria. However, in January, 2002, county workers began using CARES to determine eligibility for the caretaker supplement and to maintain information on cases. Under federal cost allocation rules, DHFS must allocate a portion of CARES administration costs and the income maintenance contracts to the caretaker supplement program. In addition, DHFS will continue to contract with EDS to make payments under the program. DHFS used underspending in other TANF-funded programs to support these higher costs in the 2001-03 biennium.

Joint Finance/Legislature: Approve the Governor's recommendation. In addition, transfer $15,200 in 2004-05 from the Division of Health Care Financing to the Division of Supportive Living to budget these funds in the correct appropriation.

5. SSI CARETAKER SUPPLEMENT REESTIMATE [LFB Paper 845]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$248,300	$14,718,800	$14,967,100

Governor: Provide $581,100 in 2003-04 and delete $332,800 in 2004-05 to reflect a reestimate of the amount of TANF funding transferred from the Department of Workforce Development (DWD) to DHFS that will be required to support the state supplemental security income (SSI) caretaker supplement program in the 2003-05 biennium. The administration projects that the regular SSI caseload will continue to decrease and the SSI caretaker supplement caseload will increase in 2003-04 and then remain constant in 2004-05. The bill would provide a total of $20,239,100 in 2003-04 and $19,325,200 in 2004-05 in TANF funds transferred from DWD to support these payments.

SSI is a federal program that provides cash benefits to low-income disabled or blind adults and children. Each Wisconsin recipient of a federal SSI benefit is eligible for a basic state supplement to his or her benefit. A recipient's state benefit level is based on whether that individual is living independently in his or her own household or living in the household of another person. If a recipient has a spouse who is also eligible to receive SSI benefits, the couple receives a combined benefit. The caretaker supplement is a cash benefit to SSI recipients who have dependent children. The benefit is $250 per month for the first dependent child and $150 per month for each additional dependent child.

Joint Finance/Legislature: Increase funding by $5,513,500 in 2003-04 and $9,205,300 in 2004-05 to reflect a reestimate of the funding necessary to support the SSI caretaker supplement program in the 2003-05 biennium. Total funding for caretaker supplement benefits would be $30,669,800 ($4,917,200 GPR and $25,752,600 TANF) in 2003-04 and $31,939,000 ($3,408,500 GPR and $28,530,500 TANF) in 2004-05.

[Act 33 Section: 1275]

6. TRANSFER CHILDREN'S COMMUNITY PROGRAMS [LFB Paper 270]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $370,000	$0	- $370,000
PR	0	370,000	370,000
Total	- $370,000	$370,000	$0

Governor: Delete $185,000 GPR annually to reflect the effect of transferring support for four grants for children's community programs from GPR budgeted in DHFS to federal Byrne anti-drug law enforcement funding budgeted in the Office of Justice Assistance (OJA) in DOA. Require OJA to fund the following statutorily designated grants with these federal funds: (a) the Career Youth Development Center in the City of Milwaukee for the operation of a minority youth substance abuse treatment program ($80,000 annually); (b) court-appointed special advocate programs that are recognized by a chief judge of a judicial administrative district to perform advocacy services for children in need of protection and services (CHIPS) proceedings ($50,000 annually); (c) the Children's Safe House Child Care program in Kenosha County for the operation of that program ($50,000 annually); and (d) the Milwaukee Police Athletic League to purchase sports and recreational equipment for two gymnasium facilities and to contribute to the operating expenses of those gymnasium facilities ($5,000 annually).

Joint Finance/Legislature: Modify the Governor's recommendation by providing $185,000 PR annually in Byrne and matching penalty assessment funds for children's community grants, subject to the availability of penalty assessment funds and OJA's distribution of these funds. Specify that OJA may provide the following amounts of Byrne and penalty assessment funds to DHFS to support the identified grants: (a) $80,000 annually for the Career Youth Development Center; (b) $50,000 annually for court-appointed special advocate programs; (c) $50,000 annually for the Children's Safe House Child Care program; and (d) $5,000 annually for the Milwaukee Police Athletic League. In addition, reduce GPR funding for the Career Youth Development Center grant from the proper appropriation in DHFS.

Veto by Governor [C-6]: Delete the reference to availability of penalty assessment funds. Therefore, OJA is required to distribute $185,000 PR annually in Byrne and penalty assessment funds for children's community grants.

[Act 33 Sections: 230 and 1158 thru 1165]

[Act 33 Vetoed Section: 9101(13p)]

7. HOSPITAL DIVERSION FOR CHILDREN WITH SERIOUS EMOTIONAL DISTURBANCES

PR	- $124,600

Governor/Legislature: Reduce funding by $235,500 (-$100,300 GPR and -$135,200 PR) in 2003-04 and increase funding by $110,900 ($100,300 GPR and $10,600 PR) in 2004-05 to: (a) provide grants for Winnebago and Brown Counties to establish integrated service projects (ISPs) for children with serious emotional disturbances (SED), beginning in 2003-04; and (b) provide funding to support MA card services for children who enter the ISPs but are not currently enrolled in MA. Base funding for this program is $721,300 PR. Currently, DHFS distributes these grants to the Northwoods Alliance for Children and Families (Forest, Oneida, Vilas, Marathon, Langlade, and Lincoln Counties) and Kenosha County. The grant to the Northwoods Alliance ends in 2002-03 and the grant to Kenosha County would continue in the 2003-05 biennium.

In addition, make the following statutory changes.

Service Coordination. Permit a county to qualify for grant funding if it provides service coordination on behalf of a child with a serious emotional disturbance and the child's family in the county as an alternative to a current requirement that the county submit a plan that specifies the proposed use of funds to implement the program, including, at the time of termination of funding provided under the program, enrollment of children served under the program in a limited service health organization that covers both inpatient and outpatient expenses.

Hospital diversion funds are MA benefit funds that DHFS may transfer from the Division of Health Care Financing to the Division of Supportive Living for grants to counties to support mental health services for children with SED. Under current law, to receive hospital diversion funds, in addition to submitting the plan specified above, a county must do at least one of the following: (a) receive a federal grant for community mental health services for children with SED; (b) receive any grant for services to SED children; or (c) be in compliance with the statutory requirements for an ISP program, except that the county is not required to be currently receiving a state grant to support that ISP program. Under this provision, the eligibility criteria would be expanded to include any county that is providing integrated services for children with SED, and would not require the county to be following or developing a managed care model for its ISP, which is the effect of current law.

Funding Lapses. Specify that hospital diversion funds that DHFS does not distribute to a county, instead of funds that a county does not encumber as provided under current law, before 24 months after June 30 of the fiscal year in which DHFS allocated the funds to the county, lapse to the MA benefits appropriation. Permit a county at any time to expend funds that DHFS distributes to the county, consistent with the requirements of the use of the funds. Under current law, these funds may be used for: (a) mental health care and treatment in an inpatient facility for children with SED; and (b) community mental health services for children with SED.

Integrated service projects provide integrated services, also referred to as "wraparound services," that focus on the strengths and needs of the child and family and "wrapping" services around them to treat and support families in the community. The program serves children under 18 years of age who: (a) have a serious emotional disturbance; (b) have minimal coping skills to meet the ordinary demands of family life, school, and the community; and (c) are involved in two or more service systems, including mental health, child welfare, or juvenile justice. Currently, 27 counties in Wisconsin have ISP programs.

[Act 33 Sections: 1167m thru 1171]

8. HEALTH FACILITY REGULATION AND PENALTIES

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$87,000	1.00	- $87,000	- 1.00	$0	0.00

Governor: Provide $41,800 in 2003-04 and $45,200 in 2004-05 and 1.0 regulatory specialist position, beginning in 2003-04, for the Bureau of Quality Assurance to address the backlog relating to assessing forfeitures on nursing homes for violations of license and certification standards.

Create Forfeiture Surcharge. Require DHFS to levy a surcharge equal to 6% of the amount of any forfeiture DHFS imposes for statutes relating to nursing home violations and rules promulgated under those statutes. Specify that if multiple violations are involved, the forfeiture surcharge would be based on the total forfeitures for all violations. Require DHFS to credit all forfeiture surcharge revenue to a current appropriation that supports the Department's regulation of nursing homes. The additional regulatory specialist position would be funded from this source.

Specify that the current statutes that apply to the assessment of forfeitures and timely payment of forfeitures would also apply to nursing home forfeiture surcharges, including: (a) the requirement that DHFS send a notice to the facility in violation indicating the amount of the forfeiture and surcharge, the alleged violation, and the licensee's right to a fair hearing; and (b) the requirement that facilities remit forfeiture and forfeiture surcharges to DHFS within 10 days of receipt of notice or within 10 days of receipt of the final decision if the violation is contested

Increase Penalties for CBRF Violations. Increase the maximum forfeiture DHFS can impose on a community-based residential facility (CBRF) from $1,000 per violation to $10,000 per violation.

Under current law, licensing and support service revenues fund health facility plan and rule development activities, facility accreditation, capital construction and remodeling plan reviews, technical assistance, and associated licensing and support costs. Forfeitures are assessed on facilities for violating licensing and certification standards and submitted to the State Treasurer for deposit in the common school fund. Forfeitures assessed to CBRFs currently range from $10 to $1,000 for each violation, while nursing home forfeiture amounts vary.

Joint Finance/Legislature: Delete provision.

Require DHFS to reduce the number of nursing home surveyor positions it employs in each year, beginning in 2003-04, by the same percentage decrease in the number of all facilities regulated by the Bureau of Quality Assurance (BQA) as of December 31 of the previous fiscal year, compared with the number of facilities as of December 31, 2001. In each subsequent year, require DHFS to reduce the number of positions it employs in BQA in each year by the same percentage decrease in the number of facilities as of December 31 of the previous year, compared with the number of facilities as of December 31 of the previous year.

Veto by Governor [C-27]: Delete the requirement that DHFS reduce the number of nursing home surveyor positions it employs in each year according to the calculation specified above.

[Act 33 Sections: 473, 474, 1472b, and 9454]

[Act 33 Vetoed Sections: 1466d]

9. INTERPRETER SERVICES

Governor/Legislature: Transfer $100,000 GPR annually that currently funds interpreter services for hearing-impaired individuals from a state operations appropriation to an aids appropriation that currently funds telecommunications assistance for hearing-impaired individuals. Modify the current aids appropriation to authorize DHFS to make payments for interpreter services from the appropriation.

[Act 33 Sections: 475 and 1143]

10. INPATIENT HEALTH CARE FACILITY REVENUES

Governor/Legislature: Increase, from $309,300 in 2002-03 to $334,800 in 2003-04 and to $338,200 in 2004-05, the amount of health care facility fee revenues that would support the Department's vital records and health services regulation activities. Delete references to fiscal year 2001-02 and 2002-03 allocation amounts.

DHFS collects fee revenue from health care facilities to support its regulation function. Currently, nursing homes are required to pay $6 per licensed bed annually, while other inpatient health care facilities, including hospitals, pay $18 per licensed bed. Revenue from these fees is credited to one of two PR appropriations that fund: (a) vital records and health services regulation activities; and (b) licensing and regulation of health care facilities. This statutory provision assigns a certain amount of revenue from this source to the vital records and health services appropriation -- the rest is credited to the appropriation that funds the licensing and regulation of health facilities.

[Act 33 Section: 457]

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$141,382,000	$68,790,900	$137,901,700	$137,901,700	$137,901,700	- $3,480,300	- 2.5%
FED	1,751,600	1,396,400	2,792,800	2,792,800	2,792,800	1,041,200	59.4
PR	2,385,200	7,646,300	23,871,700	23,871,700	23,871,700	21,486,500	900.8
SEG	153,000	76,800	153,600	153,600	153,600	600	0.4
TOTAL	$145,671,800	$77,910,400	$164,719,800	$164,719,800	$164,719,800	$19,048,000	13.1%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	11.36	0.00	10.36	10.36	10.36	- 1.00
FED	0.00	0.00	0.00	0.00	0.00	0.00
PR	0.00	0.00	0.00	0.00	0.00	0.00
SEG	0.64	0.00	0.64	0.64	0.64	0.00
TOTAL	12.00	0.00	11.00	11.00	11.00	- 1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$51,500
SEG	600
Total	$52,100

Governor/Legislature: Adjust the base budget by $32,500 GPR and $300 SEG in 2003-04 and $19,000 GPR and $300 SEG in 2004-05 for: (a) full funding of salaries and fringe benefits ($100 GPR annually); (b) reclassifications ($3,900 GPR annually); (c) BadgerNet increases ($26,600 GPR in 2003-04 and $13,100 GPR in 2004-05); and (d) full funding of lease costs and directed moves ($1,900 GPR and $300 SEG annually).

2. BASE BUDGET REDUCTION

GPR	- $80,300

Governor/Legislature: Reduce the agency's general program operations appropriation by $80,300 in 2003-04 and delete 1.0 position in 2003-04, which would represent a 10.7% reduction from the 2002-03 adjusted base.

3. WHEG PROGRAM FOR UW STUDENTS [LFB Paper 798]

GPR	- $3,006,500
PR	21,486,500
Total	$18,480,000

Governor: Reduce the Wisconsin higher education grants funding for UW students by $1,093,700 GPR in 2003-04 and $1,912,800 GPR in 2004-05. Provide $6,453,700 PR in 2003-04 and $15,032,800 PR in 2004-05 in supplemental funding through a new annual appropriation funded through transfers from the UW System's auxiliary enterprises appropriation. Total funding for WHEG-UW grants would increase from base funding of $21,839,600 in 2002-03 to $27,199,600 in 2003-04 and $34,959,600 in 2004-05, which would represent 24.5% and 28.5% annual increases, respectively.

Supplemental funding for the WHEG-UW grants program would be provided through transfers from the UW System's auxiliary enterprise appropriation. As part of its operations, each UW System campus administers auxiliary enterprises, which are non-instructional facilities that provide services to students. These operations, including residence halls, dining halls, parking, and bookstores, are self-supporting through user fees, merchandise sales, and interest earnings. Other non-instructional activities, such as student government, student health services, transportation, student unions, and intercollegiate athletics, are funded, at least in part, through a segregated fee assessed to all students which is also included under the UW System's auxiliary reserve appropriation. Under current law, funding for auxiliary enterprises is provided in a continuing appropriation with base funding of $443,500,500 in 2002-03.

Under current law, WHEG-UW funding increases are linked to the highest prior year increase for resident undergraduate tuition at any UW System institution starting in 2003-04. In order to realize the GPR reduction identified in the bill, the bill would need to be modified to delete or suspend this linkage. If the linkage remains unchanged from current law, GPR funding for WHEG-UW would need to increase an estimated $2,511,600 in 2003-04 (11.5%) over 2002-03 and an estimated $7,065,300 in 2004-05, which would represent an 18.7% increase in 2004-05 over 2003-04.

Joint Finance/Legislature: Modify the Governor's recommendation to suspend the link between prior year percentage increases in UW System undergraduate tuition and GPR funding for WHEG-UW grants until 2005-06. Specify that no monies may be expended or encumbered after June 30, 2005, from the PR-funded WHEG-UW appropriation funded from UW auxiliary reserves. Prohibit the Board of Regents from using monies accumulated in segregated fee accounts for funding financial aid. Require the UW System to submit the proposed allocation of the auxiliary reserve reductions by campus and auxiliary reserve account by September 15 in each year of the 2003-05 biennium for approval by DOA. Once approved by DOA, the proposed allocation would be submitted to the Joint Finance Committee for approval under a 14-day passive review process.

Veto by Governor [A-23 and A-24]: Eliminate the requirement for the UW System Board of Regents to submit to the Department of Administration and then to the Joint Committee on Finance under a 14-day passive review its plan for using auxiliary enterprise balances to fund student financial aid. In addition, delete the June 30, 2005, sunset date for the PR-funded

WHEG-UW financial aid appropriation funded from UW auxiliary reserves.

[Act 33 Sections: 318x, 329d, 385, 986b, 987b, 988b, 989, and 9157(1x)]

[Act 33 Vetoed Sections: 329d, 386d, 990g, 9157(1x), 9425(2x), and 9457(2x)]

4. WHEG PROGRAM -- MAXIMUM AWARD [LFB Paper 446]

Governor: Delete the current $1,800 limit on the maximum grant award for the Wisconsin higher education grant (WHEG) program. Currently, the maximum tuition grant is statutorily set at $1,800 during any one academic year. The WHEG program provides grants to resident undergraduate students enrolled at least half-time at UW institutions, Technical College System institutions and tribal colleges located in Wisconsin.

Joint Finance/Legislature: Delete the Governor's recommendation and, instead, increase the current statutory limit on maximum grants from $1,800 to $2,500.

[Act 33 Section: 984d]

5. MARQUETTE DENTAL SCHOOL TUITION AID [LFB Paper 495]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $1,517,200	$1,152,500	- $364,700

Governor: Reduce funding for tuition assistance for Wisconsin residents enrolled in the Marquette Dental School by $758,600 annually, which represents a 50% reduction to the adjusted base level. Delete current law that specifies the capitation payment amount of $11,670. The current funding level of $1,517,100 annually supports 130 students at the current annual aid level of $11,670. Delete the current limit of 160 on the number of Wisconsin residents who may receive capitation payments. Delete the limit on the tuition that the Marquette Dental School may assess for a Wisconsin resident who receives state capitation aid, which specifies that tuition cannot exceed the difference between the tuition assessed a nonresident student enrolled and the capitation payment for Wisconsin residents enrolled.

Joint Finance/Legislature: Provide $510,600 in 2003-04 and $641,900 in 2004-05 to reflect a capitation amount of 75% of the amount provided under current law. Specify the capitation amount to be $8,753, rather than $11,670 under current law. Limit the number of students eligible for capitation aid to 145 in 2003-04 and to 160 in 2004-05 and thereafter. Specify that tuition at Marquette Dental School could not exceed the difference between the tuition assessed a nonresident student enrolled and the capitation payment for Wisconsin residents enrolled.

[Act 33 Section: 314d]

6. WISCONSIN HEALTH EDUCATION ASSISTANCE LOAN REPAYMENT TRANSFER

GPR-REV	$1,000,000

Senate/Legislature: Require the Higher Educational Aids Board to transfer $1,000,000 in 2003-04 of the available balance of funds related to the repayment of Wisconsin health education assistance loans (WHEAL). WHEAL revenue bonds were issued by the state during the early and mid-1980s to make funds available for loans to full-time medical and dental students. The bonds related to these loans have been repaid; however, HEAB continues to administer and collect payments for outstanding WHEAL loans.

[Act 33 Section: 9225(1f)]

7. FEDERAL REVENUES

FED	$1,041,200

Governor/Legislature: Reestimate federal revenues by $520,600 annually above the base level of $875,800 to reflect an anticipated increase in the amount of federal funding under the leveraging education assistance partnership (LEAP) grant program and the special leveraging educational assistance partnerships (SLEAP) grant program. In the 2003-05 biennium, the total amount received under the LEAP program is estimated at $625,300 annually, and the amount received under the SLEAP program is estimated at $771,200 annually. Federal monies from this program are combined with state funds under the talent incentive program.

8. ELIMINATE HEAB [LFB Paper 445]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $68,038,600	- 11.36	$67,958,300	10.36	- $80,300	- 1.00
PR	- 16,225,400	0.00	16,225,400	0.00	0	0.00
FED	- 1,396,400	0.00	1,396,400	0.00	0	0.00
SEG	- 76,800	- 0.64	76,800	0.64	0	0.00
Total	- $85,737,200	- 12.00	$85,656,900	11.00	- $80,300	- 1.00

Governor: Effective July 1, 2004, eliminate the Higher Educational Aids Board (HEAB) and the executive secretary position in HEAB and transfer HEAB's administrative duties and programs to the UW System Board of Regents.

Administration of Financial Aid. Delete $771,000 GPR and 11.36 GPR positions, $1,000 PR, and $76,800 SEG with 0.64 SEG positions in 2004-05 for general program operations for HEAB. Specify that the unencumbered balance in the HEAB administrative appropriation would transfer to the UW. Provide $196,900 GPR, $1,000 PR, and $76,800 SEG with 1.36 GPR and 0.64 SEG positions to the UW System Board of Regents for administration of financial aid programs transferred from HEAB. Provide $103,700 GPR and 2.0 positions to DOA. According to executive budget documents, the positions provided to DOA would be utilized to ensure fair treatment by the UW System for the programs being administered on behalf of private institutions, the Wisconsin Technical College System, and the programs affecting Native

American students.

Provide that the incumbent employees transferred from HEAB to the UW System and to DOA would retain all employment rights and status that 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 from HEAB to the UW System Board of Regents all assets, liabilities, tangible personal property, and records. Transfer all outstanding loans made under HEAB administered student loan programs. Provide that all contracts entered into by HEAB that were in effect prior to the transfer would remain in effect until their specified expiration date or until they were rescinded or modified by the UW, to the extent allowed under the contract. Provide that any pending matters would transfer to UW and all materials submitted to HEAB or actions taken by HEAB concerning the pending matter would be considered as having been submitted to or been taken by the UW System.

Specify that all rules promulgated and orders issued by HEAB that were in effect would remain in effect until their specified expiration date or until they were amended or repealed by the UW System. Permit the Board of Regents to establish policies, rather than promulgate rules, to administer the financial aid programs for which rules are required under current law.

Financial Aid Programs. Transfer $67,267,600 GPR, $16,224,400 PR and $1,396,400 FED in 2004-05 to the UW System from HEAB for the following programs:

Program	2004-05	Fund Source
GPR Funded Programs		
Tuition Grant	$22,103,700	GPR
Nursing Student Loan	450,000	GPR
Minority Teacher Loan	262,100	GPR
Teacher Education Loan	275,000	GPR
Teacher of the Visually Impaired	100,000	GPR
Dental Education Contract	758,500	GPR
Talent Incentive Grant	4,503,800	GPR
WHEG-UW Students	19,926,800	GPR
WHEG-WTCS Students	14,874,000	GPR
Minority Student Grant	756,900	GPR
Handicapped Student Grant	123,800	GPR
Academic Excellence Scholarship	3,133,000	GPR
Subtotal GPR Programs	$67,267,600	GPR
PR Funded Programs		
Indian Student Grant	$787,600	PR
WHEG-Tribal College Students	404,000	PR
WHEG-UW Supplemental Funding	15,032,800	PR
Subtotal PR Programs	$16,224,400	PR
FED Funded Program		
Talent incentive grant program -- supplement	$1,396,400	FED
Total -- All Funds	$84,888,400	All Funds

Minnesota-Wisconsin Tuition Reciprocity Agreement Administration. Transfer administration of the Minnesota-Wisconsin reciprocity program from HEAB to the UW System Board of Regents. Under current law, the agreement is negotiated and administered jointly by the Minnesota Higher Educational Services Office and HEAB.

Medical and Dental Capitation Programs. Transfer administration of contracts with the Medical College of Wisconsin and the Marquette University Dental School from HEAB to the UW System Board of Regents. Under the medical and dental capitation contracts, state funding is provided as per capita tuition assistance for state residents enrolled at the Medical College of Wisconsin and Marquette University Dental School.

Joint Finance/Legislature: Delete provision and restore the Higher Educational Aids Board and its responsibilities as under current law. As part of the restoration of HEAB's administrative appropriations, delete $80,300 GPR and 1.0 GPR position in 2004-05, so that the base budget reduction for 2003-04 under Item #2 would also apply to 2004-05.

HISTORICAL SOCIETY

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Act 33 Change Over Base Year Doubled Percent
GPR	$22,446,600	$20,149,100	$21,584,400	$21,584,400	$21,584,400	- $862,200	- 3.8%
FED	2,089,000	2,448,400	2,446,000	2,446,000	2,446,000	357,000	17.1
PR	11,166,000	10,903,700	10,903,700	10,903,700	10,903,700	- 262,300	- 2.3
SEG	1,051,400	1,438,000	1,438,000	1,438,000	1,438,000	386,600	36.8
TOTAL	$36,753,000	$34,939,200	$36,372,100	$36,372,100	$36,372,100	- $380,900	- 1.0%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	125.50	94.90	109.90	109.90	109.90	- 15.60
FED	6.10	6.36	6.36	6.36	6.36	0.26
PR	23.47	22.28	22.28	22.28	22.28	- 1.19
SEG	3.75	3.75	3.75	3.75	3.75	0.00
TOTAL	158.82	127.29	142.29	142.29	142.29	- 16.53

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR	$954,400	- 0.60	- $60,600	0.00	$893,800	- 0.60
FED	259,400	0.26	- 2,400	0.00	257,000	0.26
PR	526,200	- 1.19	0	0.00	526,200	- 1.19
SEG	276,600	0.00	0	0.00	276,600	0.00
Total	$2,016,600	- 1.53	- $63,000	0.00	$1,953,600	- 1.53

Governor: Adjust the base budget by $476,000 GPR, $129,700 FED, $263,100 PR, and $138,300 SEG in 2003-04, by $478,400 GPR, $129,700 FED, $263,100 PR, and $138,300 SEG in 2004-05, and by -0.60 GPR, 0.26 FED, and -1.19 PR positions beginning in 2003-04 for: (a) turnover (-$154,900 GPR annually); (b) removal of non-continuing elements from the base

(-$162,200 GPR annually); (c) full funding of continuing salaries and fringe benefits ($714,100 GPR and -0.60 GPR position, $128,500 FED and 0.26 FED position, $263,100 PR and -1.19 PR position, and $138,300 SEG annually); (d) overtime ($7,600 GPR annually); (e) night and weekend differential ($13,000 GPR annually); (f) fifth week of vacation as cash ($30,300 GPR and $1,200 FED annually); and (g) full funding of lease costs ($28,100 GPR in 2003-04 and $30,500 GPR in 2004-05).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$30,300 GPR and -$1,200 FED annually).

[Act 33 Section: 9160(3f)]

2. BASE BUDGET REDUCTIONS [LFB Paper 450]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR	- $3,000,000	- 30.00	$1,500,000	15.00	- $1,500,000	- 15.00

Governor: Reduce the agency's GPR state operations appropriation by $1,500,000 annually and by 30.0 positions beginning in 2003-04. The reduction is 15.85% of the adjusted base level for this appropriation.

Joint Finance/Legislature: Provide $750,000 annually and 15.0 positions beginning in 2003-04 for the agency's GPR state operations appropriation. The net reduction after restoring these funds and positions would be 7.9% of the adjusted base level for this appropriation.

3. REESTIMATE DEBT SERVICE [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $269,200	- $4,100	- $273,300
PR	259,500	0	259,500
Total	- $9,700	- $4,100	- $13,800

Governor: Reestimate debt service costs by -$109,800 GPR and $84,200 PR in 2003-04 and - $159,400 GPR and $175,300 PR in 2004-05.

Joint Finance/Legislature: Reduce funding by $2,700 GPR in 2003-04 and $1,400 GPR in 2004-05 to reflect a reestimate of those costs.

4. FUEL AND UTILITIES FUNDING

GPR	$17,300

Governor/Legislature: Provide $5,300 in 2003-04 and $12,000 in 2004-05 for fuel and utility expenses. Increased funding reflects projected fuel and utility costs in the 2003-05 biennium.

5. FUNDING ADJUSTMENTS

FED	$100,000
PR	- 1,048,000
SEG	110,000
Total	- $838,000

Governor/Legislature: Provide funding adjustments of $50,000 FED, -$524,000 PR, and $55,000 SEG annually to reflect projected expenditures from these revenue sources. The reduction in PR funding is attributable to a reestimate of the amount of gift and grants funding that will be available in the 2003-05 biennium.

6. ELIMINATE APPROPRIATIONS FOR ONE-TIME FUNDING

Joint Finance/Legislature: Delete the Power's Bluff county park appropriation, which funded the identification of unmarked American Indian grave sites at Power's Bluff county park, and delete the native tribal history appropriation, which funded the publication of a native tribal history of the upper Wisconsin River valley by the Merrill Historical Society, under the Wisconsin Historical Society. In addition, delete the authority for the Department of Administration to transfer tribal gaming revenue into the Power's Bluff county park appropriation and the native tribal history appropriation.

[Act 33 Sections: 346m, 346n, 615e, and 615f]

INSURANCE

Budget Summary							
Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
PR	$32,859,600	$34,197,200	$32,441,700	$32,441,700	$32,441,700	- $417,900	- 1.3%
SEG	155,680,400	371,198,900	171,019,700	171,019,700	171,019,700	15,339,300	9.9
TOTAL	$188,540,000	$405,396,100	$203,461,400	$203,461,400	$203,461,400	$14,921,400	7.9%

FTE Position Summary						
Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
PR	121.25	113.25	117.25	117.25	117.25	- 4.00
SEG	13.75	13.75	13.75	13.75	13.75	0.00
TOTAL	135.00	127.00	131.00	131.00	131.00	- 4.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$0	$117,600	$117,600
PR	$293,200	- $109,800	$183,400
SEG	137,000	- 7,800	129,200
Total	$430,200	- $117,600	$312,600

Governor: Provide $190,800 PR and $68,500 SEG in 2003-04 and $102,400 PR and $68,500 SEG in 2004-05 to adjust the agency's base budget for: (a) turnover reduction (-$131,200 PR annually); (b) removal of noncontinuing items (-$489,400 PR in 2003-04 and -$590,800 PR in 2004-05); (c) full funding of salaries and fringe benefits ($756,500 PR and $64,600 SEG in 2003-04 and $769,500 PR and $64,600 SEG in 2004-05); and (d) fifth vacation week as cash for certain long-term employees ($54,900 PR and $3,900 SEG annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$54,900 PR and -$3,900 SEG annually). Require the agency to lapse to the general fund a total of $58,800 in 2003-04 and a total of $58,800 in 2004-05 from those PR and SEG accounts or funds from which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $58,800 in 2003-04 and $58,800 in 2004-05. However, specify that the agency is not required to lapse to the general fund any such PR or SEG amount that is from federal funds or that is from another fund source whose lapse to the general fund would be prohibited by state or federal laws or the state or federal constitution.

[Act 33 Section: 9160(3f)]

2. HEALTH CARE PROVIDER AVAILABILITY AND COST CONTROL FUND (TRANSFER FROM THE PATIENTS COMPENSATION FUND) [LFB Paper 458]

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

Governor: Provide $200,000,000 in 2003-04 from the patients compensation fund to transfer to a new segregated fund, the health care provider and cost control fund, which would support a portion of the state's share of medical assistance costs budgeted in DHFS.

Health Care Provider Availability and Cost Control Fund. Create the health care provider availability and cost control fund to ensure the availability of health care providers in the state and to control the cost of health care services to state taxpayers, workers, and employers. Specify that the fund could be used to: (a) assist in the education and training of health care providers; (b) ensure that health care providers who serve recipients under MA or other health care programs established by the state receive levels of payment sufficient to retain their participation in the programs and to reduce the risk of shifting costs to private sector employers; and (c) defray the cost of other health-related programs that DHFS determines are effective in ensuring the availability of health care providers in the state and controlling the cost of health care services to state taxpayers, workers, and employers.

Require OCI to administer the fund. Specify that the fund would participate in the state investment fund, and the State of Wisconsin Investment Board would have control of investments and collection of all money loaned or interest earned from the fund.

Funding. Transfer $200,000,000 in 2003-04 from the patients compensation fund to the health care provider availability and cost control fund. The patients compensation fund pays that portion of meritorious medical malpractice claims which exceeds the provider liability limits of $1 million per claim and $3 million per policy year in the aggregate. Health care providers must obtain primary medical malpractice insurance up to the liability limits. Providers then also pay for the protection of the excess professional liability insurance that the fund offers through an annual assessment. This amount is part of the fund's assets, which are in the form of long-term investments, which the fund maintains to support liabilities, including liability for reported losses and losses that have been incurred but not yet reported. As of September 30, 2002, OCI estimated total assets of the patients compensation fund at $620.7 million. However, OCI estimated the fund equity, which accounts for all of the expected losses, at -$10.9 million.

Medical Assistance. Create a continuing appropriation in DHFS to disburse funds from the health care provider availability and cost control fund to support a portion of the state's share of MA benefits costs. Modify the current MA appropriation to reflect that a portion of the state's share of MA benefit costs would be funded from the new appropriation.

Guaranteed Payment. Create a sum sufficient GPR appropriation to pay any portion of a medical malpractice claim that the patients compensation fund is required to pay but is unable to pay because of insufficient funds. Under current law, claims are paid in the order received within 90 days, unless appealed, and if there are insufficient funds, the claims are immediately payable in the following year in the order in which they were received. The bill would make the claims payable within 90 days from the patients compensation fund, but if the patients compensation fund has insufficient funds, the claims are payable within 90 days from the sum sufficient GPR appropriation. The bill would also include the sum sufficient GPR appropriation in the same review, assessment, and withdrawal processes as the patients compensation fund.

Joint Finance/Legislature: Delete provision.

3. SEGREGATED FUND TRANSFERS [LFB Paper 457]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$436,400	$0	$436,400
PR	$0	- $436,400	- $436,400
SEG	- 436,400	436,400	0
Total	- $436,400	$0	- $436,400

Governor: Delete $218,200 SEG annually by reducing annual funding budgeted for the operations of the patients compensation fund ($83,600), the local government property insurance fund ($75,100), and the state life insurance fund ($59,500). Transfer the amount of the annual reductions from each of these funds to the general fund in 2003-04 and 2004-05, notwithstanding: (a) the current law provisions that specifies that these funds are held in trust for the benefit of the insureds and other proper claimants; and (b), for the state life insurance fund, the net profits must be distributed annually among the policyholders, as long as the ratio of surplus to assets is between 7% and 10%. These segregated funds consist of premiums paid by the insureds and the interest earned on the funds' cash balances.

Patients Compensation Fund. OCI estimates that the cash balance of the fund will be approximately $592.2 million at the end of the 2002-03 fiscal year, which is available to cover any outstanding malpractice claims (including claims not yet reported) and associated expenses since the fund's inception in 1975.

Local Government Property Insurance Fund. The local government property insurance fund makes property insurance available for tax-supported local government property, such as government buildings, schools, libraries, and motor vehicles. OCI estimates that the cash balance of the fund will be approximately $29.3 million at the end of the 2002-03 fiscal year, which is available to cover claims and operational expenses.

State Life Insurance Fund. The state life insurance fund provides up to $10,000 of basic life insurance coverage for Wisconsin residents. Current law requires the fund to maintain a surplus between 7% and 10%. Excess surplus is returned to policyholders by dividend payments. OCI estimates that the cash balance of the fund will be approximately $85.3 million at the end of the 2002-03 fiscal year.

Joint Finance/Legislature: Delete provision. Instead, delete $218,200 PR annually by reducing annual funding budgeted for the agency's general program operations budget and lapse this amount to the general fund. Increase the amount of PR funds that would be lapsed to the general fund from $1,226,800 (as recommended by the Governor) to $1,445,000 in 2003-04 and 2004-05. The Governor's provision regarding PR lapses to the general fund is summarized under Item #16.

[Act 33 Section: 9260(1)(a)]

4. LOCAL GOVERNMENT PROPERTY INSURANCE FUND OPERATIONS

SEG	$15,086,100

Governor/Legislature: Provide $5,980,500 in 2003-04 and $9,105,600 in 2004-05 to reflect a reestimate of 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. OCI indicates that the LGPIF is insuring more policyholders at higher replacement values, resulting in greater loss payouts.

5. LOAN REPAYMENT

PR-REV	- $850,000

Governor/Legislature: Eliminate the requirement that the general fund repay the loan made by OCI in 2002-03 in the amount of $850,000 to fund the administrative costs of the private employer health care coverage program in the Department of Employee Trust Funds (DETF). Eliminate the requirement that DETF lapse funds from its private employer health care coverage plan GPR appropriation and its private employer health care coverage plan PR appropriation to a sum sufficient GPR appropriation to repay the loan. Eliminate the sum sufficient GPR appropriation established to repay the loan.

Under current law, OCI was required to lapse $850,000 PR from its general program operations appropriation to the general fund no later than October 1, 2002, as a loan to the general fund. A sum sufficient GPR miscellaneous appropriation was created to repay the loan, not to exceed the sum of the following: (1) any GPR amounts lapsed to the general fund from the DETF private employer health care coverage plan GPR appropriation; (2) the amounts lapsed to the general fund from the private employer health care coverage plan PR appropriation, to the extent that DOA and the Private Health Care Coverage Board determines that program funds are sufficient to lapse; and (3) any amount that is needed to repay all principle and interest costs on the loan, if funds under (1) and (2) are insufficient to repay the loan. DOA is required to pay the principle and interest costs on the loan at the close of each fiscal year, beginning with 2002-03, from the moneys lapsed to the new appropriation. If DOA determines, during any fiscal year, that lapsed moneys would be insufficient to repay the loan within a reasonable period of time, as determined by DOA and OCI, DOA would pay all remaining principle and interest costs on the loan after the close of that fiscal year.

[Act 33 Sections: 632, 669, 1027, 1028, 2642, and 9160(2)]

6. INFORMATION TECHNOLOGY -- COSMOS ENHANCEMENTS [LFB Paper 455]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$800,000	- $800,000	$0

Governor: Provide $400,000 annually in one-time funding to contract for approximately 1,380 hours of services annually to enhance COSMOS, the computer system OCI uses to license and regulate insurance companies, license agents, and process payments for both, and receive, track, and review insurance policy forms and rate filings. The bill includes $200,000 annually for OCI's administrative and support services appropriation to reflect that these costs are assessed to OCI's PR general program operations budget on a charge-back basis and, therefore, "double-counted" in the agency's budget.

Joint Finance/Legislature: Delete provision.

7. INFORMATION TECHNOLOGY -- PATIENTS COMPENSATION FUND [LFB Paper 455]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$607,800	- $607,800	$0

Governor: Provide $296,500 in 2003-04 and $311,300 in 2004-05 in one-time funding to develop and implement a new computer system for the patients compensation fund. OCI staff would use the new system to maintain information on participating health care providers' primary insurance coverage to bill and collect fees, to maintain information on claims, and to resolve noncompliance issues.

Joint Finance/Legislature: Delete provision.

8. ACTUARIAL SERVICES

PR	$190,400

Governor/Legislature: Provide $95,200 annually to purchase actuarial services. OCI would use these actuarial services to: (a) review and approve the annual workers compensation rate filing; (b) review and approve of deviations for credit life and credit accident and sickness insurance rates; (c) determine the prima facie rates for credit life and credit and accident and sickness insurance required every three years; (d) review the annual Medicare supplemental refund calculation reports; (e) review long-term care insurance rate filings; (f) review small employer insurance rate change reports and review of selected rate filings; (g) monitor and provide expertise on the personal lines property and casualty market; (h) monitor and provide expertise on the commercial lines property and casualty market; and (i) assist in the examinations of actuarially complex insurance companies.

9. PATIENTS COMPENSATION FUND AUDITS

SEG	$124,000

Governor/Legislature: Provide $62,000 annually to fund annual audits by the Legislative Audit Bureau. Audits had been done every three years, but changes in national accounting standards now mandate that the fund be audited annually.

10. SEMI-AUTOMATIC PAY PROGRESSIONS

PR	$121,500

Governor/Legislature: Provide $55,100 in 2003-04 and $66,400 in 2004-05 to fund semi-automatic pay progressions for insurance financial examiners and insurance examiners, as authorized in the latest bargaining contract that has been negotiated, but not yet approved by the Legislature.

11. MEDIGAP HELPLINE

PR	$89,200

Governor/Legislature: Provide $44,600 annually to increase funding for the Medigap helpline administered by the Board on Aging and Long-Term Care. The Board's staff provide information and counseling on Medicare supplemental insurance, long-term care insurance, and medical assistance to individuals who call the toll-free helpline. The helpline is supported from insurance revenues collected by OCI and transferred to the Board.

12. TRAVEL EXPENSES FOR FINANCIAL EXAMINATIONS

PR	$1,400

Governor/Legislature: Reduce funding by $40,700 in 2003-04 and increase funding by $42,100 in 2004-05 to fund projected travel expenses of financial examiners. OCI monitors the solvency of over 300 domestic insurance companies, which requires staff to travel both in-state and out-of-state to conduct periodic, on-site financial examinations.

13. CONSOLIDATION OF STATE ATTORNEYS UNDER DOA

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $158,100	- 4.00	$158,100	4.00	$0	0.00

Governor: Delete $67,800 in 2003-04 and $90,300 in 2004-05 and 4.0 positions, beginning in 2003-04, to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate $235,900 in 2003-04 and $314,500 in 2004-05 of remaining base level salary and fringe benefits funding that currently supports 4.0 attorney positions ($303,700 in 2003-04 and $404,800 in 2004-05) to OCI's supplies and services budget to pay for legal services supplied by DOA. The agency's chief counsel position would not be transferred under the Governor's recommendation.

Joint Finance/Legislature: Delete provision. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

14. DELETE POSITIONS [LFB Paper 456]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$0	- 4.00	- $567,400	0.00	- $567,400	- 4.00

Governor: Delete 4.0 positions that are funded from the general program operations appropriation, beginning in 2003-04. OCI would decide which positions to delete. The bill maintains base funding for salary and fringe benefit costs for these positions.

Joint Finance/Legislature: Adopt the Governor's recommendations. In addition, delete $283,700 annually from the agency's general operations appropriation to reflect the estimated savings from the elimination of 4.0 positions, beginning July 1, 2003.

15. PUBLIC OFFICIAL BOND

Governor/Legislature: Repeal the requirement that OCI procure for the Commissioner and for each employee a separate public officer's bond that provides $100,000 of coverage. This change would authorize OCI to purchase bond coverage that it believes is appropriate, based on the risk exposure of each OCI employee.

[Act 33 Section: 2641]

16. PROGRAM REVENUE LAPSE

GPR-REV	$2,453,600

Governor/Legislature: Lapse $1,226,800 annually to the general fund from OCI's general operations PR appropriation.

Veto by Governor [D-3]: Allow OCI to submit an alternative plan to the DOA Secretary for the allocation of the lapse amounts. After reviewing the plan, the Secretary would have the authority to implement it.

[Act 33 Section: 9260(1)]

[Act 33 Vetoed Section: 9260(1)]

INVESTMENT BOARD

Budget Summary							
						Act 33 Change Over Base Year Doubled	
Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Amount	Percent
PR	$35,441,000	$35,441,000	$35,441,000	$35,441,000	$35,441,000	$0	0.0%

FTE Position Summary						
Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
PR	104.50	104.50	104.50	104.50	104.50	0.00

Under s. 25.187 of the statutes, the agency's budget for a fiscal year is indexed to 0.0275% of assets under management on April 30 of the preceding fiscal year, or $17,720,500, whichever amount is greater. On April 30, 2003, the Investment Board had $59,700,000,000 of assets under management. As a result, budget authority for the 2003-04 fiscal year is established at $17,720,500. The actual budget levels for the 2004-05 fiscal year will be determined by the amount of assets under management on April 30, 2004.

The Governor, the Joint Committee on Finance, and the Legislature did not recommend any changes to the Investment Board's 2002-03 adjusted base level of funding ($17,720,500 annually).

1. INVESTMENT BOARD ATTORNEY POSITIONS

Senate/Legislature: Include the Investment Board among the executive branch agencies that would be exempted from the requirement that 31.0 full-time equivalent agency attorney positions be deleted by January 2, 2004, and the associated salary and fringe benefit amounts be lapsed or transferred to the general fund. [See "Administration--Transfers to the Department."]

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

2. DELEGATION OF BOARD OF COMMISSIONERS OF PUBLIC LANDS INVESTMENT AUTHORITY TO THE INVESTMENT BOARD [LFB Paper 171]

Governor: Provide statutory authority for the Board of Commissioners of Public Lands (BCPL) to delegate to the Investment Board authority to invest part or all of the monies belonging to any of the four trust funds (the common school fund, the normal school fund, the university school fund and the agricultural college fund) managed by the BCPL. Specify that if the BCPL chooses to make such a delegation, the Investment Board may invest the monies belonging to the four trust funds in any manner currently authorized for any of the other sixty funds that are enumerated under s. 25.17(1) of the statutes for which the Investment Board is authorized to invest fund assets. Further, create a requirement that the Executive Director of the Investment Board assign an employee of the Investment Board to assist the BCPL in establishing and maintaining investment objectives with respect to its four trust funds. In connection with this requirement, the Investment Board would be authorized to charge the cost of such services to the BCPL, with any funds received to be deposited in the Investment Board's program revenue funded, general program operations appropriation.

Joint Finance/Legislature: Delete provision.

JUDICIAL COMMISSION

Budget Summary							
						Act 33 Change Over Base Year Doubled	
Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Amount	Percent
GPR	$426,400	$454,600	$434,600	$434,600	$434,600	$8,200	1.9%

FTE Position Summary						
Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	2.00	2.00	2.00	2.00	2.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$28,200

Governor/Legislature: Provide standard adjustments to the base budget totaling $14,100 annually. Adjustments are for: (a) full funding of continuing salaries and fringe benefits ($14,100 annually); and (b) on-going funding of s. 13.10 approval actions in 2002-03 that authorized the Judicial Commission to transfer $1,600 of reductions required under 2001 Wisconsin Act 109 from its general program operations appropriation to the general program operations appropriation for the Judicial Council. The Council's appropriation is administered by the Commission, which provides staff services for that body.

2. JUDICIAL COUNCIL BASE BUDGET REDUCTION [LFB Paper 465]

GPR	- $20,000

Joint Finance/Legislature: Delete base level funding of $10,000 annually from the general program operations appropriation for the Judicial Council, which is budgeted under the Judicial Commission.

JUSTICE

Budget Summary							
Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$73,742,200	$66,407,600	$63,249,700	$63,249,700	$63,249,700	- $10,492,500	- 14.2%
FED	15,266,200	15,124,200	15,196,400	15,196,400	15,196,400	- 69,800	- 0.5
PR	65,297,400	62,757,900	64,515,900	64,515,900	64,515,900	- 781,500	- 1.2
SEG	579,800	601,300	599,300	599,300	599,300	19,500	3.4
TOTAL	$154,885,600	$144,891,000	$143,561,300	$143,561,300	$143,561,300	- $11,324,300	- 7.3%

FTE Position Summary						
Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	381.70	367.70	341.70	341.70	341.70	- 40.00
FED	27.25	25.25	26.25	26.25	26.25	- 1.00
PR	146.15	150.65	160.15	160.15	160.15	14.00
SEG	2.75	2.75	2.75	2.75	2.75	0.00
TOTAL	557.85	546.35	530.85	530.85	530.85	- 27.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR-REV	$0		$37,400		$37,400	
GPR	- $362,200	0.00	- $130,300	0.00	- $492,500	0.00
FED	- 142,000	- 2.00	0	0.00	- 142,000	- 2.00
PR	362,700	0.00	- 37,400	0.00	325,300	0.00
SEG	21,500	0.00	- 2,000	0.00	19,500	0.00
Total	- $120,000	- 2.00	- $169,700	0.00	- $289,700	- 2.00

Governor: Provide standard adjustments to the base budget totaling -$184,500 GPR, -$71,000 FED, $161,200 PR, $9,300 SEG and -2.0 FED positions in 2003-04 and -$177,700 GPR, -$71,000 FED, $201,500 PR, $12,200 SEG and -2.0 FED positions in 2004-05. Adjustments are for:

(a) turnover reduction (-$499,500 GPR annually); (b) removal of noncontinuing elements from the base (-$609,000 GPR, -$73,400 FED, -$500,000 PR and -2.0 FED positions annually); (c) full funding of continuing salaries and fringe benefits ($629,200 GPR, $200 FED, -$6,800 PR, and -$8,100 SEG annually); (d) on-going funding of s. 13.10 approval actions in 2002-03 that authorized DOJ to reallocate a $304,200 GPR reduction required under 2001 Wisconsin Act 109 from its general program operations appropriation for Law Enforcement Services to its legal expenses appropriation (-$13,700 GPR), its computers for TIME system appropriation (-$16,000 GPR), and its general program operations appropriations for Legal Services (-$192,700 GPR), Administrative Services (-$67,800 GPR), and Victims and Witnesses (-$14,000 GPR); (e) reclassifications ($6,400 GPR, $2,200 FED, $72,800 PR, and $4,800 SEG in 2003-04 and $7,900 GPR, $2,200 FED, $112,900 PR, and $7,700 SEG in 2004-05); (f) overtime ($158,200 GPR, $561,500 PR, and $11,500 SEG annually); (g) night and weekend differential ($10,200 GPR and $2,200 PR annually); (h) fifth week of vacation as cash ($62,500 GPR, $18,600 PR, and $1,000 SEG in 2003-04 and $67,800 GPR, $18,800 PR, and $1,000 SEG in 2004-05); (i) full funding of lease costs and directed moves ($57,500 GPR, $12,900 PR, and $100 SEG annually); and (j) minor offsetting transfers within the same appropriation.

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$62,500 GPR, -$18,600 PR, and -$1,000 SEG in 2003-04 and -$67,800 GPR, -$18,800 PR, and -$1,000 SEG in 2004-05). Require the agency to lapse to the general fund a total of $18,600 in 2003-04 and a total of $18,800 in 2004-05 from those PR accounts from which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $18,600 in 2003-04 and $18,800 in 2004-05. Specify, however, that the agency is not required to lapse to the general fund any PR or SEG amount that is from federal funds or that is from another fund source whose lapse to the general fund would be prohibited by state or federal laws or the state or federal constitution.

[Act 33 Section: 9160(3f)]

2. TRANSFER OF CONSUMER PROTECTION STAFF AND FUNCTIONS FROM THE DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION [LFB Paper 156]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$3,027,600	26.00	- $3,027,600	- 26.00	$0	0.00
PR	567,000	5.50	- 567,000	- 5.50	0	0.00
Total	$3,594,600	31.50	- $3,594,600	- 31.50	$0	0.00

Governor: Provide $1,563,800 GPR in 2003-04 and $1,463,800 GPR in 2004-05 and 26.0 GPR positions annually to reflect the transfer of most consumer protection functions from the Department of Agriculture, Trade and Consumer Protection (DATCP) to DOJ. Included in the amounts provided in 2003-04 is $100,000 GPR for moving and related costs. Transfer an additional $283,500 PR and 5.5 PR consumer protection positions annually from DATCP to DOJ for the administration and maintenance of the telephone solicitation ("no-call") program.

Specify that the Division of Legal Services in DOJ would be renamed the Division of Legal and Regulatory Services.

Expand the Consumer Protection Assessment to Apply to Fines and Forfeitures Under Chapter 133 (Trusts and Monopolies). Provide that a court must impose a consumer protection assessment equal to 25% of the fine or forfeiture imposed for a violation of Chapter 133 (Trusts and Monopolies), or for a violation of a rule or ordinance promulgated or enacted under the trusts and monopolies chapter. Under current law, this consumer protection assessment equal to 25% of the fine or forfeiture is only assessed on fines and forfeitures for statutory, rule and ordinance violations under Chapter 98 (Weights and Measures) and Chapter 100 (Marketing; Trade Practices). A technical correction is needed to eliminate reference to imposing this assessment on forfeitures relating to ordinances enacted under Chapter 133. Ordinances are not enacted under this chapter. The bill does not identify, and it is not known at this time, how much program revenue would be generated as a result of this assessment change.

Consumer Protection, Information, and Education Appropriation. Create a PR annual consumer protection, information, and education appropriation under DOJ and authorize the agency to expend funds credited to the appropriation for consumer protection and consumer information and education. Require the State Treasurer to credit the consumer protection assessments under Chapter 100 (Marketing; Trade Practices) or Chapter 133 (Trusts and Monopolies) to this appropriation. Specify, however, that the amount of consumer protection assessments credited to the appropriation may not exceed $375,000 in each fiscal year. No expenditure authority would be provided under this appropriation for either the 2003-04 or 2004-05 fiscal year.

Telephone Solicitation Regulation Appropriation. Create a PR continuing telephone solicitation regulation appropriation under DOJ. Provide that all moneys received from telephone solicitor registration and registration renewal fees would be credited to this appropriation in order to establish and maintain the telephone solicitation ("no-call") program. The $283,500 PR and 5.5 PR positions annually transferred from DATCP for the administration of the no-call program would be under this appropriation. As a continuing appropriation, DOJ would have the authority under this appropriation to expend all telephone solicitor registration and registration renewal fees credited to this appropriation, subject to the Department of Administration allotment process.

Obsolete Reference. A technical correction is required to delete reference to a repealed DOJ appropriation [s. 20.445(1)(gh)] contained in s. 100.263 of the statutes.

Joint Finance/Legislature: Delete provision. Beginning in 2003-04, require DATCP to determine during each fiscal year the total amount of all required consumer protection assessments under Chapter 100 of the statutes that were not imposed by a court (first effective for court actions commenced by DOJ on or after the effective date of the bill). Require DATCP to make this determination before August 1, immediately following the fiscal year. Before September 1, require the Secretary of DOA to transfer from DOJ sum certain GPR state operations appropriations, an amount equal to the total amount determined by DATCP above, to a newly created consumer protection assessments PR appropriation under DATCP.

Veto by Governor [C-30]: Delete the provisions included by Joint Finance regarding consumer protection assessment.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.115(1)(km)), 287p, 1815d, and 1817d]

3. BASE BUDGET REDUCTIONS

	Funding	Positions
GPR	- $7,434,800	- 21.00

Governor: Reduce various agency GPR state operations appropriations by $3,717,400 and 21.0 positions annually. Apply the reduction to the Legal Services legal expenses appropriation (-$418,400 annually) and to the following general program operations appropriations: (a) Legal Services (-$1,438,200 and -17.0 positions annually); (b) Law Enforcement Services (-$1,393,200 and -3.0 positions annually); and (c) Administrative Services (-$467,600 and -1.0 position annually). Cumulatively, these reductions represent an 11.0% annual reduction to the agency's GPR adjusted base for state operations. [The Executive Budget Book indicates total base budget reductions for the agency of $5,000,000 and 40.0 positions annually. Several of those recommendations have been summarized as separate entries (Items #4, #5 and #7) and are not included in this item. The $5,000,000 annual reduction represents a 14.9% annual reduction to the agency's GPR adjusted base for state operations.]

Joint Finance/Legislature: Authorize DOJ to reallocate base budget reductions totaling $5,000,000 and 40.0 positions annually. Provide that DOJ may submit a proposal to the Secretary of DOA, no later than 90 days after the effective date of the biennial budget act, to increase the funding or position authority of the following appropriations by an amount not to exceed that identified for each appropriation for the specified fiscal year, and to correspondingly decrease the funding or position authority under one or more agency sum certain, general purpose revenue state operations appropriations by a total equal to the amount of any proposed increase.

	2003-04		2004-05	
Appropriation	Funding	FTE	Funding	FTE
(1)(a) Legal Services -- General Program Operations	$1,662,600	19.0	$1,662,600	19.0
(1)(d) Legal Expenses	418,400	0.0	418,400	0.0
(2)(a) Law Enforcement -- General Program Operations	2,415,300	19.0	2,415,300	19.0
(3)(a) Administrative Services --General Program Operations	503,700	2.0	503,700	2.0

Provide that if the Secretary of DOA approves the reallocation proposal, the Secretary must submit it to the Joint Committee on Finance. If the Co-chairs of the Committee do not notify the Secretary that the Committee has scheduled a meeting to review the proposal within 14 working days, the reallocations may be implemented. If, within 14 working days, the Co-chairs of the Committee notify the Secretary that the Committee has scheduled a meeting to review the proposal, the reallocations may be implemented only upon approval of the Committee.

[Act 33 Section: 9132(3f)]

4. ELIMINATION OF THE DIVISION OF NARCOTICS AND DANGEROUS DRUGS

	Funding	Positions
GPR	- $678,600	- 6.00

Governor/Legislature: Delete $339,300 and 6.0 positions annually under Law Enforcement Services' general program operations appropriation to reflect the elimination of a separate Division of Narcotics and Dangerous Drugs. Delete the separate statutory designation of the Division and the requirement that the Division's administrator must be appointed by the Attorney General in the unclassified service to serve at the pleasure of the Attorney General. Reduce the statutory number of unclassified administrators for DOJ from four to three. Under the Governor's recommendation, the functions and remaining personnel of the Division would be consolidated with those of the Division of Criminal Investigation.

Under current law, the Division is responsible for enforcing Chapter 961 (the Uniform Controlled Substances Act) and coordinating and conducting criminal investigations of drug trafficking with state, federal and local law enforcement agencies. The Division's adjusted base budget is $7,296,300 annually ($2,926,500 GPR, $2,574,000 PR and $1,795,800 FED) and 66.0 positions (33.0 GPR positions, 24.0 PR positions and 9.0 FED positions).

[Act 33 Sections: 132 and 2398]

5. GPR-FUNDED POSITION CONVERSION TO FED FUNDING [LFB Paper 470]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $72,200	- 1.00	$0	0.00	- $72,200	- 1.00
FED	0	0.00	72,200	1.00	72,200	1.00
Total	- $72,200	- 1.00	$72,200	1.00	$0	0.00

Governor: Delete $36,100 GPR and 1.0 GPR position annually under Administrative Services' general program operations appropriation. The Governor's intent was to provide a corresponding expenditure and position authority increase of $36,100 FED and 1.0 FED position annually under the agency's indirect cost reimbursements appropriation to reflect the funding conversion of this position. However, no additional expenditure or position authority is actually provided under the appropriation. A technical correction is needed to add the intended funding and position authority.

Joint Finance/Legislature: Provide $36,100 FED and 1.0 FED position annually under DOJ's indirect cost reimbursements appropriation.

6. LAW ENFORCEMENT TRAINING FUND (PENALTY ASSESSMENT) LAPSE

GPR-REV	$323,000

Governor/Legislature: Direct the Secretary of DOA to lapse program revenues in the amount of $161,500 annually to the general fund from the state operations law enforcement training fund account. Generally prohibit the Secretary of DOA from lapsing or transferring any funds if the proposed lapse or transfer would violate a condition imposed by the federal government on the expenditure of the funds, or if the lapse or transfer would violate the federal or state constitutions.

This appropriation account utilizes penalty assessment revenues to fund the state administration of the law enforcement training fund and to finance training for state law enforcement personnel. Whenever a court imposes a fine or forfeiture for a violation of state law or municipal or county ordinance (other than for certain smoking restriction, nonmoving traffic and safety belt use violations), it also imposes a penalty assessment of 24% of the total fine or forfeiture. Currently, 11/24ths of these revenues are credited to DOJ for the law enforcement training fund and for crime laboratory equipment.

Veto by Governor [D-3]: Authorize DOJ to submit an alternative plan to the Secretary of DOA for the allocation of the lapse amounts. After reviewing any submitted plan, the Secretary would have the authority to implement the plan.

[Act 33 Section: 9260(1)]

[Act 33 Vetoed Section: 9260(1)]

7. CRIME LABORATORIES AND DRUG LAW ENFORCEMENT ASSESSMENT INCREASE [LFB Paper 473]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$2,957,500		- $182,500		- $2,775,000		$0	
PR-REV	0		3,588,600		0		3,588,600	
GPR	- $1,814,400	- 12.00	$0	0.00	$0	0.00	- $1,814,400	- 12.00
PR	252,000	0.00	2,052,400	14.00	0	0.00	2,304,400	14.00
Total	- $1,562,400	- 12.00	$2,052,400	14.00	$0	0.00	$490,000	2.00

Governor: Increase the crime laboratories and drug law enforcement assessment from the current $5 to $7. Under current law, the assessment is applied if a court imposes a sentence, places a person on probation, or imposes a forfeiture for a violation of state law or municipal or county ordinance (other than for nonmoving traffic or smoking violations). Currently, the assessment supports the: (a) DNA databank; (b) DNA evidence prosecution efforts; (c) crime laboratories; and (d) drug law enforcement efforts.

The Governor estimates that the increased assessment amount would generate additional revenues of $1,267,500 in 2003-04 and $1,690,000 in 2004-05. Under the bill, these increased assessment revenues are incorrectly identified as GPR-Earned. A technical correction is needed to identify these additional assessment amounts as program revenue.

Use the increased assessment revenues to fund the following initiatives:

DNA Testing of Felons. Provide $126,000 PR annually to reimburse county sheriffs for the cost of collecting DNA samples from felons. The reimbursement amount is based on a cost projection of $20 per DNA sample for the estimated 6,300 felons placed on probation each year. Costs of the reimbursement program would be funded primarily from the increased crime laboratories and drug law enforcement assessment, with lesser amounts from the current $250 DNA surcharge that a court may impose if a person is sentenced or placed on probation for a felony conviction. (The $250 DNA surcharge is mandatory if a person is sentenced or placed on probation for certain sexual assault felony convictions.)

Conversion of Certain GPR-Funded Positions to PR Funding. Reduce the general program operations appropriations for: (a) Legal Services by $224,400 GPR and 2.0 GPR positions annually; and (b) Law Enforcement Services by $682,800 GPR and 10.0 GPR positions annually. The Governor's intent was to provide a corresponding expenditure and position authority increase of $907,200 PR and 12.0 PR positions annually under the agency's drug law enforcement and related activities PR appropriation to reflect the funding conversion of these base level positions. However, no additional expenditure or position authority is actually provided under the appropriation. A technical correction is needed to add the intended funding and position authority. Any additional position costs under this appropriation would be funded primarily from the increased crime laboratories and drug law enforcement assessment, with lesser amounts from the current $250 DNA surcharge that a court may impose if a person is sentenced or placed on probation for a felony conviction.

Joint Finance/Legislature: Reduce GPR-Earned estimates for DOJ by $1,267,500 in 2003-04 and $1,690,000 in 2004-05 and include corresponding PR-REV increases of $1,267,500 in 2003-04 and $1,690,000 in 2004-05. Reestimate total PR-REV amounts under DOJ from these assessments by an additional $208,100 in 2003-04 and $423,000 in 2004-05. Lapse $1,567,000 PR in 2003-04 and $1,208,000 PR in 2004-05 to the general fund from the agency's crime laboratories and DNA analysis appropriation account.

Provide $1,026,200 PR and 14.0 PR positions annually (2.0 attorneys, 7.0 special agents and 5.0 forensic scientists) funded from crime laboratories and drug law enforcement assessments to DOJ's drug law enforcement and related activities PR appropriation.

Veto by Governor [C-32]: Delete the requirement that DOJ lapse $1,567,000 PR in 2003-04 and $1,208,000 PR in 2004-05 to the general fund from its crime laboratories and DNA analysis appropriation account.

[Act 33 Section: 2100]

[Act 33 Vetoed Section: 9232(2r)]

8. CRIMINAL HISTORY SEARCH FEE INCREASES [LFB Paper 471]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$519,700	$449,100	$968,800
PR-REV	$0	$519,700	$519,700

Governor: Increase the fingerprint card record check fee assessed to governmental agencies or nonprofit organizations, for purposes unrelated to criminal justice or to the waiting period for purchase of handguns, from the current $10 per search to $15 per search. Create a $5 surcharge applicable to criminal history record checks and fingerprint card record checks, for purposes unrelated to criminal justice or to the waiting period for purchase of handguns, if the individual or organization requests a paper copy. According to the Executive Budget Book, the intent of the higher fingerprint card record check fee is to fund the more complex and expensive fingerprint card record checks, and the intent of the $5 paper copy surcharge is to encourage requestors to file criminal history record check requests on-line.

The Governor estimates that the higher fingerprint card record check fee would generate additional revenues of $62,000 in 2003-04 and $82,700 in 2004-05. The Governor also estimates that the $5 paper copy surcharge would generate additional revenues of $225,000 in 2003-04 and $150,000 in 2004-05. Under the bill, these increased fee revenues are incorrectly identified as GPR-Earned. A technical correction is needed to identify these additional fees as program revenue.

Joint Finance/Legislature: Reduce GPR-Earned collections by $287,000 in 2003-04 and $232,700 in 2004-05 and provide corresponding PR-REV increases of $287,000 in 2003-04 and $232,700 in 2004-05. Lapse $968,800 PR in 2003-04 of criminal history search fees to the general fund from the criminal history searches and fingerprint identification appropriation. Convert the criminal history searches and fingerprint identification appropriation from a continuing appropriation to an annual appropriation.

Veto by Governor [C-31]: Delete the conversion of the criminal history searches and fingerprint identification appropriation from a continuing appropriation to an annual appropriation. Under a continuing appropriation, the Department has the authority to expend all available revenues, subject to the Department of Administration allotment process. Under an annual appropriation, the Department would no longer have had the authority to expend all available revenues, but would have been limited to the amounts appropriated.

[Act 33 Sections: 2106 thru 2108, and 9232(1r)]

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.455(2)(gm)) and 556r]

9. AUTOMATED FINGERPRINT IDENTIFICATION SYSTEM

PR	- $2,615,200

Governor/Legislature: Delete $1,155,100 in 2003-04 and $1,460,100 in 2004-05 associated with the operation of the state's automated fingerprint identification system (AFIS):

Completion of AFIS Upgrade. Delete $1,155,100 in 2003-04 and $1,700,100 in 2004-05 of interagency assistance funding to reflect the anticipated completion of the AFIS upgrade. AFIS provides for the electronic storage of fingerprints that are required to be submitted to the Department. The system permits law enforcement agencies to compare fingerprints against the system's database of electronically stored fingerprint records.

Under the Governor's recommendation, $545,000 of base funding would remain in 2003-04 but all remaining base level funding would be deleted in 2004-05. The $545,000 of base funding in 2003-04 would be used to purchase two additional fingerprint matchers ($490,000) and a live scan device capable of capturing palm prints for the Dodge Correctional Institution ($55,000).

Under 2001 Wisconsin Act 16, the agency was provided $940,100 in 2001-02 and $2,200,100 in 2002-03 to upgrade AFIS, which was installed in 1993. Under current law, fingerprints, photos, and demographic information for all persons arrested, taken into custody or sentenced to prison must be submitted to DOJ, which functions as the state repository for criminal history information.

AFIS Maintenance Costs. Provide $240,000 in 2004-05 funded from criminal history search fees for on-going maintenance costs for the AFIS system.

10. TRANSFER OF THE COUNTY-TRIBAL LAW ENFORCEMENT GRANT PROGRAM TO THE OFFICE OF JUSTICE ASSISTANCE [LFB Paper 134]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $1,556,000	- 1.00	$1,556,000	1.00	$0	0.00

Governor: Delete $778,000 and 1.0 position annually and transfer the county-tribal law enforcement grant program and the incumbent program staff from DOJ to the Office of Justice Assistance in DOA. Eliminate the state operations and the local assistance appropriations for the county-tribal program and associated statutory authority for the program under DOJ. Specify that the transferred employee would retain the same rights and employee status held prior to the transfer and would not be required to serve a probationary period if the employee had already achieved permanent status in his or her classified position.

Under current law, in order to receive grant funding, a county that has one or more federally-recognized Indian reservations within or partially within its boundaries must enter into an agreement with an Indian tribe located in the county to establish a cooperative county-tribal law enforcement program. The county and tribe must also develop and annually submit to DOJ a joint program plan and report on the performance of law enforcement activities on the reservation in the previous fiscal year. Tribal gaming receipts provide the program revenue for the county-tribal law enforcement grant program.

Joint Finance/Legislature: Delete provision, thereby retaining the county-tribal law enforcement grant program and staff in DOJ.

11. CRIME VICTIM COMPENSATION PROGRAM MODIFICATIONS [LFB Paper 472]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	$594,200	- $594,200	$0
PR	$450,000	- $450,000	$0

Governor: Make the following changes to the crime victim compensation program:

Diversion of Restitution Payment Revenues from the General Fund. Provide that restitution payments received by the state from defendants to offset awards made to victims under the crime victim compensation program, would no longer be deposited to the general fund but instead would be credited to two new PR appropriations created under DOJ. Currently, the Department estimates that $297,100 annually is credited to the general fund from restitution payments. The proposed diversion of these funds to the new program revenue accounts would result in a corresponding GPR-Earned decrease of $297,100 annually. The bill does not reflect this revenue decrease.

Subrogation Payments Appropriation Created. Create a PR continuing subrogation payments for awards for victims of crimes appropriation to receive these restitution payments and provide expenditure authority of $200,000 annually. Authorize DOJ to: (a) expend these funds to pay for crime victim compensation awards; and (b) transfer a portion of these funds to the following new narcotics purchase appropriation. The narcotics purchase appropriation would be a first draw on revenues deposited to this appropriation.

Narcotics Purchase Appropriation Created. Create a PR annual narcotics purchase appropriation and provide expenditure authority of $25,000 annually. The appropriation would be funded from amounts transferred from the new subrogation payments appropriation. Authorize the Department to expend these funds to purchase controlled substances in investigating violations of Chapter 961 (the Uniform Controlled Substances Act).

Use of Federal Funds for Certain Victim Awards Payments. Delete current statutory provisions which require: (a) the use of federal funds for certain victim awards or certain portions of victim awards; and (b) DOJ to make payments from federal funds to the extent that these funds are available. Require DOJ rules to include procedures to ensure that any limitation of an award, not just awards being provided from federal funds, be calculated in a fair and equitable manner.

Crime Victim Compensation Program Under Current Law. The state's crime victim award program compensates victims and their dependents for the cost of medical treatment (both physical and mental), lost wages, funeral and burial expenses, loss of support to dependents of a deceased victim, and replacement costs of any clothing or bedding that is held for evidentiary purposes. In addition, victims who are homemakers may be compensated for expenses relating to securing homemaker services when someone must be hired to perform these services.

The program is funded from GPR, from part "A" of the crime victim and witness assistance surcharge and from federal grants awarded under the 1984 Victims of Crime Act (VOCA), as amended. Base level funding for the program is $2,390,700 annually ($1,258,000 GPR, $643,900 FED and $488,800 PR). The state's maximum award for any one injury or death is $40,000 (in addition to the $2,000 maximum reimbursement of burial expenses that may be awarded).

Joint Finance/Legislature: Delete provisions relating to: (a) diversion of restitution payment revenues from the general fund; (b) creation of a subrogation payments appropriation funded at $200,000 annually; and (c) creation of a narcotics purchase appropriation funded at $25,000 annually.

[Act 33 Sections: 2739 and 2740]

12. ELIMINATION OF PENALTY ASSESSMENT DEFICIT [LFB Paper 120]

PR	- $796,000

Joint Finance/Legislature: Reduce the following agency appropriations supported by penalty assessment revenues by the amounts indicated in order to address a deficit in penalty assessment funding. These adjustments represent a 6.5% reduction to 2003-04 funding levels and a 0.5% reduction to 2004-05 funding levels, as recommended by the Governor.

Appropriation		Reduction Amounts 2003-04	2004-05
(2)(ke)	Drug Enforcement Intelligence Operations	$97,300	$7,500
(5)(kp)	Reimbursement to Counties for Victim-Witness Services	50,200	3,900
(2)(j)	Law Enforcement Training Fund, Local Assistance	347,500	26,700
(2)(ja)	Law Enforcement Training Fund, State Operations	219,600	16,900
(2)(jb)	Crime Laboratory Equipment and Supplies	24,500	1,900
Total		$739,100	$56,900

[For additional information on the penalty assessment deficit, see "Administration--Office of Justice Assistance."]

13. HOTLINE FOR REPORTING DANGEROUS WEAPONS IN SCHOOLS

GPR	- $100,000

Senate/Legislature: Delete $50,000 annually provided to DOJ to administer and promote the hotline, which receives anonymous tips regarding dangerous weapons in public schools. In addition, delete the statutory provisions requiring the Department to operate such a hotline.

[Act 33 Sections: 2099xd thru 2099xz]

14. CONTROLLED SUBSTANCES HOTLINE AND AMBER ALERT

GPR	$100,000

Assembly/Legislature: Provide $50,000 annually to DOJ to support the operation of the existing controlled substances hotline and for an emergency notification capability for missing children ("Amber Alert" system).

LEGISLATURE

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$118,392,200	$109,873,400	$121,616,600	$121,616,600	$121,616,600	$3,224,400	2.7%
PR	2,984,200	3,331,500	3,331,500	3,331,500	3,331,500	347,300	11.6
TOTAL	$121,376,400	$113,204,900	$124,948,100	$124,948,100	$124,948,100	$3,571,700	2.9%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	811.17	751.17	751.17	751.17	751.17	- 60.00
PR	19.80	19.80	19.80	19.80	19.80	0.00
TOTAL	830.97	770.97	770.97	770.97	770.97	- 60.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$3,321,200	- $96,800	$3,224,400
PR	337,300	0	337,300
Total	$3,658,500	- $96,800	$3,561,700

Governor: Provide standard budget adjustments to the base budget totaling $1,658,800 GPR and $159,700 PR in 2003-04 and $1,662,400 GPR and $177,600 PR in 2004-05. Adjustments are for: (a) turnover reductions (-$92,100 GPR annually); (b) full funding of continuing positions salaries and fringe benefits ($1,662,300 GPR and $140,200 PR annually; (c) reclasses and semi-automatic pay progressions ($19,500 PR in 2003-04 and $37,400 PR in 2004-05); (d) overtime ($2,200 GPR in 2003-04 and $5,700 GPR in 2004-05); (e) fifth week vacation as cash ($48,400 GPR annually); and (f) full funding of lease costs ($38,000 GPR in 2003-04 and $38,100 GPR in 2004-05).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$48,400 GPR annually).

2. GPR BASE BUDGET REDUCTIONS [LFB Paper 480]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-Lapse	$0		$11,840,000		$11,840,000	
GPR	- $11,840,000	- 60.00	$11,840,000	0.00	$0	- 60.00

Governor: Reduce base level funding for the total GPR-supported operations of the Legislature by $5,920,000 annually and delete the total number of authorized positions for the Legislature by 60.0 FTE. The dollar reduction amount equals 10.0% of the total GPR adjusted base for the Legislature. This reduction would be accomplished by the establishment and operation of a single GPR appropriation for the Legislature for the 2003-05 biennium, as described below.

Consolidated single GPR appropriation for all legislative operations. Under the Governor's recommendation, as a part of making the 10% reduction in legislative appropriations, there would be established (for the 2003-05 biennium only), a single, sum sufficient GPR appropriation from which all the GPR-supported operations of the Legislature would be funded. This would encompass the current GPR appropriations for the following entities or purposes: (a) Assembly; (b) Senate; (c) Legislative Documents; (d) Memberships in National Associations; (e) Retirement Committees and retirement actuarial studies; (f) Revisor of Statutes Bureau; (g) Legislative Audit Bureau; (h) Legislative Council; (i) Legislative Fiscal Bureau; (j) Legislative Reference Bureau; and (k) Legislative Technology Services Bureau. The appropriation level in this new sum sufficient appropriation would be established by totaling the adjusted base for each of these entities, plus the standard budget adjustments as approved by the Governor for each entity, then reducing that total by an amount equal to 10% of the total adjusted base and placing that resultant total dollar figure in the new consolidated appropriation for each fiscal year of the 2003-05 fiscal biennium.

Zero-fund existing appropriations. The current separate appropriation line for each of these separate entities would be set at zero for each fiscal year of the 2003-05 fiscal biennium. Further, any expenditures from the existing sum sufficient appropriations would be prohibited from the effective date of the bill until the effective date of the 2005-07 biennial budget act, except for any funds that are encumbered in those appropriations prior to the effective date of the bill. The new sum sufficient appropriation would be available to fund expenditures for any of the purposes currently authorized under the separate GPR appropriations for the cost of operations of the Legislature.

Allocation of funding to purposes. The Joint Committee on Legislative Organization (JCLO) would be required, before the effective date of 2005-07 biennial budget act, to allocate the monies within this new appropriation for each of the purposes authorized under the current appropriation language for the existing GPR appropriations. Further, in the event that JCLO that has not acted to fully allocate these funds among those purposes, the individual officers who have authority under current law to make expenditures under the current law appropriations would be authorized to make expenditures for those same purposes from the new appropriation, except that each officer could not make any such expenditure that would result in the total authorized expenditures by that officer exceeding 90% of the total amount available for expenditure by that officer in the 2001-03 fiscal biennium.

Sunset of new appropriation. No expenditures from this new, consolidated GPR sum sufficient appropriation would be permitted after the effective date of the 2005-07 biennial act, except for any funds that have been encumbered in that appropriation prior to that effective date.

Joint Finance/Legislature: Restore the appropriation reduction of $5,920,000 GPR annually to the new consolidated appropriation for the Legislature. Require instead that the Co-chairs of the Joint Committee on Legislative Organization take actions during the 2003-05 fiscal biennium to ensure that a total $11,840,000 GPR is lapsed from GPR appropriations for the Legislature to the general fund. Further, provide that after JCLO has acted to allocate monies to each of the existing GPR appropriations (Assembly and Senate operations, legislative documents, memberships and dues, and the legislative service agencies), that these allocations shall be effectuated by specifying that those existing appropriations are then set at the amounts determined by JCLO. Further, provide that the expenditure estimate for the new consolidated appropriation be reduced by the amount of funds allocated to the individual appropriations.

[Act 33 Sections: 11, 14 thru 19, 24, 27, 29, 30, 34 thru 38, 43, 49, 53, 654 thru 658, 927 thru 929, and 9133(1),(1z),(2)&(3)]

3. LEGISLATIVE AUDIT BUREAU - PEER REVIEW

PR	$10,000

Governor/Legislature: Provide one-time funding of $10,000 in 2003-04 to have an outside auditor complete a peer review of the LAB's auditing standards in accordance with requirements established by the United States General Accounting Office (GAO). The GAO requires such an external peer review (done through the auspices of the National State Auditors Association) once every three years for any audit agency that performs audits of federal programs. The LAB's last peer review was conducted for fiscal year 1999-00; this request would provide for a peer review of the agency's audit activities in fiscal year 2002-03.

4. LEGISLATIVE REFERENCE BUREAU -- STAFF ASSISTANCE FOR FEDERAL FUND SOURCES

Joint Finance/Legislature: Create a statutory requirement that the Chief of the Legislative Reference Bureau assign one of the Bureau's employees to full-time responsibility for working with state agencies and the federal government to increase the amount of funds that these agencies receive from the federal government. Specify that, at the request of a state agency, the designated employee shall assist the agency in: (a) locating potential sources of federal funds that it may be eligible for; and (b) completing federal grant-writing activities or other application procedures.

Veto by Governor [D-23]: Delete provision.

[Act 33 Vetoed Section: 40m]

LIEUTENANT GOVERNOR

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$1,053,400	$694,400	$694,400	$694,400	$694,400	- $359,000	- 34.1%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	7.75	4.00	4.00	4.00	4.00	- 3.75

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$1,000

Governor/Legislature: Provide increases of $500 annually for full funding of continuing positions salaries and fringe benefits.

2. BASE BUDGET REDUCTIONS

	Funding	Positions
GPR	- $360,000	- 3.75

Governor/Legislature: Reduce base level funding by $180,000 annually ($175,300 from salary and fringe benefit costs and $4,700 from supplies and service costs) and delete 3.75 existing positions in the Lieutenant Governor's Office. This represents a 34.2% reduction in the adjusted GPR base level of funding for the agency.

LOWER WISCONSIN STATE RIVERWAY BOARD

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
SEG	$308,200	$303,600	$303,600	$303,600	$303,600	- $4,600	- 1.5%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
SEG	2.00	2.00	2.00	2.00	2.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

SEG	- $8,400

Governor/Legislature: Delete $4,200 annually for full funding of continuing position salaries and fringe benefits. Funding of $5,100 annually was provided under 2001 Act 16 in anticipation of the director being reclassified into a higher pay range. The reclassification did not take place and the additional funding lapsed.

2. INFORMATION TECHNOLOGY SUPPORT

SEG	$3,800

Governor/Legislature: Provide $1,900 annually from the conservation fund for anticipated increases for charges paid by the agency for information technology support costs.

MARQUETTE DENTAL SCHOOL

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$10,620,200	$9,185,900	$10,338,400	$10,338,400	$10,338,400	- $281,800	- 2.7%

FTE Position Summary

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

Budget Change Items

1. STATE FUNDING [LFB Paper 495]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $1,434,300	$1,152,500	- $281,800

Governor: Funding amounts and changes proposed by the Governor are shown under Marquette Dental School for information purposes only. Marquette Dental School receives the benefit of state funding through three appropriations, housed in the following agencies:

a. Department of Health and Family Services (DHFS). Funding from DHFS is used to provide dental services to low-income individuals and is unchanged under the bill from the base level of $2,970,500 (of this amount, $2,860,500 is paid to the Marquette Dental School and $110,000 is for other purposes).

b. Higher Educational Aids Board (HEAB). The funding from HEAB provides annual capitation payments. Under the bill, the Governor proposes to reduce funding for tuition assistance for Wisconsin residents enrolled in the Marquette Dental School by $758,600 annually, which represents a 50% reduction to the adjusted base level. The bill would delete current law that specifies the capitation payment amount of $11,670. The current funding level of $1,517,100 annually supports 130 students at the current annual aid level of $11,670. The bill would delete the current limit of 160 on the number of Wisconsin residents who may receive capitation payments. Finally, the bill would delete the limit on the tuition that the Marquette Dental School may assess for a Wisconsin resident who receives state capitation aid, which specifies that tuition cannot exceed the difference between the tuition assessed a nonresident student enrolled and the capitation payment for Wisconsin residents enrolled.

c. *Miscellaneous Appropriations.* Debt service attributable to state bonds issued to fund a portion of the dental clinic and education facility for the Marquette dental school is paid under miscellaneous appropriations. The bill would provide an additional $40,600 in 2003-04 and $42,300 in 2004-05 over annual base level funding of $932,500 to reflect estimated increases in the amount these debt service costs.

The proposed changes are shown under HEAB for item b. and under Miscellaneous Appropriations for item c.

Joint Finance/Legislature: Provide $510,600 in 2003-04 and $641,900 in 2004-05 under the Higher Educational Aids Board to reflect a capitation amount of 75% of the amount provided under current law. Specify the capitation amount to be $8,753, rather than $11,670 under current law. Limit the number of students eligible for capitation aid to 145 in 2003-04 and to 160 in 2004-05 and thereafter. Restore the current law requirement that tuition at Marquette Dental School for a Wisconsin resident who receives state capitation aid cannot exceed the difference between the tuition assessed a nonresident student enrolled and the capitation payment for Wisconsin residents enrolled.

MEDICAL COLLEGE OF WISCONSIN

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$15,271,400	$12,572,000	$12,482,900	$12,482,900	$12,482,900	- $2,788,500	- 18.3%
PR	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0	0.0
TOTAL	$16,271,400	$13,572,000	$13,482,900	$13,482,900	$13,482,900	- $2,788,500	- 17.1%

FTE Position Summary

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

Budget Change Items

1. REDUCE STATE TUITION AID [LFB Paper 500]

GPR	- $4,105,200

Governor/Legislature: Reduce funding for tuition assistance for Wisconsin residents enrolled in the medical school by $2,052,600 annually, which represents a 50% reduction to the adjusted base level. Delete current law that specifies the capitation payment amount of $10,091, as well as a prorate provision if funds are insufficient to pay this amount. The current funding level of $4,105,100 annually supports approximately 407 students at the current annual aid level of $10,091. Delete the current limit on the number of Wisconsin residents who may receive capitation payments, which is determined by multiplying the total number of students enrolled by 0.56, but cannot exceed 416. Delete the limit on the tuition that the Medical College may assess for a Wisconsin resident who receives state capitation aid, which specifies that tuition cannot exceed the difference between the tuition assessed a nonresident student enrolled and the capitation payment for Wisconsin residents enrolled.

[Act 33 Sections: 347, 948, 950, and 952]

2. DEBT SERVICE REESTIMATE [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$1,405,800	- $89,100	$1,316,700

Governor: Reestimate debt service costs by $100 in 2003-04 for basic science education and health information technology facilities and $1,405,700 in 2004-05 for a biomedical research and technology incubator. Base level funding for basic science education and health information technology facilities is $158,700. There is no base funding for the biomedical research and technology incubator.

Joint Finance/Legislature: Reduce funding by $89,100 in 2004-05 to reflect a reestimate of debt service costs for the biomedical research and technology incubator.

MILITARY AFFAIRS

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$36,149,400	$39,098,900	$38,773,900	$38,773,900	$38,773,900	$2,624,500	7.3%
FED	62,420,800	64,086,700	64,053,900	64,053,900	64,053,900	1,633,100	2.6
PR	9,961,600	10,175,600	10,193,600	10,193,600	10,193,600	232,000	2.3
SEG	952,400	952,400	949,600	949,600	949,600	- 2,800	- 0.3
TOTAL	$109,484,200	$114,313,600	$113,971,000	$113,971,000	$113,971,000	$4,486,800	4.1%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	103.35	99.85	100.35	100.35	100.35	- 3.00
FED	233.36	230.86	230.86	230.86	230.86	- 2.50
PR	46.20	45.45	45.95	45.95	45.95	- 0.25
TOTAL	382.91	376.16	377.16	377.16	377.16	- 5.75

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR-REV	$0		$5,600		$5,600	
GPR	- $16,400	0.00	- $26,200	0.00	- $42,600	0.00
FED	1,665,900	- 2.50	- 32,800	0.00	1,633,100	- 2.50
PR	37,600	- 0.25	- 5,600	0.00	32,000	- 0.25
Total	$1,687,100	- 2.75	- $64,600	0.00	$1,622,500	- 2.75

Governor: Provide standard adjustments to the base budget totaling -$8,200 GPR, $856,400 FED, and $18,800 PR and -1.5 FED and -0.25 PR positions in 2003-04 and -$8,200 GPR, $809,500 FED, and $18,800 PR and -2.5 FED and -0.25 PR positions in 2004-05. Adjustments are for: (a) turnover reduction (-$90,500 GPR and -$164,400 FED annually); (b) removal of noncontinuing elements from the base (-$94,800 GPR, -$51,300 FED, and -$93,400 PR and -1.5

FED and -0.25 PR positions in 2003-04 and -$94,800 GPR, -$98,200 FED, and -$93,400 PR and -2.5 FED and -0.25 PR positions in 2004-05); (c) full funding of continuing salaries and fringe benefits ($126,700 GPR, $650,600 FED and $53,900 PR annually); (d) reclassifications ($2,800 FED annually); (e) overtime ($35,900 GPR, $318,900 FED and $42,800 PR annually); (f) night and weekend differential ($1,400 GPR, $83,400 FED and $12,700 PR annually); and (g) fifth week of vacation as cash ($13,100 GPR, $16,400 FED, and $2,800 PR annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash ($13,100 GPR, $16,400 FED, and $2,800 PR annually). Require the agency to lapse to the general fund $2,800 annually from those PR accounts which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $2,800 annually.

[Act 33 Section: 9160(3f)]

2. NATIONAL GUARD TUITION GRANT PROGRAM [LFB Paper 505]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$3,009,500	- $236,600	$2,772,900

Governor: Make the following program eligibility and funding modifications to the agency's National Guard Tuition Grant program:

Program Eligibility Limitations. Restrict the use of tuition reimbursement grants to courses of study only at in-state eligible schools or at those out-of-state public institutions of higher education that are subject to either the Minnesota-Wisconsin student reciprocity agreement under s. 39.49 of the statutes or reciprocity agreements under s. 39.42 of the statutes (affecting students at community and technical colleges in Michigan, Illinois and Iowa). Under current law, eligible schools for purposes of the tuition grant program include institutions in the University of Wisconsin System, the Wisconsin Technical College System and any accredited institution of higher education in the United States.

Limit the maximum amount of tuition reimbursement to the lesser of either 100% of the actual tuition charged or 100% of the average of the resident undergraduate tuition rates charged by all campuses in the University of Wisconsin System for a comparable academic load. Under current law, the reimbursement rate is the lesser of either 100% of the actual tuition charged or 100% of the maximum resident undergraduate tuition charged by the University of Wisconsin-Madison campus for a comparable academic load.

The proposal contains no initial applicability provision for currently enrolled students who might be affected by the program changes. Consequently, these changes would apply to all individuals enrolled in the program on the general effective date of the bill.

Program Funding. Provide $1,096,700 in 2003-04 and $1,912,800 in 2004-05 for anticipated cost increases under the program, based on the combined impact of a 17% annual increase projected by DOA in tuition rates and the program modifications described above. Some 3,762 grants were awarded in 2001-02 at a total cost of $4,206,100. This program is funded under a biennial appropriation. Base level funding in the appropriation is $3,724,500 annually.

Joint Finance/Legislature: Delete $59,100 in 2003-04 and $177,500 in 2004-05 to reflect the combined impact of: (a) decreased program costs based on current enrollment levels; and (b) increased costs for retaining tuition grant program eligibility for students at out-of-state accredited institutions of higher education provided the student enlisted in the Wisconsin National Guard prior to the effective date of the bill. Stipulate that the new limitations on out-of-state school reimbursements would first apply to tuition grants made to persons who enlist in the Wisconsin National Guard after the effective date of the bill. Specify that "average tuition" would mean the arithmetic average of the resident undergraduate tuition rates charged by the four-year UW-System institutions.

[Act 33 Sections: 741 thru 744 and 9337(1x)]

3. DEBT SERVICE REESTIMATE [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$764,600	- $85,800	$678,800

Governor: Reestimate debt service costs related to National Guard facilities operated by the Department by $359,800 in 2003-04 and $404,800 in 2004-05.

Joint Finance/Legislature: Reestimate debt service costs related to National Guard facilities by -$59,100 in 2003-04 and -$26,700 in 2004-05.

4. BASE BUDGET REDUCTIONS

	Funding	Positions
GPR	- $376,400	- 3.00

Governor/Legislature: Reduce the agency's general program operations appropriations and repair and maintenance appropriation by $189,900 in 2003-04 and $186,500 in 2004-05 and 3.0 positions annually. The base budget reductions would be applied as follows: (a) -$87,000 annually from the agency's administrative general program operations appropriation for salary and fringe benefits (-$67,000 and -2.0 positions annually) and supplies and services (-$20,000 annually), representing a base budget reduction of 1.8%; (b) -$54,200 annually from the emergency management general program operations appropriation for salary and fringe benefits, representing a base budget reduction of 7.9%; and (c) -$48,700 in 2003-04 and -$45,300 in 2004-05 from the repair and maintenance appropriation for supplies and services, representing a base budget reduction of 7.5% in 2003-04 and 7.0% in 2004-05.

5. FUEL AND UTILITY COST DECREASES

GPR	- $208,200

Governor/Legislature: Delete $108,300 in 2003-04 and $99,900 in 2004-05 for energy costs at agency facilities. Base level funding for agency energy costs is $1,639,500 annually.

6. HELICOPTER SUPPORT SERVICES GRANT REPEAL

GPR	- $200,000

Governor/Legislature: Repeal the helicopter support services grant program and associated appropriation and delete base level funding of $100,000 annually. Under this program the Governor may enter into a contract with the Milwaukee County sheriff for helicopter support services for boating safety, disaster assistance, law enforcement assistance, search and rescue operations, and traffic control. The adjutant general may provide grant funds to the Milwaukee County sheriff for the provision of these services. This grant was not awarded during the 2002-03 fiscal year, and these funds were reallocated to another purpose by the Joint Committee on Finance at its December 17, 2002, meeting under s. 13.10.

[Act 33 Sections: 562, 2111, and 2112]

7. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $23,600	- 0.50	$23,600	0.50	$0	0.00
PR	- 23,600	- 0.50	23,600	0.50	0	0.00
Total	- $47,200	- 1.00	$47,200	1.00	$0	0.00

Governor: Delete $10,100 GPR and $10,100 PR in 2003-04 and $13,500 GPR and $13,500 PR in 2004-05 and 0.50 GPR and 0.50 PR position annually to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate $30,300 GPR and $30,300 PR in 2003-04 and $40,400 GPR and $40,400 PR in 2004-05 of base level salary and fringe benefits funding that currently supports 0.50 GPR and 0.50 PR position annually to the agency's supplies and services budget to pay for legal services supplied by DOA.

Joint Finance: Delete provision. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Senate/Legislature: Add the Department of Employee Trust Funds and the Investment Board to the executive branch agencies that would be exempted from the attorney position deletion requirement.

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

8. BILLETING SERVICES SPENDING AUTHORITY INCREASE [LFB Paper 506]

PR	$200,000

Governor/Legislature: Provide increased expenditure authority of $100,000 annually associated with operating expenses for the Wisconsin Military Academy at Fort McCoy. Base level expenditure authority is $386,900 annually. Revenues credited to this appropriation include Academy use and training fees, armory rental fees, and the sale of surplus equipment and property. These funds may be used for facility operations, repair and maintenance. The Department estimates that revenues to this appropriation will increase from the current $344,000 annually to $350,500 in 2003-04 and to $361,000 in 2004-05.

9. REIMBURSEMENT OF CERTAIN COUNTY AND MUNICIPAL WORKER'S COMPENSATION AND LIABILITY COSTS DUE TO EMERGENCY MANAGEMENT ACTIVITIES [LFB Paper 507]

Governor: Modify the source of funding for reimbursements of certain worker's compensation benefits, awards for injuries to others, and losses from the destruction of equipment incurred by a county or municipality that is engaged in emergency management activities. Specify that if the total amount of such costs and liabilities exceeds $1 per capita for the jurisdiction's population, the state would reimburse the county or municipality from an existing Program Supplements GPR-funded sum sufficient appropriation for the payment of judgments against the state and its officers, rather than from the appropriation currently used: the Division of Emergency Government's GPR-funded sum certain general program operations appropriation. Payments from this appropriation would be made upon certification by the adjutant general, subject to the approval of the attorney general, if necessary. Modify the statutory purposes of the Program Supplements sum sufficient appropriation to authorize payments for these worker's compensation benefits and the indemnification of counties and municipalities. No funding adjustments would be made to either of these appropriations as a result of these proposed modifications.

Joint Finance/Legislature: Delete provision. Specify that the $1 per capita payment by a county or a municipality would be a one-time payment for injuries incurred during the calendar year by the registered volunteer, with the state assuming all additional costs for any continuing liabilities after the first calendar year, regardless of the duration of the injury.

[Act 33 Section: 2113]

10. OPERATION AND RENTAL OF DISTANCE LEARNING CENTERS

Governor/Legislature: Direct the adjutant general to cooperate with the federal government in the operation and maintenance of distance learning centers for use by current and former members of the National Guard or armed forces. Authorize the adjutant general to rent these facilities to nonmilitary and nonfederal individuals and credit these receipts to a new PR continuing appropriation created for this purpose. Provide that the appropriation would support the operation and maintenance of the centers.

[Act 33 Sections: 561 and 739]

11. EMERGENCY RESPONSE TRAINING [LFB Paper 572]

SEG	- $2,800

Joint Finance/Legislature: Delete $2,800 SEG in 2004-05 from the emergency response training appropriation funded from the environmental management account of the environmental fund. The reduction reflects a 26.5% decrease in 2004-05 to all appropriations funded from the environmental management account to bring expenditures from that account into balance with anticipated revenues. Base level funding in the Department's emergency response training biennial appropriation is $10,500 SEG annually.

12. FEDERAL HOMELAND SECURITY FUNDING [LFB Paper 121]

Joint Finance/Legislature: Provide that the Department's Division of Emergency Management rather than DOA's Office of Justice Assistance (OJA), as recommended by the Governor, would apply for contracts and receive and expend federal funds related to homeland security. Create a continuing federal appropriation under DMA rather than under OJA, as recommended by the Governor, for the receipt and expenditure of these federal funds. Authorize the Adjutant General to administer federal homeland security funds. Prohibit the Governor from authorizing the expenditure of federal funds for homeland security unless the Joint Committee on Finance first approves the Governor's expenditure plan under a 14-day passive review process. (For information on the Governor's original recommendation on federal homeland security funding, see "Administration -- Office of Justice Assistance.")

Veto by Governor [C-33]: Delete provision. The Governor's veto states that OJA has instead been designated as the lead agency to administer these funds.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.465(3)(mg)), 562m, 2111g, and 2111j]

MISCELLANEOUS APPROPRIATIONS

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$217,053,400	$238,594,200	$224,644,700	$224,644,700	$224,644,700	$7,591,300	3.5%
SEG	1,562,505,200	38,920,100	39,823,200	46,144,900	46,144,900	- 1,516,360,300	- 97.1
TOTAL	$1,779,558,600	$277,514,300	$264,467,900	$270,789,600	$270,789,600	- $1,508,769,000	- 84.8%

FTE Position Summary

There are no authorized positions for Miscellaneous Appropriations.

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

SEG - $1,524,187,400

Governor/Legislature: Decrease funding by $762,093,700 annually to remove non-continuing elements from the base. The following three items would be removed from the base: (a) $598,300,000 of one-time tobacco securitization proceeds used for shared revenue payments in 2002-03; (b) $157,602,800 of tobacco settlement proceeds transferred to the general fund on a one-time basis in 2002-03; and (c) $6,190,900 of transportation fund monies transferred to the general fund in 2002-03, from an appropriation that is repealed on June 30, 2003.

2. OPERATING NOTE INTEREST AND EXPENSES

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$13,130,000	- $13,200,000	- $70,000

Governor: Increase funding by $2,700,000 in 2003-04 and by $10,300,000 in 2004-05 for estimated interest costs on operating notes. Total funding would be $9,800,000 in 2003-04 and $17,400,000 in 2004-05. The administration anticipates operating notes of $750 million in 2003-04 and $900 million in 2004-05. The increased funding reflects both the sizes of the notes and anticipated increases in interest rates during the biennium.

In addition, increase funding for expenses associated with issuing operating notes by $65,000 in each year. Total funding in each year would be $225,000.

Joint Finance/Legislature: Reduce the estimated interest costs on operating notes by $3,800,000 in 2003-04 and by $9,400,000 in 2004-05. In addition, reduce estimated general fund interest earnings by $3,000,000 in 2003-04 and by $10,000,000 in 2004-05. The changes in estimated interest costs on operating notes and in estimated interest earning on balances in the general fund reflect current interest rate projections and the budgetary decisions of the Legislature.

The net effect of the reduced estimates of general fund interest earnings and operating note interest costs would be an increase in the general fund balance of $200,000 for the 2003-05 biennium. However, the box for this entry reflects only the reduction in the estimated operating note interest expense. The reestimated general fund interest earnings are reflected in the general fund condition statement of the overview section of the summary under "Departmental Revenues."

3. GENERAL FUND TRANSFER TO TRANSPORTATION FUND [LFB Paper 515]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	$2,500,000	$30,400	$2,530,400
GPR	$2,500,000	$30,400	$2,530,400

Governor: Provide $2,500,000 GPR in 2004-05 in an appropriation for making a transfer to the transportation fund pursuant to an airline ad valorem tax exemption provision and increase estimated transportation fund revenue by a corresponding amount. A provision of 2001 Act 16 exempted airlines with hub facilities in the state from the payment of ad valorem taxes on airline property and required that an annual payment be made from the general fund to the transportation fund, beginning in 2004-05, that is equal to the amount that the exempted airlines paid in the final year that they made payments before the exemption became effective. The exemption currently applies to two airlines, Midwest Express and Air Wisconsin. Although the bill would estimate the transfer at $2,500,000, the two airlines paid a total of $2,530,400 in ad valorem taxes in 2000, which was the last year before the exemption took effect. Revenue from ad valorem taxes on non-exempt airlines is deposited in the transportation fund.

Joint Finance/Legislature: Increase funding in the transfer appropriation by $30,400 GPR in 2004-05 and increase transportation fund revenue by a corresponding amount to reflect the actual level of ad valorem taxes paid in 2000.

4. SUPPLEMENTAL TITLE FEE MATCHING APPROPRIATION [LFB Paper 565]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$1,479,900	- $779,900	$700,000

Governor: Estimate the supplemental title fee matching GPR sum sufficient appropriation to increase by $624,700 (for a total of $10,969,700) in 2003-04 and by $855,200 (for a total of $11,200,200) in 2004-05. The Secretary of Transportation must certify by October 1 each year to the Secretary of Administration the amount of automobile title transfer fees collected during the previous fiscal year. This amount, minus $555,000, is transferred to the nonpoint account of the environmental fund.

Joint Finance/Legislature: Delete $274,700 (for a total of $10,695,000) in 2003-04 and $505,200 (for a total of $10,695,000) in 2004-05 to reflect reestimated title transfer levels.

5. CAPITOL OFFICES RELOCATION APPROPRIATION REPEAL

GPR	- $2,063,200

Governor/Legislature: Repeal the capitol offices relocation appropriation which was established in 1989 to allow the temporary relocation of executive, legislative and supreme court offices and chambers in the State Capitol to outside space during the phased-remodeling of the Capitol. Also, repeal statutory authority for the Department of Administration (for executive agencies and the courts) and the Joint Committee on Legislative Organization (for the Legislature) to temporarily relocate occupants of the State Capitol during the period of the renovation. Since the remodeling of the Capitol has been completed, the space re-occupied, and service agency staff permanently relocated outside the Capitol, the administration believes that this appropriation should be repealed. Currently, the only private space being paid for out of this appropriation is for rent of the building at 100 North Hamilton Street where the Legislative Reference Bureau is currently located. The current lease on this space ends in November of 2004. The Department of Administration would be responsible for paying for the remaining costs of this lease after this appropriation is repealed until the end of the lease. The appropriation would be repealed on the effective date of the bill.

[Act 33 Sections: 219, 670, 672m, and 674]

6. CANCELLED DRAFTS APPROPRIATION REESTIMATE

GPR	- $400,000

Governor/Legislature: Reduce by $200,000 annually the estimated expenditures from the sum sufficient appropriation that exists for re-issuance of state checks originally issued against GPR-funded appropriations. In general, any state checks that have not been cashed within twelve months of their issuance date are cancelled. Where situations warrant the issuance of a new check, the funds for such checks that were originally drawn against individual agencies' GPR appropriations are paid from this central GPR appropriation since the original monies for such checks would have been deposited in the state's general fund. Total expenditures from this appropriation in 2003-05 are estimated at $1,600,000 annually.

7. TRANSFERS TO THE CONSERVATION FUND [LFB Paper 536]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$1,200	$0	$1,200
SEG	607,900	886,900	1,494,800
Total	$609,100	$886,900	$1,496,000

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

	2003-04		2004-05	
	Change	Total	Change	Total
Snowmobile Transfer	-$221,700	$4,660,000	-$13,600	$4,868,100
ATV Transfer	60,100	1,168,800	136,000	1,244,700
Water Resources Transfer	113,600	11,398,800	533,500	11,818,700
Total	-$48,000	$17,227,600	$655,900	$17,931,500

Also, reestimate the reimbursement to the conservation fund for debt service on certain land acquisitions by $400 GPR (to $233,000) in 2003-04 and $800 GPR (to $233,400) in 2004-05.

Joint Finance/Legislature: Provide an additional $464,100 SEG in 2003-04 and $422,800 SEG in 2004-05 related to the gas tax transfers to the conservation fund as follows: (a) provide $952,700 SEG in 2003-04 and $906,400 SEG in 2004-05 to the water resources account; (b) delete $557,200 SEG in 2003-04 and $644,500 SEG in 2004-05 from the snowmobile account; and (c) provide $68,600 SEG in 2003-04 and $160,900 SEG in 2004-05 to the all-terrain vehicle account. Total gas tax transfers are estimated as follows:

	2003-04	2004-05
Snowmobile	$4,102,800	$4,223,600
ATV	1,237,400	1,405,600
Water Resources	12,351,500	12,725,100

8. MARQUETTE DENTAL SCHOOL DEBT SERVICE

GPR	$82,900

Governor/Legislature: Provide $40,600 in 2003-04 and $42,300 in 2004-05 over annual base level funding of $932,500 to reflect estimated increases in debt service costs on bonds issued to fund a portion of the dental clinic and education facility for the Marquette Dental School.

9. ELECTION CAMPAIGN FUND REESTIMATE

GPR	$10,000

Governor/Legislature: Reestimate expenditures by $5,000 annually for payment to the Wisconsin Election Campaign Fund (WECF) to reflect an increase in $1 individual income tax check-off designations. Total budgeted expenditures would increase to $330,000 annually. Under current law, a taxfiler may designate on his or her individual income tax return that $1 be transferred from the general fund to the WECF. Since the check-off does not affect taxpayer refunds or liabilities, an amount equivalent to the number of designations is transferred annually to the WECF from the election campaign payments sum sufficient appropriation. In 2002-03, $328,775 was transferred to the WECF.

10. TERMINAL TAX DISTRIBUTION [LFB Paper 516]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- $5,600	$16,200	$10,600

Governor: Decrease payments from the transportation fund by $32,200 in 2003-04 and increase payments by $26,600 in 2004-05 to reflect a reestimate of terminal tax payments at $1,251,100 in 2003-04 and $1,309,900 in 2004-05. Terminal tax payments are calculated by multiplying the value of terminal storage and railroad repair facility property held by railroads by the statewide average effective tax rate. These amounts are paid to towns, villages, and cities where terminal storage property or repair facilities are located.

Joint Finance/Legislature: Decrease funding by $5,000 in 2003-04 and increase funding by $21,200 in 2004-05 to reflect a reestimate of terminal tax payments at $1,246,100 in 2003-04 and $1,331,100 in 2004-05.

11. TRANSFER FROM THE PETROLEUM INSPECTION FUND TO THE TRANSPORTATION FUND

SEG	$6,321,700

Senate/Legislature: Provide $6,321,700 in a newly-created appropriation from the petroleum inspection fund for making a transfer to the transportation fund. This item reflects a decision to replace a direct appropriation from the petroleum inspection fund for the motor vehicle emissions inspection program with a transfer of the same amount of funds to the transportation fund (through this item) and an increase in the current transportation fund appropriation for the program (summarized under "Transportation--Motor Vehicles").

[Act 33 Sections: 670r and 848j]

12. OTHER MISCELLANEOUS APPROPRIATIONS CHANGES

The description and fiscal effect of miscellaneous appropriations changes related to Minnesota-Wisconsin and Illinois-Wisconsin income tax reciprocity items and to interest payments on overpayment of taxes are summarized as entries under "General Fund Taxes."

NATURAL RESOURCES

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$321,972,200	$296,810,900	$289,557,600	$289,557,600	$292,479,300	- $29,492,900	- 9.2%
FED	97,431,800	99,934,300	100,428,000	100,428,000	100,428,000	2,996,200	3.1
PR	66,850,400	66,787,100	67,842,900	67,842,900	66,630,500	- 219,900	- 0.3
SEG	495,431,800	519,325,400	498,318,000	498,318,000	497,563,400	2,131,600	0.4
TOTAL	$981,686,200	$982,857,700	$956,146,500	$956,146,500	$957,101,200	- $24,585,000	- 2.5%
BR		$20,246,800	- $230,753,200	- $230,753,200	$14,246,800		

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	447.53	376.72	373.12	373.12	373.12	- 74.41
FED	480.35	470.35	476.35	476.35	476.35	- 4.00
PR	272.64	253.14	259.14	259.14	258.14	- 14.50
SEG	1,774.14	1,704.64	1,709.14	1,709.14	1,707.14	- 67.00
TOTAL	2,974.66	2,804.85	2,817.75	2,817.75	2,814.75	- 159.91

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 525]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR-REV	$0		$183,600		$183,600	
GPR	$1,425,600	- 1.50	- $69,200	0.00	$1,356,400	- 1.50
FED	2,864,600	- 4.00	- 7,200	0.00	2,857,400	- 4.00
PR	2,075,700	- 3.00	- 36,600	0.00	2,039,100	- 3.00
SEG	- 2,104,600	- 2.00	- 273,800	0.00	- 2,378,400	- 2.00
Total	$4,261,300	- 10.50	- $386,800	0.00	$3,874,500	- 10.50

Governor: Provide $2,263,600 and delete 5.5 positions in 2003-04 and provide $1,997,700 and delete 10.5 positions in 2004-05 for adjustments to the base budget as follows: (a) -$2,853,700 annually for turnover reduction, (-$465,300 GPR, -$293,400 FED, -$159,200 PR, and -$1,935,800 SEG annually); (b) -$3,749,600 and -5.0 positions in 2003-04 and -$4,015,500 and -10.0 positions in 2004-05 for removal of non-continuing elements from the base (-$846,600 GPR, -$125,800 FED, -$101,500 PR, and -$2,675,700 SEG in 2003-04; -$846,600 GPR, -$180,400 FED, -$161,600 PR, and -$2,826,900 SEG in 2004-05; -2.0 FED positions and -3.0 PR position in 2003-04; and -4.0 FED positions, -3.0 PR positions, and -3.0 SEG positions in 2004-05); (c) $6,474,600 annually for full funding of continuing salaries and fringe ($1,967,000 GPR, $1,875,200 FED, $1,301,900 PR, and $1,330,500 SEG annually); (d) $7,900 GPR and -0.5 position (-1.5 GPR positions and 1.0 SEG position) each year for funding of positions authorized at the December, 2002, s. 13.10 hearing, including the elimination of 1.5 positions related to across the board budget reductions and the provision of 1.0 forestry SEG gypsy moth suppression coordinator; (e) $2,175,800 annually for overtime ($8,400 PR and $2,167,400 SEG annually); and (f) $208,600 annually for a fifth vacation week as cash for certain long-term employees ($49,800 GPR, $3,600 FED, $18,300 PR, and $136,900 SEG annually).

Joint Finance/Legislature: Provide $15,200 GPR annually to correct two adjustments relating to full funding of existing salary and fringe benefit levels that were incorrectly entered during the preparation of the budget bill.

In addition, delete funding for payments for fifth week of vacation as cash, totaling $208,600 annually (-$49,800 GPR, -$3,600 FED, -$18,300 PR and -$136,900 SEG). Require the Department to lapse to the general fund a total of up to $155,200 annually from those PR and SEG accounts or funds from which these fifth week of vacation as cash payments had been budgeted. Specify, however, that the agency is not required to lapse to the general fund any such PR or SEG amount that is from federal funds or that is from another fund source whose lapse to the general fund would be prohibited by state or federal laws or the state or federal constitution (it is estimated that approximately $63,400 annually may not lapse due to state or federal restrictions). Estimate GPR-REV of $183,600 for the biennium.

[Act 33 Section: 9160(3f)]

2. BASE BUDGET REDUCTIONS

	Funding	Positions
GPR	- $14,889,200	- 63.75

Governor/Legislature: Reduce the following GPR state operations appropriations by a total of $7,417,800 and 35.35 positions in 2003-04 and by $7,471,400 and 63.75 positions in 2004-05. The bill represents an 18% reduction in DNR's GPR general operations base budget, excluding debt service.

	2003-04			2004-05		
	Amount	FTE	Reduction to Base	Amount	FTE	Reduction to Base
Land Program						
Wildlife Management	-$52,500		38.7%	-$142,800	-1.4	100.0%
Facilities and Lands	-219,800		67.4	-320,900	-2.0	100.0
Parks and Recreation	-1,000,000		17.1	-1,168,100	-6.0	20.0
Endangered Resources	0		0.0	-51,800	-1.0	21.8
Integrated Science Services						
Integrated Science Services	-680,200	-9.0	35.9	-680,200	-9.0	35.9
Water Program						
Watershed Management	-$278,400	-2.0	3.8	-$715,100	-11.0	9.8
Fisheries Management	-50,800	-1.0	1.8	-304,400	-5.0	10.6
Drinking Water and Groundwater	-63,700	-1.0	2.1	-393,700	-6.0	13.1
Water Program Management	-67,800	-1.0	2.5	-76,500	-1.0	2.9
Development Program						
Resource Maintenance and Development	-$894,400		100.0	$0		0.0
Facilities Acquisition, Development, and Maintenance	-170,900		100.0	0		0.0
State Park, Forest, and Riverway Roads	-1,815,900		100.0	-1,494,500		78.7
Administration and Technology						
Administration	-$122,500	-1.0	44.7	-$122,500	-1.0	44.7
Legal Services	-132,000	-1.0	14.3	-132,000	-1.0	14.3
Finance	-52,300	-1.0	3.2	-52,300	-1.0	3.2
Administrative and Field Services	-447,700	-0.7	72.7	-447,700	-0.7	72.7
Enterprise Information, Technology, and Applications	-890,200	-10.0	51.1	-890,200	-10.0	51.1
Human Resources	-13,300		3.6	-13,300		3.6
Customer Assistance and External Relations						
Customer Service and Licensing	-$65,400	-1.0	9.1	-$65,400	-1.0	9.1
Cooperative Environmental Assistance	-201,700	-2.65	71.1	-201,700	-2.65	71.1
Communication and Education	-58,200	-1.0	82.0	-58,200	-1.0	82.0
Community Financial Assistance	-55,900	-1.0	12.2	-55,900	-1.0	12.2
Customer Assistance Program Management	-84,200	-2.0	10.7	-84,200	-2.0	10.7
Total	-$7,417,800	-35.35		-$7,471,400	-63.75	

In addition, for 2003-04 only, delete the requirement that DNR must allocate at least $150,000 annually on resource maintenance and development projects for historical sites, $10,000 of which is earmarked for Heritage Hill State Park. Under the bill, no funds are appropriated in 2003-04 for this purpose ($894,400 GPR is provided in 2004-05).

[Act 33 Section: 9138(3)]

3. TRANSFERS BETWEEN APPROPRIATIONS

SEG	- $1,888,000

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

	2003-04	2004-05	Positions	Fund
Land				
Land Program Management	-$75,300	-$75,300	-1.0	GPR
Parks General Operations	75,300	75,300	1.0	GPR
Wildlife Management	284,600	284,600	4.5	SEG
Parks Operations	41,000	41,000	1.0	SEG
Forest Wildlife Managers	-168,600	-168,600	-2.5	SEG
Enforcement and Science				
Integrated Science Services	163,300	163,300		GPR
Law Enforcement	-163,300	-163,300		SEG
Conservation Aids				
Chronic Wasting Disease	-166,800	-166,800	-3.0	SEG
Administration and Technology				
Finance	-163,300	-163,300		GPR
Finance	163,300	163,300		SEG
Administration and Field Services	-41,000	-41,000	-1.0	SEG
Facility Rental Costs	-944,000	-944,000		SEG
Customer Assistance and External Relations				
Communication and Education	50,800	50,800	1.0	SEG
Total	-$944,000	-$944,000	0.0	

Position transfers result primarily from three policy changes. First, one position is moved from land management to parks to reflect a reorganization of its field management staff that DNR undertook during the spring and summer of 2002. Second, 2.5 wildlife managers currently funded from the forestry account would be transferred to the fish and wildlife account. Finally, three project positions assigned to activities relating to chronic wasting disease are moved from wildlife damage program funding within the conservation aids program to general wildlife management and community education. Also, one position is moved from administrative and field services to parks operations to reflect the fact that the person in the position is supervised by the parks program.

The remaining transfers generally fall into two categories. The GPR and SEG shifts address reductions made under 2001 Acts 16 and 109 and are intended to more equitably distribute reductions by funding source. Finally, DNR determined that the conservation fund was overpaying for its portion of shared administrative costs. In its budget, DNR requested that $944,000 in administrative expenditures be reduced annually from the conservation fund and applied to the air emissions fee program, whose administrative funding contribution had been reduced under 2001 Act 16. The bill would not provide the increased expenditure authority under the air emissions fee program, resulting in a net reduction to authorized administrative expenditures for facility rental costs.

4. TRANSFERS WITHIN APPROPRIATIONS

Governor/Legislature: Authorize the following transfers between programs within the same appropriation:

	Amount	FTE	Fund	Transfer From	Transfer To
2001 Act 16 and Act 109 Reallocations					
Administration and Technology program	2,300		SEG	Management & Budget	Administration
Administration and Technology program	3,600		SEG	Legal Services	Administration
Administration and Technology program	12,000		GPR	Legal Services	Information Technology
Administration and Technology program	40,100	1.00	SEG	Administrative & Field Services	Finance
Administration and Technology program	93,200	1.00	SEG	Administrative & Field Services	Legal Services
Administration and Technology program	1,300		SEG	Legal Services	Administration
Administration and Technology program	14,900		SEG	Legal Services	Finance
Customer Service program	9,000		GPR	Licensing	Communication & Education
Customer Service program	7,500		GPR	Community Financial Assistance	Communication & Education
Enforcement and Science program	75,000		SEG	Law Enforcement	Integrated Science Services
Transfers related to reorganization					
Land program	1,098,300	14.00	SEG	Land Management	Wildlife Management
Land program	2,265,300	28.00	SEG	Land Management	Forestry
Land program	64,300	1.00	SEG	Land Management	Southern Forests
Land program	200,400	2.00	SEG	Land Management	Parks & Recreation
Land program	169,700	2.00	SEG	Land Management	Facilities & Lands
Water program	427,400	6.00	SEG	Water Management	Fisheries Management
Facilities and Lands	41,300	1.00	SEG	Facilities & Lands	Wildlife Management
Facilities and Lands	47,600	1.00	SEG	Facilities & Lands	Wildlife Management
Facilities and Lands	48,800	1.00	SEG	Facilities & Lands	Wildlife Management
Facilities and Lands	59,100	1.00	SEG	Facilities & Lands	Wildlife Management
Facilities and Lands	37,900	0.75	SEG	Facilities & Lands	Wildlife Management
Elimination of water integration team					
Transfer to fisheries	73,700	1.00	GPR	Drinking & Groundwater	Fisheries Management
Transfer to drinking & groundwater	77,400	1.00	SEG	Water Integration Team	Drinking & Groundwater
Transfer to watershed management	113,200	1.00	GPR	Water Integration Team	Watershed Management
Transfer to watershed management	150,000		SEG	Water Integration Team	Watershed Management
Reallocation of supplies funding					
Customer Service	27,900		GPR	Licensing	Licensing
Customer Service	6,400		GPR	Communication & Education	Licensing
Customer Service	20,200		GPR	Community Financial Assistance	Licensing
Customer Service	60,500		GPR	Customer Service Management	Licensing
Customer Service	6,400		SEG	Licensing	Communication & Education
Customer Service	20,200		SEG	Licensing	Community Financial Assistance
Customer Service	60,500		SEG	Licensing	Customer Service Management
Customer Service	12,000		GPR	Communication & Education	Communication & Education
Transfer position to reflect workload	10,000	0.25	GPR	Customer Service Management	Licensing

The recommended changes generally fall into four categories. First, GPR and SEG reallocations generally reflect reallocations intended to more equitably distribute reductions applied under 2001 Acts 16 and 109. The reallocation would allow DNR to meet the reductions within the intended bureaus' base budget. Second, DNR undertook a reorganization of its field management staff during the spring and summer of 2002 in order to restore supervision and management structures within programs. As a result of this reorganization, DNR intends to transfer staff from split-funded management subprograms directly to fish and wildlife, forestry, and parks appropriation funding. Third, the portions of the former water integration team that remained after 2001 Act 16 and Act 109 reductions would be transferred to fisheries, drinking water, and water program management functions. Finally, several adjustments are included to transfer positions and some unallotted reserves, balance supplies allocations, and to consolidate budget categories under two appropriations to reflect reduced appropriation levels.

5. GPR REDUCTIONS FOR ADMINISTRATIVE APPROPRIATIONS

GPR	- $3,886,600

Joint Finance/Legislature: Delete $2,897,900 GPR in 2004-05 from the Administration and Technology program. In addition, delete $988,700 GPR in 2004-05 from the Customer Assistance and External Relations program. This represents a 50% reduction to GPR funding provided under the Governor's recommendations for these two programs. Direct DNR to submit a plan to implement these reductions to the Secretary of DOA for approval by January 1, 2004. Require the Secretary to approve or modify the plan, and submit it to the Joint Committee on Finance for approval under the 14-day passive review process no later than March 1, 2004. Direct DNR to include proposed position reductions with the implementation plan.

Veto by Governor [B-29]: Delete the requirement that DNR submit a plan to implement these reductions to the Secretary of DOA for approval by January 1, 2004, as well as the requirement that the Secretary approve or modify the plan, and submit it to the Joint Committee on Finance for approval under the 14-day passive review process no later than March 1, 2004.

[Act 33 Vetoed Section: 9138(5g)]

6. AIDS IN LIEU OF PROPERTY TAX PAYMENTS [LFB Paper 527]

GPR	$860,000
SEG	3,000,000
Total	$3,860,000

Joint Finance/Legislature: Reestimate sum-sufficient GPR expenditures for aids in lieu of property tax payments made on land acquired by the state through DNR to be an additional $1,425,000 in 2003-04 and $2,435,000 in 2004-05. Provide $425,000 GPR and $1,000,000 SEG in 2003-04 and $435,000 GPR and $2,000,000 SEG (from the forestry account of the conservation fund) in 2004-05 for aids in lieu of property tax payments. Specify that the first draw for the payments be taken from the new forestry account appropriation.

Under current law, aids in lieu of property taxes are paid on property the tax year after it is purchased. Although payments from the GPR sum-sufficient appropriation are expected to exceed $4.7 million this fiscal year, the bill, as submitted, did not include a reestimate from the $4,190,000 GPR provided in the base for 2003-05. Further, the aids payments are adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. In addition, under the expenditure plan approved by the DNR Board, stewardship expenditures for land acquisition are expected to total $27.6 million in 2002-03, increasing the amount and value of total state owned property eligible for aids in lieu of property tax payments. Combined, these factors indicate that total aids in lieu payments can be expected to increase substantially over the 2003-05 biennium. GPR payments required for aids in lieu of taxes under existing law would be expected to total $5,615,000 in 2003-04 and $6,625,000 in 2004-05.

[Act 33 Sections: 404n thru 404r]

7. AIDS IN LIEU OF TAXES FORMULA [LFB Paper 527]

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	- $115,000	$115,000	$0

Joint Finance/Legislature: For lands purchased after the effective date of the budget act, adjust the current aids in lieu of property taxes formula by defining the estimated value of the property to mean the lower of the equalized value of the property prior to purchase by DNR or the purchase price (instead of the purchase price, as currently provided in statute). In cases where the property had previously been tax exempt, the last recorded equalized value would be used, or a payment of $1 per acre would be made, whichever amount was greater. The amount determined under this formula would continue to be adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. (While modest savings would be realized in 2004-05, GPR payments for aids in lieu of property taxes would be expected to decline by between one-half and two-thirds for future purchases.)

Under current law (since 1992), when DNR acquires land, the state pays aids in lieu of property taxes on the land to the city, village or town in which the land is located in an amount equal to the tax that would be due on the estimated value of the property at the time it was purchased (generally the purchase price), adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. The municipality then pays each taxing jurisdiction (including the county and school district) a proportionate share of the payment, based on its levy. Although this formula is intended to produce a state payment that is equivalent to what is paid in property taxes, in practice, state payments typically exceed the property taxes by two or three times what would have been paid in property taxes on the parcel, because the purchase price of conservation land has routinely exceeded the property's equalized value. The revised formula would be expected to more closely reflect local property tax levels of the land at the time of purchase, though certain lands that were fully or partially tax exempt prior to state acquisition would continue to generate greater local revenues than prior to DNR purchase.

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

[Act 33 Vetoed Sections: 1536bm and 1536c]

8. WARREN KNOWLES-GAYLORD NELSON STEWARDSHIP 2000 BONDING [LFB Paper 529]

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	- $2,806,700	$2,806,700	$0
BR	- $245,000,000	$245,000,000	$0

Joint Finance/Legislature: Reduce bonding authority under the Warren Knowles-Gaylord Nelson Stewardship 2000 program by $245 million to $327 million (from $572 million currently). Specify that of the available bonding authority, $15 million would be provided for DNR land acquisition in 2003-04 and $10 million in 2004-05. Of the 2003-04 amount, $5 million would be set aside to complete the final installment of the acquisition of the Peshtigo River State Forest (as approved by the Joint Committee on Finance under s. 13.10 in December, 2001). Of the remaining $10 million in authorized bonding for 2003-04 and 2004-05, specify that $5 million be provided for land acquisition, $2 million for property development, and $3 million for local assistance in each year. Beginning in 2005-06 and continuing through 2009-10, bonding authority of $30 million (with $22.5 million available for land acquisition and $7.5 million available for property development and local assistance) would be provided. Specify that DNR would be permitted to postpone its allocation of bonding authority for forward borrowing associated with the Great Addition and the Peshtigo River State Forest through 2005-06.

Subsequent bond issues related to stewardship acquisitions would decrease, reducing debt service payment costs beginning in fiscal year 2003-04. Due to the timing of debt service payments and commitments of current stewardship funds, savings of approximately $350,000 GPR in 2003-04 and $2.4 million GPR in 2004-05 could be expected. The total reduction in debt service based on reducing bond issues by $245 million would be roughly $390 million over a 27-year period. Actual savings would depend on what the market conditions would have been at the time the bonds would have been issued under current law.

There would also be a savings in aids in lieu of property tax payments to local units of government. Because property does not become eligible for payments in lieu of taxes until the tax year after it is purchased, the first payments due on lands acquired during calendar year 2003 would not be made until January, 2005 (fiscal year 2004-05). Savings due to reduced aids in lieu of property taxes are estimated at $56,700 in 2004-05. Savings would be expected to increase in future biennia.

The following table shows estimated bonding allotments as a result of the reduction.

($ In Millions)

	2002-03	2003-04	2004-05	2005-06	2006-07
DNR Land Acquisition	$21.05	$3.00	$3.00	$4.50	$16.50
NCO Acquisition	7.25	2.00	2.00	2.50	6.00
Great Addition Adjustment	8.30	0.00	0.00	6.40	0.00
Peshtigo River Adjustment	8.40	5.00	0.00	9.10	0.00
Subtotal	$45.00	$10.00	$5.00	$22.50	$22.50
Property Development	7.00	2.00	2.00	3.50	3.50
Local Assistance	8.00	3.00	3.00	4.00	4.00
Subtotal	$15.00	$5.00	$5.00	$7.50	$7.50
Total	$60.00	$15.00	$10.00	$30.00	$30.00

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

[Act 33 Vetoed Sections: 285ag (as it relates to the stewardship program), 680r, 801c, 801f, 801h, 801j, 801m, 801p, 801t, 802g, 802h, 802j, 802k, 804f, 804g, and 804k]

9. SALE OF LAND UNDER STEWARDSHIP

Joint Finance/Legislature: Require DNR to make a good faith effort to sell $20 million worth of land currently owned by the state each year of the 2003-05 biennium, and deposit net revenues from the sale of the land to the budget stabilization fund. Direct DNR to prioritize the sale of land to first sell land that is isolated from other publicly owned parcels, then to sell lands that could be used for agricultural purposes, and finally (if necessary) to sell other property under its jurisdiction. If there is any outstanding public debt used to finance the acquisition, construction, or improvement of property that is sold under this provision, DNR is directed to use sale revenues to first repay the principal and interest on debt, and any premium due upon refunding any of the debt. If the property was purchased with federal assistance, DNR is directed to pay the federal government any of the net proceeds required by federal law. This provision would be in effect for the 2003-05 biennium only. DNR would not be required to find that the land to be sold was no longer needed for conservation purposes.

DNR would be required to submit all proposals for the sale of land to the Joint Committee on Finance for consideration under the 14-day passive review process, and may only complete the sale of land upon Committee approval. If the Department is unable to net $20 million from land sales each year, DNR would be required to submit a report to the Joint Committee on Finance detailing their land sale plan and the reasons why they were unable to reach that level.

Veto by Governor [B-19]: Delete provision.

[Act 33 Vetoed Section: 9138(3x)]

10. JOINT FINANCE REVIEW OF STEWARDSHIP ACQUISITIONS

Joint Finance/Legislature: Lower the threshold of Joint Finance review of stewardship land acquisition and property development projects from $250,000 to zero. All land acquisition and property development activities under stewardship would be reviewed by the Committee under the 14-day passive review process. The $250,000 threshold of review by the Committee would be maintained for local assistance or non-profit conservation organization (NCO) grants provided under the stewardship program.

Veto by Governor [B-21]: Delete provision. Further, repeal all passive review requirements for land acquisition, property development, and grant activities supported by funding from the Warren Knowles-Gaylord Nelson Stewardship 2000 program. The repeal is accomplished by completely vetoing the sections in the bill relating to this item, with the exception of Section 802m, which reads: "23.0917 (6)(b) of the statutes is repealed" (this provision would have repealed the $250,000 threshold on all stewardship projects). The Governor deleted the "(b)", thereby repealing all of 23.0917 (6), which provides for the review of stewardship projects by the Joint Committee on Finance.

[Act 33 Section: 802m]

[Act 33 Vetoed Sections: 802L, 802m, and 802n]

11. BEST FORESTRY MANAGEMENT PRACTICES ON STATE-OWNED LAND

Joint Finance/Legislature: Require DNR to institute best forestry management practices for water quality on all properties under its supervision. Specify that properties with alternative management plans may be exempted from this requirement subject to the approval of the Joint Committee on Finance. For any property that DNR requests an exemption for, the Department would submit an alternative management plan and the reasons for requesting the exemption to the Committee under the 14-day passive review process. The Department may only exempt properties from the best forestry management practices requirement upon Committee approval.

Veto by Governor [B-22]: Delete provision.

[Act 33 Vetoed Section: 868p]

12. INTO THE OUTDOORS

Joint Finance/Legislature: Require DNR to provide $750,000 annually to Discover Wisconsin Productions for the production of the "Into the Outdoors" television program.

The Department currently contracts with Discover Wisconsin Productions for $750,000 annually to produce the nature-based television series "Into the Outdoors." Although the payment is made through the Bureau of Communication and Education, all programs within DNR contribute funding for the contract.

Veto by Governor [B-28]: Delete provision.

[Act 33 Vetoed Section: 803m]

13. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $71,000	- 5.00	$71,000	5.00	$0	0.00
FED	- 140,900	- 6.00	140,900	6.00	0	0.00
PR	- 71,000	- 0.50	71,000	0.50	0	0.00
SEG	- 98,500	- 5.50	98,500	5.50	0	0.00
Total	- $381,400	- 17.00	$381,400	17.00	$0	0.00

Governor: Delete $163,500 ($30,500 GPR, $30,400 PR, $60,400 FED and $42,200 SEG) in 2003-04 and $217,900 ($40,500 GPR, $40,600 PR, $80,500 FED and $56,300 SEG) in 2004-05 as well as 17.0 positions annually (5.0 GPR, 0.5 PR, 6.0 FED, and 5.5 SEG) to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate $1,247,300 ($421,500 GPR, $438,600 FED and $387,200 SEG) in 2003-04 and $1,663,400 ($562,000 GPR, $585,000 FED and $516,400 SEG) in 2004-05 of the remaining base level salary and fringe benefits funding that currently supports 14.0 attorney positions to DNR's supplies and services budget to pay for legal services supplied by DOA. One position for DNR's chief counsel would not be subject to transfer to DOA under the bill.

Joint Finance/Legislature: Delete provision. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Vetoed Section: 9101(9x)]

14. DELETE DNR GPR-FUNDED ATTORNEYS

	Funding	Positions
GPR	- $1,054,500	- 5.00

Joint Finance/Legislature: Delete $452,000 GPR in 2003-04 and $602,500 GPR in 2004-05 with 5.0 GPR DNR attorney positions.

15. DEBT SERVICE REESTIMATES [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$7,101,600	$3,348,000	$10,449,600
SEG	874,900	0	874,900
Total	$7,976,500	$3,348,000	$11,324,500

Governor: Provide $3,375,500 in 2003-04 ($3,327,500 GPR and $48,000 SEG) and $4,601,000 in 2004-05 ($3,774,100 GPR and $826,900 SEG) to fund estimates of principal repayment and interest on state issued general obligation bonds. Debt service estimates include adjustments for administrative facilities, conservation land acquisition, dam repair and removal, environmental repair, rural and urban non-point source grants, combined sewer overflow, municipal clean drinking water, and pollution abatement grants.

Joint Finance/Legislature: Adopt the Governor's recommendation. In addition, provide $2,244,200 GPR in 2003-04 and $1,103,800 GPR in 2004-05 to reflect reestimated debt service payments.

16. FEDERAL REVENUE REESTIMATES

FED	- $221,200

Governor/Legislature: Delete $110,600 annually to align anticipated federal revenues with expenditure authority for environmental planning aids ($150,000 annually would be provided in this continuing appropriation).

17. PROGRAM REVENUE REESTIMATES

PR	$144,800

Governor/Legislature: Provide $72,400 annually to adjust expenditure authority based on expected revenues in three program revenue continuing appropriations as follows:

	Annual Adjustment
Wildlife Management	$30,300
Endangered Resources	22,400
Fisheries Management	19,700
Total	$72,400

18. SEGREGATED REVENUE REESTIMATES [LFB Paper 526]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$185,600	$400,000	$585,600

Governor: Provide $118,500 SEG in 2003-04 and $67,100 SEG in 2004-05 to reflect the anticipated receipt of segregated revenues as follows:

	2003-04	2004-05
Wild Turkey Restoration	$284,400	$284,400
Pheasant Restoration	-124,600	-124,600
Endangered Resources donations	0	348,600
Great Lakes Trout and Salmon	26,700	-373,300
Trout Habitat	-13,000	-13,000
Natural Resources Magazine	-55,000	-55,000
Total	$118,500	$67,100

Joint Finance/Legislature: Reestimate expenditures for Great Lakes trout and salmon projects by providing $400,000 SEG in 2004-05 to reflect anticipated revenue for the appropriation. DNR had requested a reduction in expenditure authority under the appropriation for Great Lakes trout and salmon stamp projects to reflect estimated expenditures in 2004-05. However, the reduction was tied to an anticipated increase in another stamp revenue supported appropriation related to the renovation of a fish hatchery, a project which was not subsequently included in the Governor's budget bill. When the expenditure increase related to the fish hatchery project was denied, no corresponding change was made to the appropriation for Great Lakes trout and salmon stamp projects to reflect revenues anticipated to be available.

Fish, Wildlife, and Recreation

1. HUNTING AND FISHING LICENSE FEES [LFB Paper 530]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	$23,294,500	- $11,674,100	$11,620,400

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

The fees in the table include the issuing fee and the wildlife damage surcharge where applicable. The last general fee increase occurred in April, 1997.

It is estimated that the Governor's recommended fee package would generate additional fish and wildlife account revenues of approximately $7,020,800 in 2003-04 and $16,273,700 in 2004-05. While the bill would increase fees upon enactment, the revenue estimates are based on an April 1, 2004, implementation (to coincide with the start of a new license year).

Joint Finance/Legislature: Delete the Governor's provision. Instead, effective April 1, 2004, provide for the hunting and fishing fee modifications shown in the following table.

	Current Fee	Governor	Act 33	Act 33 Change to Current Law
Resident Hunting				
Small Game	$14.00	$20.00	$16.00	$2.00
Senior Small Game	7.00	10.00	8.00	1.00
Youth Small Game	8.00	10.00	9.00	1.00
Deer	20.00	32.00	20.00	0.00
Elk	41.00	41.00	45.00	4.00
Bonus Deer Permit	12.00	12.00	12.00	0.00
Class A Bear	41.00	49.00	45.00	4.00
Class B Bear	8.00	14.00	14.00	6.00
Archer	20.00	32.00	20.00	0.00
Wild Turkey Permit	11.00	14.00	13.00	2.00
Trapping	18.00	20.00	20.00	2.00
Nonresident Hunting				
Annual Small Game	75.00	80.00	80.00	5.00
Five-Day Small Game	43.00	50.00	50.00	7.00
Deer	135.00	160.00	160.00	25.00
Elk	201.00	201.00	251.00	50.00
Bonus Deer Permit	20.00	20.00	20.00	0.00
Class A Bear	201.00	251.00	251.00	50.00
Class B Bear	100.00	110.00	110.00	10.00
Archer	135.00	160.00	160.00	25.00
Wild Turkey Permit	55.00	60.00	60.00	5.00
Fur-bearing Animal	150.00	160.00	160.00	10.00
Hunting Stamps				
Pheasant Stamp	7.25	7.25	7.25	0.00
Wild Turkey Stamp	5.25	5.25	5.25	0.00
Waterfowl Stamp	7.00	7.00	7.00	0.00
Resident Fishing				
Annual	14.00	20.00	17.00	3.00
Husband and Wife	24.00	35.00	29.00	5.00
Senior Annual	7.00	10.00	7.00	0.00
Youth Annual	7.00	7.00	7.00	0.00
Sturgeon Spearing	20.00	20.00	20.00	0.00
Disabled	7.00	10.00	7.00	0.00
Disabled Veteran	3.00	3.00	3.00	0.00

	Current Fee	Governor	Act 33	Act 33 Change to Current Law
Nonresident Fishing				
Individual:				
Annual	$34.00	$40.00	$40.00	$6.00
Fifteen-Day	20.00	24.00	24.00	4.00
Four-Day	15.00	18.00	18.00	3.00
Sturgeon Spearing	50.00	50.00	50.00	0.00
Family Annual	52.00	65.00	65.00	13.00
Family Fifteen-Day	30.00	40.00	40.00	10.00
Fishing Stamps				
Two-Day Great Lakes	10.00	14.00	14.00	4.00
Inland Trout Stamp	7.25	7.25	7.25	0.00
Great Lakes Salmon and Trout Stamp	7.25	10.00	10.00	2.75
Resident Multiple Licenses				
Conservation Patron	110.00	140.00	140.00	30.00
Sports License	43.00	53.00	45.00	2.00
Nonresident Multiple Licenses				
Conservation Patron	575.00	600.00	600.00	25.00
Sports License	240.00	275.00	275.00	35.00
Duplicate Licenses				
Patron - tags	11.00	13.00	13.00	2.00
Patron - no tags	8.00	10.00	10.00	2.00
Sports - tags	11.00	13.00	13.00	2.00
Sports - no tags	8.00	10.00	10.00	2.00
Gun deer hunting	11.00	13.00	13.00	2.00
Archery - tags	11.00	13.00	13.00	2.00
Archery - no tags	8.00	10.00	10.00	2.00
Other hunting licenses	7.00	8.00	8.00	1.00
Fishing	7.00	9.00	9.00	2.00
Application Fees	3.00	3.00	3.00	0.00

The modified fee package is estimated to generate additional revenues to the fish and wildlife account of $4,614,000 in 2003-04 and $7,006,400 in 2004-05 (a reduction to the Governor's recommendation of $2,406,800 in 2003-04 and $9,267,300 in 2004-05).

[Act 33 Sections: 876 thru 899, 900, 901, 902, 903 thru 905, and 9438(1q)]

2. JUNIOR COMBINATION LICENSES

Joint Finance/Legislature: Create a junior conservation patron license (priced at $75 annually) and a junior sportsmen license (priced at $35 annually). These annual licenses will have the same privileges as the existing conservation patron and sportsmen licenses, but would only be sold to individuals who are at least 12 years old but no more than 17 years old at the time that the license is purchased. Both the junior conservation patron license and the junior sportsmen license would be available to residents and non-residents for the same fee. The revenue impact of the new license it not readily determinable.

[Act 33 Sections: 899e, 900e, 901e, 902e, 905am, and 905b]

3. FISH AND WILDLIFE FUNDING ADJUSTMENTS

	Funding	Positions
SEG	- $7,932,700	- 30.00

Governor/Legislature: In order to limit expenditures from the segregated fish and wildlife account, reduce the following appropriations by $5,456,100 and 22.0 positions in 2003-04 and by $2,476,600 and 30.0 positions in 2004-05:

	2003-04		2004-05	
	Funding	FTE	Funding	FTE
Wildlife Management	-$1,000,300	0.00	-$323,300	0.00
Facilities and Lands*	-274,700	0.00	-101,700	0.00
Law Enforcement	-1,005,000	-6.00	-250,000	-6.00
Integrated Science Services*	-270,000	-2.00	-100,000	-2.00
Fisheries Management	-1,275,000	0.00	-425,000	-8.00
Fish and Wildlife Aids	-150,000	0.00	0.00	0.00
Resource Acquisition and Development	-283,300	0.00	-283,300	0.00
Finance	-249,300	-3.00	-249,300	-3.00
Administrative and Field Services*	-321,000	-4.50	-321,000	-4.50
Enterprise Information, Technology, and Applications*	77,000	0.00	77,000	0.00
Customer Service and Licensing*	-646,300	-5.0	-412,200	-5.00
Communication and Education*	-17,200	-0.50	-56,500	-0.50
Customer Assistance Program Management*	-41,000	-1.00	-31,300	-1.00
Total	-$5,456,100	-22.00	-$2,476,600	-30.00

*The reduction in expenditure authority to these appropriations, that are funded from several conservation fund accounts, would be considered a reduction in the fish and wildlife account's liability for these shared administrative costs.

Reductions include the elimination of funding for fish and wildlife habitat projects through the Wisconsin Conservation Corps, a one-time reduction in aids to counties for fish and game projects, reductions in administrative funding, and reductions in funding for fish and wildlife-related enforcement and science programs.

4. FISH AND WILDLIFE ADMINISTRATIVE REDUCTION [LFB Paper 528]

SEG	- $3,000,000

Joint Finance/Legislature: Delete $1,500,000 SEG annually in fish and wildlife account expenditures related to the Department's Administration and Technology general operations [s. 20.370 (8)(mu)].

5. WILDLIFE DISEASE MANAGEMENT – CHRONIC WASTING DISEASE [LFB Paper 531]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
SEG	$3,060,500	1.00	- $360,000	0.00	$2,700,500	1.00
FED	0	0.00	360,000	0.00	360,000	0.00
Total	$3,060,500	1.00	$0	0.00	$3,060,500	1.00

Governor: Provide $1,594,700 in 2003-04 and $1,465,800 with 1.0 position in 2004-05 from the fish and wildlife account for efforts relating to the management of wildlife diseases, with a primary focus on Chronic Wasting Disease (CWD) in the state deer herd. Other diseases of concern include West Nile virus, and tuberculosis in elk and deer. The position provided would allow DNR to convert 1.0 project veterinary specialist position to permanent. Of the funds provided, $1,017,800 annually would support disease management efforts, including testing and disposal costs, the continued support of project data manager and public information officer positions provided under 2001 Act 108, and additional LTE support. In addition, $249,900 in 2003-04 and $126,000 in 2004-05 would be provided for increased law enforcement costs related to CWD, such as air surveys, overtime, vehicle costs, and supplies. Research costs related to CWD (such as equipment, travel, and LTE support) would be funded at $279,000 annually. Finally, funding for public outreach efforts (including overtime, travel, technical support, postage, and costs associated with public meetings) of $48,000 in 2003-04 and $43,000 in 2004-05 would be provided.

2001 Act 108 provided $4,000,100 SEG in one-time funding in 2002-03 (and 3.0 project positions in DNR) for CWD management efforts. The Joint Committee on Finance approved an additional $340,000 in one-time funding for CWD management in December, 2002, under s. 13.10 of the statutes. Under the bill, the veterinary position would be converted to permanent while funding for the remaining 2.0 project positions would be converted from wildlife damage revenues to general fish and wildlife account funding.

Joint Finance/Legislature: Approve the Governor's recommendation to provide $1,594,700 in 2003-04 and $1,465,800 with 1.0 position in 2004-05. However, specify that the funding would be provided from wildlife damage surcharge revenues. Further, provide $360,000 FED in 2003-04 only from the administrative federal indirect appropriation for CWD management, and delete a corresponding amount of expenditure authority from wildlife damage surcharge revenues. Further, provide a technical correction to delete an obsolete CWD appropriation and to correctly number another. The wildlife damage revenue appropriation would be expected to have a June 30, 2005, balance of approximately $0.9 million under the bill.

The federal indirect appropriation is a continuing, all moneys received appropriation for funds received from the federal government as reimbursement of indirect costs of grants and contracts. Funds may be used for administrative purposes, program purposes, funding of positions, payment of federal aid disallowances, or other purposes authorized by law.

[Act 33 Sections: 404t thru 404x, and 9138(3d)]

6. TRIBAL GAMING REVENUE TRANSFER TO THE FISH AND WILDLIFE ACCOUNT

SEG-REV	$1,000,000

Governor/Legislature: Increase the amount of tribal gaming revenues transferred to the fish and wildlife account of the conservation fund by $500,000 annually. Currently, the fish and wildlife account receives $2.5 million each year from tribal gaming revenues.

[Act 33 Section: 606]

7. AUTOMATED LICENSE ISSUANCE SYSTEM FUNDING

SEG	$950,500

Governor/Legislature: Provide $503,100 in 2003-04 and $447,400 in 2004-05 from the fish and wildlife account for costs associated with the operation of the Automated License Issuance System (ALIS). The Department administers the automated hunting and fishing license sales system to provide a wide variety of licenses authorizing residents and nonresidents to hunt, fish, and trap wild game. Base funding for ALIS is $3,248,900 annually. However, the base does not include $803,200 provided to DNR as one-time funding in 2002-03 by the Joint Committee on Finance in December, 2002, under s. 13.10 of the statutes to continue operating ALIS under a new contract.

8. CAR-KILLED DEER

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $629,200	$816,700	$187,500
SEG	1,004,200	- 816,700	187,500
Total	$375,000	$0	$375,000

Governor: Provide $87,500 SEG in 2003-04 and $100,000 SEG in 2004-05 from the fish and wildlife account of the conservation fund for increased costs associated with the removal and disposal of car-killed deer statewide. Further, delete base funding of $314,600 GPR annually, convert the appropriation to transportation fund SEG, and provide $402,100 SEG in 2003-04 and $414,600 SEG in 2004-05.

Prior to 1997 Act 27, costs associated with the removal of car-killed deer were evenly divided between the fish and wildlife account of the conservation fund and the transportation fund. The 1997-99 biennial budget transferred the costs of deer removal supported by the transportation fund to GPR. This provision would restore the pre-1997 division between the transportation and conservation funds. Under the bill, car-killed deer removal and disposal costs would be funded at $804,200 SEG in 2003-04 and $829,200 SEG in 2004-05.

Joint Finance/Legislature: Delete the transportation fund appropriation for the removal of car-killed deer. Instead, maintain the current GPR appropriation for this purpose, funded at the same level as provided from the transportation fund under the Governor's recommendation.

9. ENDANGERED RESOURCES FUNDING CAP

GPR	- $273,800

Governor/Legislature: Lower the maximum amount that may be provided from the sum sufficient GPR appropriation as a match to the income tax check off and other donations received by the endangered resources program within the conservation fund to $312,200 in 2003-04 (a decrease of $162,800 from the 2002-03 base) and $364,000 in 2004-05 (a decrease of $111,000 from the 2002-03 base) only. The maximum matching GPR funds provided would increase to $500,000 annually in subsequent years. Under current law, the previous maximum GPR contribution of $500,000 annually was statutorily reduced to $475,000 for 2002-03.

[Act 33 Sections: 394 thru 396]

10. ELIMINATE BACKTAG REQUIREMENT

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG-REV	- $30,800	$30,800	$0

Joint Finance/Legislature: Eliminate the requirement that DNR issue a backtag to individuals purchasing a resident or non-resident deer hunting license. Revenues to the fish and wildlife account would be reduced by approximately $15,400 annually relating to the sale of reserved backtag numbers.

Veto by Governor [B-27]: Delete provision.

[Act 33 Vetoed Sections: 873m, 873p, 873r, 874c, 874e, 874m, 874o, 874q, 874s, 874u, 875m, 905d, and 905f]

11. CRANE DAMAGE STUDY APPROPRIATION REPEAL [LFB Paper 133]

Joint Finance/Legislature: Repeal an obsolete appropriation that had been used for one-time funding of a wild crane crop damage study from tribal gaming revenues.

[Act 33 Sections: 398r and 609m]

12. COASTER BROOK TROUT [LFB Paper 131]

PR	- $40,000

Governor: Correct a technical error in 2001 Act 16 by transferring the coaster brook trout reintroduction tribal gaming revenue appropriation from the wildlife program to the fisheries program within DNR.

Joint Finance/Legislature: Delete $20,000 PR annually (as well as the corresponding appropriation) from tribal gaming revenues for coaster brook trout reintroduction efforts in Lake Superior.

[Act 33 Sections: 398m and 609j]

13. EXPENDITURE AUTHORITY FOR FALCONRY FEES

Governor/Legislature: Reallocate revenues received from the sale of falconry permits from the fish and wildlife account to the endangered resources account of the conservation fund. Under current law, DNR may charge a fee for the issuance of a permit to authorize individuals to take raptors to be used in hunting by falconry. The revenue from these permits (approximately $15,000 annually) is currently deposited in the fish and wildlife account. The bill would allocate these revenues to the endangered resources account.

[Act 33 Sections: 397 and 875]

14. LIMITED-TERM EMPLOYMENT SPECIAL WARDENS [LFB Paper 532]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$400,000	- $400,000	$0

Governor: Provide $200,000 SEG annually from the fish and wildlife account for LTE special wardens to serve as safety backups to DNR conservation wardens. While allocation of funding between the number of LTEs hired and increases in wage rates would be at the discretion of DNR, this funding could allow DNR to increase the hourly rate of pay from $9 to $14 per hour, and increase the number of LTE special wardens (working an average of 236 hours annually) from approximately 119 to 140.

Joint Finance/Legislature: Delete provision.

15. WARDEN OVERTIME FUNDING [LFB Paper 533]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$136,400	- $60,200	$76,200

Governor: Provide $68,200 annually ($35,800 from the boat account, $20,800 from the snowmobile account, $9,300 from the ATV account of the conservation fund, and $2,300 from the recycling fund) for additional warden overtime costs. Overtime funding support would aid conservation wardens in their investigation of accidents, instruction of safety education courses, and public safety and resource protection efforts.

Joint Finance/Legislature: Modify the Governor's recommendation to provide $38,100 annually ($35,800 from the boat account, and $2,300 from the recycling fund) for additional warden overtime costs. Funding from the snowmobile and ATV accounts would not be included.

16. WARDEN OPERATING EXPENDITURES [LFB Paper 533]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$79,200	- $35,000	$44,200

Governor: Provide $39,600 annually ($20,800 from the boat account, $12,100 from the snowmobile account, $5,400 from the ATV account of the conservation fund, and $1,300 from the recycling fund) for increased operating costs incurred by conservation wardens. Operating costs include in-service and recruit training, rental space, and mileage.

Joint Finance/Legislature: Modify the Governor's recommendation to provide $22,100 annually ($20,800 from the boat account, and $1,300 from the recycling fund) for increased operating costs incurred by conservation wardens. Funding from the snowmobile and ATV accounts would not be included.

17. WARDEN RADIO EQUIPMENT REPLACEMENT [LFB Paper 533]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$35,000	- $15,400	$19,600

Governor: Provide $17,500 annually ($9,200 from the boat account, $5,300 from the snowmobile account, $2,400 from the ATV account of the conservation fund, and $600 from the recycling fund) to begin the replacement of the mobile and portable radio system for conservation wardens.

Joint Finance/Legislature: Modify the Governor's recommendation to provide $9,800 annually ($9,200 from the boat account, and $600 from the recycling fund) to begin the replacement of the mobile and portable radio system for conservation wardens. Funding from the snowmobile and ATV accounts would not be included.

18. SNOWMOBILE WARDEN TRANSFER

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $677,600	- 4.50	$799,000	4.50	$121,400	0.00
SEG	677,600	4.50	- 799,000	- 4.50	- 121,400	0.00
Total	$0	0.00	$0	0.00	$0	0.00

Governor: Transfer $338,800 and 4.5 enforcement positions annually from tribal gaming program revenue allocations to the snowmobile account of the conservation fund. Under the bill, $626,500 PR and 4.5 PR positions annually would remain funded by tribal gaming program revenue allocations.

Joint Finance/Legislature: Delete the Governor's recommendation. Rather, transfer $60,700 annually in snowmobile SEG enforcement costs to tribal gaming revenues (all remaining snowmobile SEG for state enforcement).

19. GPR SNOWMOBILE TRAIL AIDS

GPR	- $250,000

Governor/Legislature: Delete $125,000 annually to eliminate GPR funding for snowmobile trail and area aids.

20. SNOWMOBILE TRAIL AIDS [LFB Papers 137, 535, and 536]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG	$26,500	- $3,144,500	$0	- $3,118,000
PR	0	1,000,000	- 1,000,000	0
Total	$26,500	- $2,144,500	- $1,000,000	- $3,118,000

Governor: Decrease snowmobile trail aids by $90,800 in 2003-04 and increase aids by $117,300 in 2004-05 from the snowmobile account of the conservation fund. The reestimates are a result of an estimated increase in revenues from the sale of non-resident trail pass stickers (from 36,600 in 2001-02 to 60,000 annually) as well as increases in the motor fuel excise tax (which is included in the formula for determining the amount of the snowmobile fuel tax transfer). Conversely, primarily due to an adjustment in how registrations are counted beginning in 2002-03, the number of registered snowmobiles is expected to decrease from 2002-03 budgeted levels.

Joint Finance/Legislature: Decrease supplemental snowmobile trail aids by $583,900 SEG in 2003-04 and by $358,900 SEG in 2004-05 to reflect estimated revenues from the sale of non-resident snowmobile trail passes. Further, decrease trail aids by $557,200 in 2003-04 and by $644,500 in 2004-05 to reflect reestimates of the motor fuel tax revenue transfer.

A portion of the snowmobile trail aids reestimate under the bill is a result of the administration's estimate of an increase in revenues from the sale of non-resident trail pass stickers (from 36,000 in 2001-02 to 60,000 annually) over the biennium. However, the lack of snow during the winter of 2002-03 led to a significant decrease in trail pass sales (approximately 21,100 were sold). The number of trail passes sold in 2002-03 is used to calculate the supplemental trail aids contribution in 2003-04. Revenue estimates for 2004-05 were also adjusted, due to projected sales of 36,100 non-resident trail passes in 2003-04.

The total amount of motor fuel tax revenue to be transferred to the snowmobile account is reestimated to be $4,102,800 in 2003-04 and $4,223,600 in 2004-05. The reestimates are based on: (a) the actual motor fuel tax rate of 28.1¢ per gallon on February 28, 2003 and 28.5¢ on February 28, 2004; and (b) the actual 208,581 snowmobiles registered on February 28, 2003, and an estimated 211,710 snowmobiles registered on February 28, 2004.

Finally, provide $500,000 PR annually from tribal gaming revenues for snowmobile trail aids, and delete a corresponding amount of snowmobile SEG in order to balance anticipated snowmobile account revenues with authorized expenditures. Snowmobile trail aids would total $7.7 million in 2003-04 and $8.1 million in 2004-05.

Veto by Governor [B-24]: Delete the $500,000 PR provided annually from tribal gaming revenues and the associated annual PR appropriation for snowmobile trail aids. The corresponding reduction in trail aids expenditures from snowmobile account SEG is maintained. Snowmobile trail aids are expected to total $7.2 million in 2003-04 and $7.6 million in 2004-05.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.370(5)(ck)), 404c, 609k, and 2608m]

21. ALL-TERRAIN VEHICLE TRAIL AIDS [LFB Papers 536]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$815,900	- $400,300	$415,600

Governor: Provide $293,200 in 2003-04 and $522,700 in 2004-05 from the ATV account of the conservation fund to provide increased funding for ATV trail aids. The bill would increase local trail aids funded from ATV registrations by $125,000 annually and those from increased ATV gas tax revenues by $168,200 in 2003-04 and by $397,700 in 2004-05.

Joint Finance/Legislature: Decrease ATV trail aids by $39,500 SEG in 2003-04 and by $100,800 SEG in 2004-05 to reflect reestimates of the motor fuel tax revenue transfer as well as to make a technical correction to the appropriation in order to accurately reflect the estimated gas tax transfer. In addition, further decrease general trail aids supported by registration revenues by $130,000 annually to reflect adjusted revenue estimates for the ATV account for the 2003-05 biennium.

The total amount of motor fuel tax revenue to be transferred to the ATV account is estimated to be $1,237,400 in 2003-04 and $1,405,600 in 2004-05. The reestimates are based on: (a) the actual motor fuel tax rate of 28.1¢ per gallon on February 28, 2003 and 28.5¢ on February 28, 2004; and (b) the actual 176,146 ATVs registered on February 28, 2003, and an estimated 197,284 ATVs registered on February 28, 2004. Local ATV trail aids would total $1.7 million in 2003-04 and $1.9 million in 2004-05.

22. ATV SAFETY ENHANCEMENT GRANT PROGRAM [LFB Paper 537]

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

Governor: Provide $100,000 SEG annually from the ATV account of the conservation fund to increase funds available for the ATV safety enhancement grant program. The program was created in 2001 Act 16, and is funded at $250,000 annually under current law. This grant, made available to a non-profit organization (National Off-Highway Vehicle Insurance Services Group, Inc. in 2001-02), is intended to assist DNR in promoting the operation of ATVs in a safe and responsible manner, recruiting and training volunteer ATV safety instructors, and improving relationships with groups that promote recreational ATV operation.

Joint Finance/Legislature: Delete provision.

Veto by Governor [B-25]: Reduce funding for the ATV safety enhancement grant program by $150,000 each year, to $100,000 SEG annually, by crossing out "$250,000" and writing in "$100,000" in the appropriations schedule for each year.

[Act 33 Vetoed Section: 286 (as it relates to 20.370 (5)(cx))]

23. LOCAL ATV ENFORCEMENT AIDS

SEG	$90,000

Governor/Legislature: Provide $30,000 in 2003-04 and $60,000 in 2004-05 from the ATV account to increase funds available for enforcement aids for local law enforcement patrols. This program has base funding of $70,000 annually.

24. MOTORCYCLE RECREATION AIDS

SEG	- $172,000

Governor/Legislature: Delete $72,000 SEG in 2003-04 and $100,000 SEG in 2004-05 to reflect an estimation of available revenues to the motorcycle account of the conservation fund. Currently, the only source of revenue to the motorcycle account is the investment income earned on the account's cash balance. Prior to 1981, the account was also funded by a $2 surcharge on motorcycle registrations. Under the bill, $28,000 would be available in 2003-04 for motorcycle recreational trail aids and no funds would be made available for expenditure in subsequent years.

Forestry and Parks

1. FORESTRY FUNDING TRANSFER

Governor/Legislature: Transfer $38,345,000 SEG and 455.94 SEG positions annually from the general land management operations appropriation to a new, annual Division of Forestry appropriation. This transfer is intended to improve the Department's ability to track expenditures from the forestry account, as well as provide a clearer identity for the Division of Forestry.

[Act 33 Sections: 399, 400, 404, 869, 1647, 1652, and 1653]

2. FORESTER POSITION REDUCTION [LFB Paper 545]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- 20.00	20.00	0.00

Governor: Delete 20.0 SEG positions in 2004-05 supported by the forestry account of the conservation fund. Transfer $1,064,200 in 2004-05 from salary and fringe benefit allocations for these positions to supplies and services. Funds associated with the 20 positions would instead be available for other expenditures, primarily for hiring consulting foresters to assist DNR staff in completing management plans for non-industrial forest landowners under the Managed Forest Law (MFL) program.

Joint Finance/Legislature: Delete provision.

3. SHIFT STEWARDSHIP DEBT SERVICE TO FORESTRY ACCOUNT [LFB Paper 546]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $16,000,000	- $4,000,000	- $20,000,000
SEG	16,000,000	4,000,000	20,000,000
Total	$0	$0	$0

Governor: Shift $8 million annually from GPR to forestry account SEG for the payment of principal and interest related to the acquisition and development of forested properties under the Warren Knowles-Gaylord Nelson Stewardship program. No moneys may be expended or encumbered from the forestry SEG appropriation after June 30, 2005. Under the bill, debt service payments primarily related to the stewardship program would increase (from $30.9 million in 2002-03) by approximately $3.8 million in 2003-04 (to $34.7 million) and by $7.3 million in 2004-05 (to $38.2 million). The bill also specifies that the first draw for payments related to stewardship debt service would be taken from the forestry account appropriation, with remaining payments made from the sum-sufficient GPR appropriation.

Joint Finance/Legislature: Approve the Governor's recommendation. Further, shift an additional $2 million annually from GPR to forestry account SEG for debt service payments (for a total of $10 million each year).

[Act 33 Sections: 412 and 413]

4. FORESTRY FACILITIES AND CONSTRUCTION PROJECTS

SEG	$4,031,100

Governor/Legislature: Provide $2,600,100 in 2003-04 and $1,431,000 in 2004-05 in one-time financing from the forestry account of the conservation fund for development projects. Projects would include new ranger stations at Pembine (Marinette County) and Winter (Sawyer County), the addition of a greenhouse at the Madison-based research center, remodeling or facility expansion at three tree nurseries, and the addition of heating to a storage building for fire equipment storage.

5. FIRE MANAGEMENT, SAFETY, AND COMMUNICATIONS

SEG	$2,000,100

Governor/Legislature: Provide $1,033,800 in 2003-04 and $966,300 in 2004-05 from the forestry account for the fire management, safety, and communications program. Requested funds would be used to expand the cooperative fire program by providing funding for LTE foresters, training for local fire department personnel, additional funds for fire suppression costs associated with fires on state owned land, and equipment maintenance and upgrade. In addition, funds would be available for increased forest fire aircraft surveillance, LTE firefighters, and the development of a wildfire prevention and public education campaign.

6. MANAGED FOREST LAW (MFL) [LFB Paper 545]

SEG	$1,000,000

Governor/Legislature: Provide an additional $500,000 annually from the forestry account for contracts with consultant foresters to prepare MFL plans for new program enrollees. Base funding of $300,000 annually is available for contracts.

7. FOREST AID REESTIMATE

SEG	$164,000

Governor/Legislature: Provide $63,000 in 2003-04 and $101,000 in 2004-05 from the forestry account to increase funding available for aids to local units of government for land enrolled in the Managed Forest Law (MFL) and Forest Crop Law (FCL), as well as for county forest lands. DNR is required to provide aid to towns, villages, and counties for acreage enrolled in forest tax law programs (20¢ per acre) and acreage held in county forests (30¢ per acre). The number of acres enrolled in MFL has been increasing annually, necessitating the reestimate of required payments from this sum-sufficient appropriation to $1,311,400 in 2003-04 and $1,349,400 in 2004-05.

8. COUNTY FOREST ADMINISTRATOR GRANT PROGRAM

SEG	$402,200

Governor/Legislature: Provide $140,000 in 2003-04 and $262,200 in 2004-05 from the forestry account of the conservation fund to provide salary adjustments for county forest administrator positions already funded by the grant program, as well as to provide an additional grant in each year of the biennium to Wood and Langlade Counties that are expected to enroll in the program. Base funding for the program is $895,000 in 2002-03.

9. URBAN FORESTRY GRANT PROGRAM [LFB Paper 549]

SEG	- $200,000

Joint Finance/Legislature: Delete $100,000 SEG annually from the urban forestry grant program to remove one-time funding not deleted during file maintenance associated with the 2003-05 biennial budget.

Under 2001 Act 16 (the 2001-03 budget bill), funding for the grant program was increased by $200,000 SEG in 2001-02 and $100,000 SEG in 2002-03 to increase funding available for grants under the program. The $100,000 increase in 2002-03 was entered into the budget system as one-time funding for the urban forestry grant program. However, due to an error, this funding was not deleted when standard budget adjustments were calculated for the 2003-05 budget.

10. KETTLE MORAINE INVASIVE SPECIES CONTROL

SEG	$280,000

Governor/Legislature: Provide $140,000 annually from the forestry account to increase efforts to control and eradicate invasive species in the Kettle Moraine State Forest. Current invasive species on the property include garlic mustard, buckthorn, and purple loosestrife.

11. KARNER BLUE BUTTERFLY HABITAT CONSERVATION PLAN IMPLEMENTATION [LFB Paper 547]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	$176,400	0.00	$0	1.00	$176,400	1.00

Governor: Provide $91,800 in 2003-04 and $84,600 in 2004-05 from the forestry account for LTE support, surveying, monitoring, and reporting project costs related to the implementation and administration of the statewide Karner blue butterfly habitat conservation plan. Funding would also be provided for training costs and outreach education initiatives in conjunction with the conservation plan.

Joint Finance/Legislature: Approve the Governor's recommendation. In addition, provide 1.0 position from existing expenditure authority under the forestry account for plan oversight and implementation.

12. FORESTRY PROGRAM OPERATIONS

SEG	$123,400

Governor/Legislature: Provide $65,700 in 2003-04 and $57,700 in 2004-05 from the forestry account for forestry operations. Funding would support digital network connections at the Trout Lake Station and the LeMay Forestry Center, as well as supplies for the urban forestry program.

13. APPLICATION OF FOREST SCIENCE

SEG	$66,800

Governor/Legislature: Provide $33,400 annually from the forestry account for forest science initiatives within DNR, including the development of a database to track management plans under MFL and related software license fees.

14. SOUTHERN FORESTS OPERATIONS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$385,000	- $385,000	$0

Governor: Provide $192,500 annually from the forestry account of the conservation fund for increased LTE, supplies, services, facility maintenance and utility costs. Funding also includes $15,000 annually for the replacement of mobile and portable radios for use at southern forests.

Joint Finance/Legislature: Delete provision.

15. SOUTHERN FOREST BUILDING MAINTENANCE

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$60,000	- $60,000	$0

Governor: Provide $30,000 annually from the forestry account for operations (including basic maintenance and cleaning) at new buildings on southern forest properties (such as Kettle Moraine South, Lapham Peak, and Point Beach). Funding includes $20,500 for supplies and $9,500 for LTEs annually.

Joint Finance/Legislature: Delete provision.

16. POINT BEACH STATE FOREST OPERATIONS [LFB Paper 548]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$50,000	- $22,400	$27,600

Governor: Provide $25,000 annually from the forestry account to provide additional limited-term employee (LTE) support to staff a new public entrance and visitor services building at Point Beach State Forest. Funding would provide approximately 1,600 hours for LTE rangers with law enforcement credentials at the property for security and customer service duties.

Joint Finance/Legislature: Modify the Governor's position to provide $13,800 annually from the forestry account. The funding provided would be sufficient to support an LTE for administrative and customer service duties.

17. TRAILS OPERATIONS FUNDING

SEG	$30,000

Governor/Legislature: Provide $15,000 annually from the forestry account for the maintenance of expanded trails and related improvements in the Southern Kettle Moraine State Forest.

18. CENTENNIAL STATE PARKS OPERATIONS [LFB Paper 136]

	Jt. Finance/Leg. (Chg. to Base)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	$254,600	2.00	- $254,600	- 2.00	$0	0.00

Joint Finance/Legislature: Provide $105,100 in parks account SEG in 2003-04 and $149,500 in 2004-05 with 2.0 SEG positions for operations of the Tommy G. Thompson ($69,100 in 2003-04 and $89,500 in 2004-05 with a facility repair position) and Capital Springs ($36,000 in 2003-04 and $60,000 in 2004-05 with a natural resources educator position) Centennial State Parks.

The Centennial State Parks were created on October 31, 2000, in honor of the 100th anniversary of Wisconsin's State Park system. Currently, the Tommy G. Thompson Centennial State Park in Marinette County has an annual operations budget of $30,000 SEG in addition to funding for 2.0 staff (a park manager and a natural resources educator). Capital Springs Centennial State Park in Dane County receives $25,000 SEG annually for operations funding and is also allocated 1.0 park manager position.

Veto by Governor [B-23]: Delete provision.

[Act 33 Vetoed Section: 286 (as it relates to s. 20.370(1)(mu))]

19. TRIBAL GAMING REVENUE TRANSFER TO PARKS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	$2,600,000	- $1,300,000	$1,300,000

Governor: Transfer $1,300,000 each year from tribal gaming revenues to the parks account of the conservation fund. The transfer would occur in the 2003-05 biennium only.

Joint Finance/Legislature: Transfer $650,000 annually (rather than $1,300,000) from tribal gaming revenues to the segregated parks account of the conservation fund each year of the 2003-05 biennium only.

[Act 33 Section: 9238(3)]

20. STATE PARKS ADMINISTRATIVE FUNDING ADJUSTMENT

	Funding	Positions
SEG	- $1,600,000	- 5.00

Governor/Legislature: In order to limit parks SEG expenditures, reduce the following administration, technology, customer assistance, and licensing SEG appropriations supported by the parks account by $800,000 and 3.0 positions in 2003-04 and by $800,000 and 5.0 positions in 2004-05 as shown on the following table. The reduction in expenditure authority to the appropriations shown below would be considered a reduction in the parks account liability for these administrative costs that are funded from several conservation fund accounts.

	2003-04 Funding	2003-04 FTE	2004-05 Funding	2004-05 FTE
Land Program Management	-$100,000		-$100,000	
Facilities and Lands	-350,000		-350,000	-2.00
Integrated Science Services	-50,000	-1.00	-50,000	-1.00
Enterprise Information, Technology, and Applications	-87,500		-87,500	
Human Resources	-42,500	-1.00	-42,500	-1.00
Facility Rental Costs	-20,000		-20,000	
Customer Service and Licensing	0		-100,000	
Communication and Education	-113,800	-1.00	-50,000	-1.00
Community Financial Assistance	-35,900		0	
Customer Assistance Program Management	-300		0	
Total	-$800,000	-3.00	-$800,000	-5.00

21. PARKS ADMINISTRATION REALLOCATION

	Positions
GPR	- 0.56
SEG	- 0.50
Total	- 1.06

Governor/Legislature: Authorize the following transfers between bureaus within DNR administrative and customer assistance appropriations:

	Transfer From			Transfer To	
Division	Bureau	Amount	FTE	Bureau	Amount
Administration & Technology				Administration	$4,000
Administration & Technology				Administrative & Field Services	160,300
Administration & Technology	Finance	-$26,400	-0.30		
Administration & Technology	Information Technology	-131,300			
Administration & Technology	Human Resources	-6,600	-0.16		
Customer Assistance				Customer Assistance Management	42,300
Customer Assistance	Licensing	-23,700			
Customer Assistance	Cooperative Enviro. Assistance	-6,400	-0.10		
Customer Assistance	Communication & Education	-8,900			
Customer Assistance	Community Financial Assistance	-3,300			
Parks GPR Reallocation Subtotal		-$206,600	-0.56		$206,600
Administration & Technology	Finance	-$101,500	-0.50		
Administration & Technology	Administrative & Field Services	-21,700			
Administration & Technology				Management & Budget	$13,600
Administration & Technology				Information Technology	37,600
Administration & Technology				Administration	20,300
Administration & Technology				Human Resources	51,700
Customer Assistance	Licensing	-42,000			
Customer Assistance				Communication & Education	15,500
Customer Assistance				Community Financial Assistance	6,000
Customer Assistance				Customer Assistance Management	20,500
Parks SEG Reallocation Subtotal		-$165,200	-0.50		$165,200

Under 2001 Act 16 (the 2001-03 biennial budget), a series of reductions were applied to several bureaus within the Administration and Technology, and the Customer Assistance and External Relations Divisions in order to provide some relief from shared administrative costs to the parks account of the conservation fund. These reductions would be redistributed among the bureaus within these Divisions with the intention of achieving a more equitable distribution, while maintaining the targeted reductions. The net fiscal effect is zero, but 1.06 positions would be deleted.

Water Quality

1. WATERWAY AND WETLAND PERMITTING [LFB Paper 560]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$550,000	- $550,000	$0

Governor: Provide $275,000 annually to fund limited-term employee (LTE) staff to assist in processing waterway and wetland permits for commercial and residential customers. These permits relate to proposed private uses of public waters adjacent to riparian lands, upland alterations that connect to or are on the banks of public waters, and alterations to wetlands. Examples of such projects include commercial marina facilities, private multi-boat mooring, personal water parks, pipelines crossing lake and stream beds, stormwater facilities, and large-scale grading, dredging, enlargements, and enclosures to create developable land. The program revenues would be generated by water permit fee revenue. The funding would provide the LTE equivalent of approximately one full-time water permit customer service and data staff person and one water permit field investigation staff person in each of the five DNR regions.

Joint Finance/Legislature: Delete provision.

2. EXOTIC SPECIES MANAGEMENT [LFB Paper 561]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	$500,000	0.00	$1,084,900	1.00	$1,584,900	1.00

Governor: Provide an additional $250,000 annually from the water resources account (motorboat fuel tax) of the conservation fund for the invasive species management program. Funds would be used for monitoring for aquatic invasive species and for research efforts related to the control of invasive plant and animal species. In addition, LTE funding for watercraft inspection during the boating season would be available. Under 2001 Act 16, $300,000 is provided annually for the program.

Joint Finance/Legislature: Approve the Governor's recommendation. In addition, provide $28,300 in 2003-04 and $56,600 in 2004-05 with 1.0 SEG position from the water resources account to coordinate statewide invasive species prevention and education efforts. Further, provide $500,000 annually from the water resources account to increase funding available for lake protection grants. Require DNR to provide at least $500,000 annually for grants to local units of government for up to 50% of the costs of projects to prevent or control aquatic invasive species, and for education and inspection programs at boat landings.

[Act 33 Sections: 406c and 804n]

3. AQUATIC INVASIVE SPECIES MANAGEMENT

Joint Finance/Legislature: Earmark $250,000 in 2003-04 and $500,000 beginning in 2004-05 from recreational boating project aids to be awarded for projects related to the prevention or control of aquatic invasive species, and for education and inspection programs at boat landings. Under the bill, recreational boating project aids are funded at $4,547,000 annually from the water resources account of the conservation fund. The local match requirement under the program is generally 40 to 50% of project costs.

Veto by Governor [B-26]: Delete provision.

[Act 33 Vetoed Section: 918t]

4. SOUTHEASTERN WISCONSIN FOX RIVER COMMISSION

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG	$200,000	- $200,000	$0

Joint Finance/Legislature: Provide $200,000 SEG in 2003-04 from the water resources account of the conservation fund to the recreational boating aids program. Direct DNR to provide a grant of $200,000 to the Southeastern Wisconsin Fox River Commission to support ongoing activities consistent with the organization's implementation plan, including: (a) initiating and coordinating surveys and research projects relating to the Southeastern Wisconsin Fox River basin; (b) acting as a liaison between federal, state, and local agencies and other organizations involved in protecting, rehabilitating, and managing water resources; and (c) providing public information relating to the Southeastern Wisconsin Fox River.

Veto by Governor [B-26]: Delete provision. Eliminate funding for the provision by crossing out "4,747,000" and writing in "4,547,000" in the appropriation schedule for 2003-04.

[Act 33 Section: 404j]

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.370(5)(cq)), 404g, 404j, 9138(4k), and 9438(1k)]

5. RECREATIONAL BOATING PROJECT EARMARKS

Joint Finance: Earmark $400,000 in 2003-04 from recreational boating project aids for the dredging of weeds in Memory Lake. Direct DNR to provide a grant for this amount to the Village of Grantsburg in Burnett County. Specify that a local match of 25% of project costs would be required.

In addition, earmark $25,000 for Little Muskego Lake in Waukesha County. Direct DNR to provide a grant, not to exceed $25,000, for 50% of the costs associated with dredging Island Drive Bay to the Little Muskego Lake Protection and Rehabilitation District. Further, specify that s. 23.24 of the statutes (aquatic plant management), s. 30.20 (removal of materials from beds of navigable waters), and s. 283.31 (water pollutant discharge permits) would not apply to a project to dredge muck in Island Drive Bay from shore to shore to the lesser of the hard bottom or eight feet of depth.

Under the bill, recreational boating project aids are funded at $4,547,000 annually from the water resources account of the conservation fund. The local match requirement under the program is generally 50% of project costs (40% if a municipality conducts an approved boating safety enforcement and education program).

Senate/Legislature: Specify that the Granstburg earmark be for a project to dredge (rather than "dredge weeds in") Memory Lake.

Veto by Governor [B-26]: Delete provisions.

[Act 33 Vetoed Sections: 9138(4f)&(4g)]

6. GPR-SUPPORTED CONSERVATION WARDENS [LFB Paper 562]

	Funding	Positions
GPR	- $265,400	- 2.20
SEG	265,400	2.20
Total	$0	0.00

Joint Finance/Legislature: Transfer $132,700 and 2.2 conservation warden positions annually from GPR to water resources account SEG.

Department records indicate that for fiscal year 2001-02, at least 4,585 hours of GPR-supported law enforcement efforts (the equivalent of 2.2 FTE) were devoted to water resource protection efforts (such as public and private water supply and polluted water run-off enforcement).

[Act 33 Section: 403m]

7. INLAND WATER BEACH MONITORING

SEG	$50,000

Governor/Legislature: Provide $25,000 annually from the water resources account for laboratory costs associated with the monitoring of beaches for microbial contamination.

Monitoring efforts would be targeted towards beaches on inland bodies of water operated by DNR or local units government.

8. FOREST BEACH AND WATER TESTING

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$40,000	- $40,000	$0

Governor: Provide $20,000 annually from the forestry account of the conservation fund for drinking water and wastewater testing and monitoring, and expanded testing of water at inland public beaches in southern forest properties.

Joint Finance/Legislature: Delete provision.

9. RIVER PROTECTION

SEG	$284,800

Governor/Legislature: Provide an additional $142,400 annually from the water resources account for river protection grants. Under current law, the program is appropriated $150,000 annually from the water resources account of the conservation fund and $142,400 from the nonpoint account of the environmental fund. The bill would eliminate the annual funding for the river protection program from the nonpoint account and continue base funding of $292,500 annually for the program.

10. NONPOINT ACCOUNT

	Funding	Positions
GPR-REV	$3,955,200	
SEG	- $1,455,200	- 1.00

Governor/Legislature: Reduce the following DNR appropriations from the nonpoint account of the environmental fund by a total of $727,600 annually, and delete 1.0 SEG position from the nonpoint source general operations appropriation. Further, transfer $1,477,600 in 2003-04 and $2,477,600 in 2004-05 from the segregated nonpoint account to the general fund. Under the bill the funding for river protection grants is shifted to the water resources account of the conservation fund.

	2003-04	2004-05
Nonpoint source general operations	$85,200	$85,200
Urban nonpoint source grants	500,000	500,000
River Protection grants	142,400	142,400
Total	$727,600	$727,600

[Act 33 Section: 9238(1)]

11. RURAL NONPOINT BONDING

BR	$9,546,800

Governor: Provide an increase in general obligation bonding authority of $9,546,800 for cost-share grants for rural landowners to install nonpoint source pollution abatement projects in designated priority watersheds. Bond revenues may also be used for competitive projects under the targeted runoff management (TRM) program. The bill would increase authorized bonding from $75,763,600 to $85,310,400

Joint Finance/Legislature: Approve the Governor's recommendation. In addition, earmark $250,000 in authorized bonding for a grant to fund bluff mitigation. Direct DNR to provide Sheboygan County with a $250,000 grant for bluff mitigation along County Highway LS, and require the County to provide at least 30% of project costs from nonstate funds.

The earmarked funding would be used to mitigate bluff erosion on County Highway LS along the Lake Michigan shoreline in Sheboygan County. The Army Corps of Engineers has developed a Section 14 emergency shoreline protection project plan for this mitigation that it estimates would cost $1,102,000. Section 14 projects have a 65% Federal and 35% non-Federal Sponsor (NFS) cost share.

[Act 33 Sections: 681 and 9138(3f)]

12. NONPOINT -- PRINCIPAL REPAYMENT AND INTEREST [LFB Paper 564]

GPR	- $100,000
PR	100,000
Total	$0

Governor: Require repayments of cash surpluses and cash advances from recipients of grants under the nonpoint source water pollution abatement program to be used to pay principal and interest costs of general obligation bonds issued to fund the nonpoint source program. These funds, which are returned to DNR by participants of the priority watershed and targeted runoff management programs, are currently used to provide additional financial assistance under the nonpoint source program. Under the bill, any program revenues from repayments would reduce GPR debt service payments on a dollar-for-dollar basis. No estimate of program revenues is made.

Joint Finance/Legislature: Estimate DNR's nonpoint principal repayment and interest PR appropriation at $50,000 annually, and delete $50,000 GPR annually.

[Act 33 Sections: 406 and 416]

13. NONPOINT -- PRIORITY LAKE DESIGNATION

Governor/Legislature: Delete the requirement that DNR allocate $300,000 of its nonpoint source grants to priority lake projects each fiscal year. Funds are used for grants to local governments for staff and administration and to landowners for non-bondable cropping practices that abate nonpoint source water pollution in priority lake or watershed projects. The bill would maintain base level funding of $839,400 GPR annually for this biennial appropriation.

[Act 33 Section: 405]

14. URBAN NONPOINT BONDING

BR	$4,700,000

Governor/Legislature: Provide an increase in general obligation bonding of $4,700,000 for the urban nonpoint source water pollution abatement, storm water management and the municipal flood control and riparian restoration programs. Bonding revenue would provide cost-share grants for landowners to install nonpoint source water pollution abatement projects and provide financial assistance to municipalities and sewage districts for the construction of facilities and structures that aid in the collection and transmission of storm water.

[Act 33 Section: 683]

15. URBAN NONPOINT AND FLOOD CONTROL

Governor/Legislature: Convert the urban nonpoint source and flood control grant program SEG appropriation from annual to biennial. The urban nonpoint source water pollution abatement and storm water management program offers cost share grants for the construction of nonpoint source water pollution abatement practices and the municipal flood control and riparian restoration program offers financial assistance for the collection, retention and transmission of storm water. Unencumbered funds in a biennial appropriation carry-over and are available for expenditure in the second year of a biennium, while a balance in an annual appropriation would lapse to the segregated fund balance each June 30. The bill provides $1,399,000 SEG annually for these grants (a 26% decrease from the $1,899,000 in base funding).

[Act 33 Section: 407]

16. WATER POLLUTION CREDIT TRADING PROGRAM

SEG	- $70,000

Governor/Legislature: Delete $22,500 in 2003-04 and $47,500 in 2004-05 from the nonpoint account of the environmental fund for water pollution credit trading pilot programs. This revenue is used to fund studies and evaluations of DNR's three water pollution credit trading pilots begun in November, 1997. The bill would provide $25,000 for this purpose in 2003-04 but delete all funding beginning 2004-05.

The three pilot programs in existence are in the Red Cedar River watershed, the Fox-Wolf Drainage Basin and the Rock River Basin, and allow a permitted point source of water pollution to discharge pollutants at levels above what would otherwise be authorized by the DNR if another entity removes an equal or greater pollutant load. In the Red Cedar River watershed, the City of Cumberland has pursued phosphorus trading options for two years. The Village of

Colfax is considering a phosphorus trade, but administrative costs may offset any potential economic benefit. The Fox-Wolf Drainage Basin has seen limited phosphorus trading during its existence, partly due to a number of point sources of phosphorus already complying with the discharge limits promulgated by DNR. Over 60 participants within the Rock River Basin formed a partnership to develop an effluent trading workplan. Ten of these participants subsequently completed an economic feasibility analysis, with one participant interested in pursuing a possible phosphorus credit trade.

17. FOX RIVER LOCKS [LFB Paper 345]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$253,400	- $61,400	$192,000

Governor: Provide $126,700 annually from the water resources account of the conservation fund for expenses associated with the management of the Fox River locks. The Fox River Management Commission is responsible for the system until its ownership is transferred from the federal government to the state. Upon entering into a lease with the state, the Fox River Navigational System Authority then becomes responsible for the rehabilitation, operation and maintenance of the system. At this time the date of the transfer is uncertain. Under the bill, the funds are transferred from the Authority's appropriation to the DNR appropriation that supports the Commission.

Joint Finance/Legislature: Modify the Governor's recommendation by instead providing DNR with $96,000 annually (a reduction of $30,700 SEG annually from the Governor's recommendation) for management of the Fox River locks.

18. TRIBAL GAMING REVENUE FOR TOWN OF SWISS [LFB Paper 131]

PR	- $500,000

Joint Finance/Legislature: Delete $250,000 PR in tribal gaming revenue each year for the grant to the Town of Swiss (Danbury) in Burnett County and the St. Croix Band of Chippewa for wastewater and drinking water treatment facilities. A grant of $250,000 in each of 2003-04 and 2004-05 would remain. The provision would retain the current law requirement that no funds may be encumbered from the appropriation after June 30, 2005. Under the provision, a total of $1,900,000 would be granted from tribal gaming revenues for the project in 1999-00 through 2004-05.

Air, Waste, and Contaminated Land

1. VEHICLE ENVIRONMENTAL IMPACT FEE [LFB Paper 572]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG-REV	$24,220,000		- $4,120,000		$20,100,000	
SEG	$0	0.00	- $3,548,700	- 24.10	- $3,548,700	- 24.10

Governor: Increase the vehicle environmental impact fee from $9 to $10.50 on the effective date of the bill. Further, repeal the December 31, 2003, sunset of the fee, making the fee permanent. Fees are deposited in the environmental management account of the environmental fund, which provides funding for brownfields grants, state-funded cleanup activities and DNR environmental management, enforcement and administrative functions. The fee applies to the titling of new and used vehicles and is collected by the Department of Transportation. The Department of Commerce also collects a $9 environmental impact fee on the titling of manufactured homes. The bill only affects the fee collected by DOT, but does not increase the fee, or repeal the December 31, 2003, sunset of the $9 environmental impact fee assessed by Commerce on the titling of manufactured homes. In 2001-02, Commerce collected $61,800 in manufactured home environmental impact fees.

The current fee is expected to generate approximately $6,980,000 in 2003-04 through its December sunset date. The bill is expected to provide additional revenue of approximately $7,710,000 in 2003-04 (total 2003-04 revenues of $14,690,000) and $16,510,000 in 2004-05. The $9 fee generated revenue of $12.2 million in 2001-02, which was 41% of the revenue to the environmental management account. The fee was created in 1997 Act 27 at a rate of $5 per vehicle and was increased to $6 per vehicle in 1999 Act 9. In 2001 Act 16, the fee was increased to $9 per vehicle on October 1, 2001, and a June 30, 2001, fee repeal date was extended to December 31, 2003.

Joint Finance/Legislature: Delete the fee increase and retain the current $9 vehicle environmental impact fee. Extend the December 31, 2003, sunset of the fee, to December 31, 2005. Estimated fee revenue would be $6,700,000 in 2003-04 (a decrease of $1,010,000 from the Governor's recommendation) and $13,400,000 in 2004-05 (a decrease of $3,110,000).

In addition, decrease $3,656,500 SEG (26.5% decrease) in all appropriations from the environmental management account in 2004-05, other than for the brownfields grant program, household hazardous waste program, debt service and UW Systems environmental education, and delete 25.03 SEG positions, as follows: (a) reduce the DNR Air and Waste Division general operations appropriation by $1,025,700 SEG and 13.25 SEG positions; (b) reduce the Enforcement and Science Division general operations appropriation by $315,800 SEG and 2.92

SEG positions; (c) reduce the Water Division general operations appropriation by $614,900 SEG and 5.83 SEG positions; (d) reduce the Administration and Technology Division general operations appropriation by $419,100 SEG; (e) reduce the Customer Assistance and External Relations Division general operations appropriation by $153,600 SEG and 2.10 SEG positions; (f) reduce the DNR state-funded response cleanup appropriation by $880,500 SEG; (g) reduce the DNR well compensation grant appropriation by $106,000 SEG; and (h) reduce the DNR groundwater management appropriation by $33,100 SEG. [Decreases in the environmental management account appropriations in the Department of Health and Family Services ($105,000 and 0.93 position) and Department of Military Affairs ($2,800) are summarized under those agencies.]

[Act 33 Section: 2519]

2. BROWNFIELDS GRANT PROGRAM [LFB Paper 573]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$15,000,000	- $14,000,000	$1,000,000

Governor: Provide $9,200,000 annually in a new, biennial appropriation from the environmental management account of the environmental fund to create a consolidated brownfields grant program in DNR. Further, repeal four brownfields-related grant programs with $1,700,000 annually in DNR and $7,000,000 annually in Commerce. Under the bill, a net increase of $500,000 annually from 2002-03 base funding levels would be provided for brownfields grants.

Repeal of four existing brownfields programs. The bill would repeal the following four programs:

a. The Commerce brownfields grant program, which was created in 1997 Act 27 to provide grants to local governments, businesses and other persons for brownfields redevelopment and related environmental remediation projects. The bill would delete the $7,000,000 in Commerce base funding in each of 2003-04 and 2004-05 and provide those funds to the new brownfields grant appropriation created in DNR.

b. The DNR brownfields site assessment grant program, which was created in 1999 Act 9 to provide local governments with grants to perform the initial investigation of contaminated properties and certain other eligible activities. The bill would delete the $1,700,000 base funding in each of 2003-04 and 2004-05 and provide those funds to the new brownfields grant appropriation created in DNR.

c. The DNR sustainable urban development zone program, which was created in 1999 Act 9 as a pilot program to provide funds to five specified cities to cleanup and redevelop contaminated properties. The program was modified in 2001 Act 16 to provide $525,000 SEG in

2001-02 in a biennial appropriation from the environmental management account, including grants of $150,000 to the City of Platteville and $250,000 to the City of Fond du Lac, and undesignated funds of $125,000 to be awarded to municipalities that apply for funds. Under current law, no ongoing funding is provided after the 2001-03 biennium.

d. The DNR brownfields green space grants program, which was created in 2001 Act 16 to provide grants to local governments for brownfields remediation projects that have a long-term public benefit, including the preservation of green space, the development of recreational areas, or the use of a property by the local government. The program was appropriated $1,000,000 SEG in 2001-02 in a biennial appropriation from the environmental management account. Under current law, no ongoing funding is provided after the 2001-03 biennium.

Eligible site or facility. Eligible sites or facilities under the new and repealed programs would include the following:

a. Under the new, consolidated brownfields grant program, an eligible site or facility would be defined as 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.

b. The current Commerce grant program, sustainable urban development zone program and green space grant programs use the same definition as the new program under the bill.

c. The current site assessment grant program definition, instead of referring to a site or facility, includes "one or more contiguous industrial or commercial facilities or sites with common or multiple ownership."

Eligible grant activities. Eligible grant activities under the new and repealed programs would include the following:

a. DNR could award grants under the consolidated program under the bill for: (1) investigating an eligible site or facility to determine the existence and extent of environmental contamination of the eligible site or facility; and (2) removing or containing environmental contamination and restoring the environment at an eligible site or facility.

b. The current Commerce grant program awards grants for: (1) brownfields redevelopment, meaning work to acquire a brownfields facility or site and to raze, demolish, remove, reconstruct, renovate, or rehabilitate the facility or existing buildings, structures, or other improvements at the site for the purpose of promoting the use of the facility or site for commercial, industrial, or other purposes; and (2) environmental remediation activities, including (a) investigating, analyzing and monitoring of a brownfields facility or site to determine the existence and extent of actual or potential environmental pollution; (b) abating, removing or containing environmental pollution at a brownfields facility or site; and (c) restoring soil or groundwater at a brownfields facility or site.

c. The current site assessment grant program awards grants for: (1) the investigation of environmental contamination on an eligible site or facility for the purposes of reducing or eliminating environmental contamination; (2) demolition of any structures, buildings or other improvements located on an eligible site or facility; (3) asbestos abatement conducted as a necessary part of demolition activity; and (4) removal and proper disposal of abandoned containers, underground petroleum product storage tank systems or underground hazardous substance storage tank systems.

d. Sustainable urban development zone program funds may currently be used to investigate environmental contamination and to conduct cleanups of brownfields.

e. The current green space grant funds may be used to remedy environmental contamination if the project has a long-term public benefit, including the preservation of green space, the development of recreational areas, or the use of a property by the local government.

Eligible grant applicants. Eligible grant applicants under the new and repealed programs would include the following:

a. Under the bill, eligible applicants would include an individual, partnership, limited liability company, corporation, nonprofit organization, or local governmental unit. Local governmental units would include a city, village, town, county, redevelopment authority, community development authority, or housing authority.

b. The current Commerce grant program is available to the same applicants as the proposed program, except the Commerce program: (1) is not available to a redevelopment authority, community development authority, or housing authority; and (2) is available to a trustee, including a trustee in bankruptcy.

c. The site assessment and green space grant programs are available to the same local government applicants as the proposed program.

d. The sustainable urban development zone program is available to specified cities and to other municipalities that are selected by DNR from those municipalities that apply for funding.

Grant limitations related to responsible parties. Under the consolidated grant program in the bill, DNR could only award a grant if the person that caused the environmental contamination that is the basis for the grant request is unknown, cannot be located or is financially unable to pay the cost of the eligible activities. The existing Commerce grant program and DNR site assessment grant program also have this statutory requirement. The current green space grant program has this requirement in administrative rules but not in statutes. The current sustainable urban development zone program does not have this requirement.

The existing Commerce grant program and DNR site assessment grant program also have a statutory prohibition against awarding a grant to the party that caused the environmental contamination that is the basis for the grant request. The existing Commerce grant program also has a statutory prohibition against awarding a grant to any person who possessed or controlled the environmental contaminant that is the basis for the grant request before the contaminant was released. The bill would not include either of these prohibitions.

Grant scoring and awards. Provisions related to scoring and awarding grants under the new and repealed programs include the following:

a. Under the consolidated grant program in the bill, DNR would be required to promulgate administrative rules that include: (1) a competitive scoring system for evaluating grant applications that, for removing or containing environmental contamination and restoring the environment, includes consideration of the severity of the risks posed by the contamination, the potential for economic development, the contribution to remediation of contamination affecting more than one property, and the potential for the creation of green spaces or the use for public facilities; (2) provisions specifying the activities that may be covered by grants under the program; (3) provisions for ensuring distribution of grant funds throughout the state; and (4) provisions for determining the percentage of costs to be paid through a grant, which may vary based on the financial circumstances of the applicant. The bill would not include a statutory maximum grant award or minimum match requirement.

b. The existing Commerce grant program requires scoring based on the following criteria: (1) 50% based on the potential of the project to promote economic development in the area; (2) 25% based on whether the project will have a positive effect on the environment; (3) 15% based on the amount and quality of the recipient's contribution to the project; and (4) 10% based on the innovativeness of the recipient's proposal for remediation and redevelopment. The Commerce program is required to award at least seven grants for projects located in municipalities with populations of less than 30,000. The program also requires a 20% match by the grant recipient if the grant does not exceed $300,000, 35% match for a grant greater than $300,00 but that does not exceed $700,000 and 50% for a grant that is greater than $700,000 but that does not exceed $1,250,000. The maximum award is $1,250,000.

c. The existing DNR site assessment grant program requires scoring based on the following: (1) the local governmental unit's demonstrated commitment to performing and completing necessary environmental remediation activities on the eligible site, including the local government's financial commitments; (2) the degree to which the project will have a positive impact on public health and the environment; and (3) other criteria that DNR finds necessary to calculate the amount of a grant. Grant recipients are required to contribute a 20% match. Statutes prohibit a local government from receiving total grants that exceed 15% of the available funds appropriated for a fiscal year. There is no statutory maximum award. Administrative rules allocate 70% of grant funds to small grants between $2,000 and $30,000 and the remaining 30% of grant funds to large grants between $30,001 and $100,000.

d. The existing green space grant program does not have statutory scoring criteria, match requirements or maximum award amounts. Administrative rules establish a scoring system based on the following criteria: (1) 35% based on the environmental benefits of the project; (2) 25% based on the demonstrated need for the project; (3) 25% based on the applicant's financial commitment to the project; and (4) 15% based on the commitment of an applicant to the project. Rules establish a match requirement of 20% for grants of $50,000 or less, 35% for grants between $50,001 and $99,999 and 50% for grants between $100,000 and $200,000.

e. The existing sustainable urban development zone program does not have statutory provisions related to scoring or awarding grants.

Other provisions. The bill would also include the following provisions:

a. DNR would be required to promulgate administrative rules for the new, consolidated grant program, and would be authorized to promulgate rules without the finding of emergency.

b. DNR would be required to inform applicants of other potential sources of funding for activities proposed in grant applications.

c. DNR would be required to oversee projects awarded grants under the existing Commerce brownfields grant program for which funds have been encumbered but grants have not been paid as of the effective date of the bill.

d. DNR and DOA, rather than DNR, DOA and Commerce currently, would be required to submit a report evaluating the effectiveness of the state's efforts to remedy the contamination of, and to redevelop, brownfields. 1999 Act 9 required the three agencies to submit a report. Current law and the bill do not include deadlines for submitting the report, and do not specify to whom the report should be submitted. The Governor's 1999 veto message requested the agencies to submit a report to the Governor and Legislature on July 1, 2002, and every four years thereafter. To date, the three agencies have not submitted a report.

Joint Finance/Legislature: Delete the consolidation of brownfields grant programs in DNR. Retain the current Commerce brownfields grant program in Commerce with $7,000,000 SEG annually (see "Commerce" summary). Retain the current DNR brownfield site assessment grant program with $1,700,000 SEG annually. Retain the existing DNR brownfield green space grant program and provide $500,000 SEG annually. Repeal the DNR sustainable urban development zone program. During the 2003-05 biennium, allow DNR to review applications received by DNR for green space grants by January 17, 2003, rank them under the 2002-03 scoring criteria for green space grants, and make awards totaling up to $1,000,000 in funding provided for the DNR brownfield green space grant program to applicants that would have been eligible for grants in 2002-03. Appropriations for brownfields-related grant programs under the bill are shown in the table.

Program	2001-02	Base Funding 2002-03	Enrolled SB 44 2003-04	2004-05
Commerce				
Brownfields grants*	$7,000,000	$7,000,000	$7,000,000	$7,000,000
DNR				
Site assessment grants	1,700,000	1,700,000	1,700,000	1,700,000
Sustainable urban development zone*	525,000	0	0	0
Green space grants*	1,000,000	0	500,000	500,000
Total	$10,225,000	$8,700,000	$9,200,000	$9,200,000

*2003 Act 1 reduced the funding identified in the table in the 2001-03 biennium by $7,375,000 ($6,250,000 in the Commerce brownfields grant program, $125,000 in the sustainable urban development zone program, and $1,000,000 in the green space grant program), and transferred those amounts from the environmental management account of the environmental fund to the general fund.

[Act 33 Sections: 408, 2479, and 9138(1z)]

3. ENVIRONMENTAL REPAIR BONDING AUTHORITY [LFB Paper 574]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	$6,000,000	- $6,000,000	$0

Governor: Provide $6,000,000 in general obligation bonding authority to conduct remedial action at contaminated sites. The request would increase DNR's general obligation bonding authority for remedial action from $41 million to $47 million. Bonding can be used for: (a) state-funded cleanup under the environmental repair statute (s. 292.31) or hazardous substances spills statute (s. 292.11) when construction is involved and no responsible party is known, willing or able to take the necessary action; and (b) the state's cost-share at federal Superfund or leaking underground storage tank trust fund sites.

Joint Finance/Legislature: Delete provision.

4. ENVIRONMENTAL REPAIR DEBT SERVICE [LFB Paper 574]

GPR	- $1,575,300
SEG	1,575,300
Total	$0

Governor/Legislature: Provide an additional $503,700 in 2003-04 and $1,071,600 in 2004-05 to reestimate debt service payments for environmental repair general obligation bonds to $3,203,700 in 2003-04 and $3,771,600 in 2004-05. In 2002-03, debt service is paid from an environmental fund SEG sum certain appropriation authorized at $2,700,000, and a GPR sum sufficient debt service appropriation exists to pay any debt service costs that exceed the $2,700,000 SEG appropriation. In 2002-03, debt service costs are estimated at $2,649,800 SEG and no GPR expenditures are expected.

In addition to reestimating debt service, convert the environmental fund SEG debt service appropriation from sum certain to sum sufficient and repeal the GPR sum sufficient debt service appropriation. Under the bill, all costs for environmental repair debt service would be paid from environmental fund SEG. Under current law, GPR debt service costs would be estimated at $503,700 in 2003-04 and $1,071,600 in 2004-05. Thus, conversion of the SEG appropriation from sum certain to sum sufficient under the bill would reduce GPR costs by $503,700 in 2003-04 and $1,071,600 in 2004-05.

[Act 33 Sections: 414 and 415]

5. ENVIRONMENTAL MANAGEMENT ACCOUNT [LFB Paper 572]

	Funding	Positions
GPR-REV	$1,281,800	
SEG	- $1,281,800	- 9.00

Governor/Legislature: Decrease the base budget for Air and Waste Division general operations by $640,900 annually with 9.0 positions from the segregated environmental management account of the environmental fund. The appropriation reductions would include: (a) $180,000 annually with 2.0 positions in the waste management program; and (b) $460,900 annually with 7.0 positions in the remediation and redevelopment program. Further, transfer $640,900 in each year from the environmental management account to the general fund.

[Act 33 Section: 9238(1)].

6. AGRICHEMICAL FEES AND ENVIRONMENTAL MANAGEMENT ACCOUNT EXPENDITURES [LFB Paper 570]

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG-REV	- $2,614,000	$2,614,000	$0
SEG	- $2,540,000	$0	- $2,540,000

Joint Finance/Legislature: Deposit all pesticide, fertilizer, and soil additive fees that are currently deposited in the environmental management account of the environmental fund into the agrichemical management fund. This would decrease revenues to the environmental management account by an estimated $1,307,000 in each year of the biennium. The following fees are currently deposited into the environmental management account: (a) a $124 license fee for each household pesticide product that a manufacturer or labeler sells or distributes in the state; (b) a $94 license fee for each industrial and non-household pesticide product that a manufacturer or labeler sells or distributes in the state; (c) a $150 pesticide primary producer fee; (d) a 10¢ soil additive tonnage fee; and (e) a 10¢ fertilizer tonnage fee. A pesticide primary producer is a person who manufactures an active ingredient that is used to produce a pesticide.

Transfer administration of the household hazardous waste grant program (urban clean sweep) from DNR to DATCP. Transfer funding for the household clean sweep program from the environmental management account of the environmental fund to the recycling fund. This would decrease environmental management account expenditures in DNR by $150,000 SEG annually.

Reduce the DNR Air and Waste Division operations appropriation from the environmental management account by $1,120,000 SEG annually, from $3,868,800 to $2,748,800. In addition, transfer $230,300 SEG and 3.0 SEG positions annually from the remediation and redevelopment program of the Air and Waste operations appropriation of the environmental management account to a new brownfields general operations appropriation. The three SEG staff from the DNR central office brownfields section would be supported from the new appropriation. Authorize DNR to submit an alternative plan to the Secretary of Administration for allocating the reduction in the Air and Waste Division appropriation among any of the agency's other sum certain appropriations funded from the environmental management account except the new brownfields appropriation. Direct that if DNR submits a request for reallocation of the reduction, the Department must include the appropriations that the reduction would be allocated to and a description of how many and what types of positions would be deleted under the reduction. Provide that if the DOA Secretary approves the alternative reduction plan, DOA would submit the plan to the Joint Committee on Finance for its approval under a 14-day passive review procedure. DOA would also be prohibited from requesting a reallocation of any of the reductions to the new brownfields appropriation.

Finally, create a SEG appropriation in DNR funded from the agrichemical management fund for any agricultural chemical cleanup actions taken by the Department under s. 94.73 (2m) in response to one or more of the following actions: (a) the action or order is necessary in an emergency to prevent or mitigate an imminent hazard to public health, safety or welfare or to the environment; (b) DATCP requests DNR to take the action or issue the order; (c) the Secretary of DNR approves the action or order in advance after notice to the Secretary of DATCP; (d) the DNR takes action after a responsible person fails to comply with an order that DNR issued under the spills law; or (e) DNR takes the action because the identity of the responsible person is unknown. No expenditure authority would be provided to the appropriation. DNR could request expenditure authority from the Joint Committee on Finance under s. 13.10 if it takes action or expects to take action under s. 94.73 (2m). If the Department uses the state-funded spills response appropriation from the environmental management account for expenditures under s. 94.73 (2m) in a fiscal year, it could request reimbursement of those expenditures from the new agrichemical management fund appropriation.

Veto by Governor [B-16]: Maintain the deposit of all pesticide, fertilizer, and soil additive fees currently deposited in the environmental management account of the environmental fund rather than transferring them to the agrichemical management fund under the enrolled bill. The partial veto would maintain revenues in the environmental management account estimated at $1,307,000 in each year of the biennium.

Delete the provision that would allow DNR to submit an alternative reduction plan to DOA, and that would allow DOA to submit an approved alternative reduction plan to the Joint Committee on Finance under a 14-day passive review process. Under the act, the $1,120,000 annual SEG reduction would remain. Current law allows an agency to request a reallocation, or supplement, of SEG expenditure authority at a quarterly meeting of the Joint Committee on Finance under s. 13.101.

Delete the creation of a SEG appropriation in DNR funded from the agrichemical management fund for any agricultural chemical cleanup actions taken by DNR under certain emergency situations or at the request of DATCP.

Under the act: (a) the urban clean sweep program is transferred to DATCP and $150,000 annually is funded from the recycling fund instead of the environmental management account; (b) environmental management account SEG expenditures are reduced by $1,120,000 each year; and (c) the new brownfields general operations appropriation is created.

[Act 33 Sections: 290, 402u, 406h, 2481s, 2725k, and 9104(3z)]

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.370(2)(dx)), 402k, 855p, 855q, 855r, 855s, 855t, 855x, 1745d, 1745i, 1745L, 1750c, 1750e, 1750f, 1750g, 1750j, 1750L, 2475r and 9138(2z)]

7. FEES FOR ENVIRONMENTAL ENFORCEMENT ACTIONS

PR-REV	$15,000

Governor/Legislature: Authorize DNR to assess and collect fees from persons that are subject to an order or other enforcement action for a violation under the hazardous substances spills statute (s. 292.11) and environmental repair statute (s. 292.31) to cover the Department's costs to review the planning and implementation of any environmental investigation or environmental cleanup the person is required to conduct. DNR would be required to promulgate administration rules for any assessment and collection of fees under the provision. The fee revenue would be deposited in a program revenue appropriation that funds staff who review the environmental response documents submitted by persons working on site cleanups. The provision is expected to generate program revenue fees assessed under administrative rule NR 749 of approximately $15,000 annually beginning in 2004-05. The revenue estimate is based on an average of $3,000 per site for five sites annually that would pay fees for activities such as technical review, review of a site investigation report, approval of a remedial action plan and issuance of a case closure letter. Currently, persons that are cooperating with DNR as they undertake an environmental investigation and cleanup pay fees to the Department for any technical review or approval that the persons request. Persons that are subject to an environmental enforcement action, or are being compelled to conduct a cleanup of contaminated land, are not currently required to reimburse DNR for the time spent on reviewing documents that the Department requires the person to submit for review.

[Act 33 Sections: 402 and 2481]

8. RECYCLING FUND [LFB Paper 575]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR-REV	$3,316,100		$10,600,000		$13,916,100	
SEG	- $316,200	- 2.00	$0	0.00	- $316,200	- 2.00

Governor: Reduce funding for DNR recycling administration by $158,100 annually (an 18% reduction from base level funding) and delete 2.0 positions in 2004-05 in the waste management program. In addition, transfer $3,158,000 in 2003-04 and $158,100 in 2004-05 from the recycling fund to the general fund.

Joint Finance/Legislature: Delete the 2.0 positions in 2003-04 instead of 2004-05. Further, transfer an additional $4,000,000 in 2003-04 and $6,600,000 in 2004-05 from the recycling fund to the general fund. (Under the bill, an additional $157,000 in recycling SEG would be transferred to the general fund from Commerce appropriations.)

[Act 33 Section: 9238(2)]

9. RECYCLING GRANTS [LFB Paper 575]

SEG	- $10,000,000

Governor/Legislature: Decrease by $5,000,000 annually the appropriation for municipal and county recycling grants to provide total grants of $24,500,000 annually. The bill would provide the same level of grant funding as in the calendar years 2002 and 2003. In order to address a potential cash-flow problem in the recycling fund, 2001 Act 16 provided $19,500,000 in 2001-02 and $29,500,000 in 2002-03 for the municipal and county recycling grant program. For grant year 2002 only, DNR was required to calculate total eligible grant awards of $24,500,000 and to disburse the grants in two installments. DNR disbursed $19,500,000 of the awards by June 1, 2002, from the 2001-02 appropriation and the remaining $5,000,000 by December 1, 2002, from the 2002-03 appropriation. For grant year 2003 only, DNR is required to disburse the remaining $24,500,000 from the 2002-03 appropriation by June 1, 2003. Currently, for grant year 2004 and subsequent years, DNR is required to disburse the entire municipal and county grant appropriation by June 1 of the year for which the grants are made.

10. EXEMPT CERTAIN PCB-CONTAMINATED SEDIMENT FROM RECYCLING TIPPING FEE

SEG-REV	- $1,087,500

Joint Finance/Legislature: Exempt from the $3 per ton recycling tipping fee, all sludges, river sediments, or dredged materials that contain PCBs (polychlorinated biphenyls) that are removed in connection with the remediation of contaminated sediments in a navigable water of the state, if the total quantity of the removed materials, either in an individual phase or in combination with other planned phases of remediation, will exceed 200,000 cubic yards. The recycling fund would lose revenues associated with an expected 362,500 tons of dredged contaminated sediment from the Fox River cleanup project that would currently be subject to state recycling tipping fees in 2004-05, and annually thereafter for a 10-year period. The annual state revenue loss would be estimated at $1,087,500 to the segregated recycling fund.

[Act 33 Section: 2475e]

11. RECYCLING FUND - ENFORCEMENT ACTIVITIES [LFB Paper 562]

	Funding	Positions
GPR	- $51,600	- 1.40
SEG	51,600	1.40
Total	$0	0.00

Joint Finance/Legislature: Convert 1.4 conservation wardens and $51,600 from GPR to recycling fund SEG beginning in 2004-05 for litter and recycling enforcement activities (a total of 2.4 conservation wardens would be funded from the recycling fund beginning in 2004-05). Staff would be converted to SEG funding in about December, 2004, with total annual funding of $84,400 required to support the 1.4 positions beginning in 2005-06.

12. AIR MANAGEMENT STAFF [LFB Paper 576]

	Funding	Positions
PR	- $2,170,200	- 11.50

Governor/Legislature: Delete $1,085,100 annually (a 12% reduction from base level funding) and 11.5 air management positions funded from stationary source air emission tonnage fees in the Bureau of Air Management to reconcile authorized expenditures with anticipated revenues (as of February 22, 2003, 3.75 of 102.0 positions funded from these fees in the Air and Waste Division were vacant). The reduction includes $680,000 for permanent salary and fringe benefits, $205,100 for supplies, and $200,000 for permanent property. Under the bill, there would be 98.25 DNR positions authorized from emission tonnage fees, including 87.5 in the Bureau of Air Management, 3.0 in Air and Waste Division management, 1.0 in the Division of Enforcement and Science and 6.75 in the Division of Customer Assistance and External Relations. The bill also continues funding from the fees for 2.0 positions in Commerce.

13. AIR MANAGEMENT -- ASBESTOS INSPECTIONS [LFB Paper 577]

PR-REV	$187,000
PR	$85,000

Governor: Provide $85,000 PR in 2004-05 from air asbestos fees for the inspection of asbestos removal in schools, and industrial and commercial facilities. The provision would include: (a) $55,000 for limited-term employees to assist in asbestos inspections; and (b) $30,000 for contracts with local governments to conduct inspections for DNR. In addition, recommend an increase in certain air asbestos inspection fees collected from persons who perform nonresidential asbestos abatement as part of demolition and certain renovation activities.

Currently, persons must notify DNR before they perform asbestos abatement and pay the following fees established in administrative rule: (a) an asbestos inspection fee ranging from $50 to $210, with a statutory maximum of $210; and, in addition, some pay (b) a construction permit exemption review fee of $50 or $125, with no statutory maximum. The current combined fee amount is $50 to $335 and depends on the size of the project. Under the bill, the statutory maximum fee for inspection would increase to $450 if the combined square and linear footage of friable (readily crumbled or brittle) asbestos-containing material involved in the project is less than 5,000, or to $750 if the combined square and linear footage is equal to or greater than 5,000. The bill specifies that the combined square and linear footage be determined by adding the number of square feet of friable asbestos-containing material on areas other than pipes to the number of linear feet of friable asbestos-containing material on pipes. The fee would generate increased revenue of approximately $165,000 annually, beginning in 2004-05, beyond the current fee revenues of approximately $230,000 annually. This is based on an assumption that DNR would promulgate a rule with a combined fee that includes both the inspection fee and construction permit exemption review fee within the statutory maximum of $450 or $750. The bill would retain the current law provision of no statutory maximum fee for the permit exemption review fee.

The bill would also authorize (but not require) DNR to charge for the costs it incurs for laboratory testing for a nonresidential asbestos demolition and renovation project. This fee is expected to generate increased revenue of approximately $22,000 annually, beginning in 2004-05.

Joint Finance/Legislature: Modify the Governor's recommendation to provide a statutory maximum combined asbestos inspection fee and construction permit exemption fee of $400 (rather than $450 for the inspection fee with no maximum permit exemption fee) if the combined square and linear footage of friable asbestos-containing material involved in the project is less than 5,000, or $750 (rather than $750 for the inspection fee only) if the combined square and linear footage is equal to or greater than 5,000. This is consistent with DNR's budget request and is expected to generate the same revenue as the Governor's recommendation.

[Act 33 Sections: 401, 2473, and 2474]

14. AIR MANAGEMENT -- PETROLEUM INSPECTION FUND

GPR-REV	$196,200
SEG	- $196,200

Governor/Legislature: Decrease the base budget for supplies in the mobile source air pollution management program by $98,100 annually from the petroleum inspection fund. Further, transfer $98,100 in each of 2003-04 and 2004-05 from the petroleum inspection fund to the general fund.

Veto by Governor [B-10]: A partial veto more fully described under Commerce would result in the act not specifying when the transfer must be made. The Governor's veto message indicates that it is the Governor's intent that the transfer be made in 2003-04.

[Act 33 Section: 9209(1)]

[Act 33 Vetoed Section: 9209(1)]

15. TRANSFER WASTE FACILITY SITING BOARD FROM DOA

	Jt. Finance/Leg. (Chg. to Base)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$212,400	1.00	- $212,400	- 1.00	$0	0.00

Joint Finance/Legislature: Provide $106,200 annually and 1.0 PR unclassified executive director position and transfer the Waste Facility Siting Board and its current duties from DOA to DNR. Funding includes $73,900 annually for the executive director and $32,300 for supplies. Retain the current duties of the Board to supervise mandated negotiation-arbitration procedures relating to the siting of solid or hazardous waste facilities. Retain the current authority of the Board to appoint an unclassified executive director. On the effective date of the act, transfer the assets, liabilities and personal property of the Board, as determined by the Secretary of DOA, from DOA to DNR. Require DNR to carry out all contractual obligations of the Board until such contract is modified or rescinded, as allowed by the contract. Program revenue would continue to be provided from the current 1.7¢ per ton fee on solid waste landfilled in the state that supports the activities of the Board. (See also "Department of Administration -- General Programs").

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

[Act 33 Vetoed Sections: 92x, 286 (as it relates to s. 20.370(2)(ei)), 402p, 587p, 2475g, and 9101(8c)]

OFFICE OF STATE EMPLOYMENT RELATIONS

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$0	$0	$9,036,200	$9,036,200	$9,036,200	$9,036,200	N.A.
PR	0	0	2,519,400	2,519,400	2,519,400	2,519,400	N.A.
TOTAL	$0	$0	$11,555,600	$11,555,600	$11,555,600	$11,555,600	N.A.

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	0.00	0.00	52.00	52.00	52.00	52.00
PR	0.00	0.00	6.50	6.50	6.50	6.50
TOTAL	0.00	0.00	58.50	58.50	58.50	58.50

Budget Change Item

1. OFFICE OF STATE EMPLOYMENT RELATIONS

	Funding	Positions
GPR	$9,036,200	52.00
PR	2,519,400	6.50
Total	$11,555,600	58.50

Joint Finance: Modify the Governor's recommendations relating to the Department of Employment Relations (DER) as follows: (a) eliminate the Department of Employment Relations, as recommended by the Governor, but instead of transferring those functions into DOA, create a new statutory entity: the Office of State Human Resources Management; (b) transfer the staff remaining after the base budget reductions to DER to the new Office; (c) as itemized under the individual entries under DER, transfer net funding of $4,518,100 GPR in 2003-04 and in 2004-05, and $1,242,200 PR in 2003-04 and $1,277,200 PR in 2004-05 to the new Office; (d) transfer 52.00 GPR and 6.50 PR FTE to the new Office; (e) also transfer an estimated $6,300 GPR-Earned to the new Office; (f) provide that the Office be attached to DOA under s. 15.03 for limited administrative support purposes; (g) specify that the Office be headed by a Director in the unclassified service [ESG 6] who would be appointed by the Governor, subject to Senate confirmation; (h) create appropriations for the Office similar to those that would have been established under DOA, but as a separate agency listing in the appropriations schedule and funded at the levels provided after all other actions of the Committee on the Department of Employment Relations have first been taken into account (base budget reductions and other changes); (i) place the current employment relations functions under Subchapter V of Chapter 111 and under Chapter 230 of the statutes, that are currently the responsibility of the DER Secretary, with the Director of the new Office of State Human Resources Management; (j) statutorily establish three Divisions within the new Office: a Division of Merit Recruitment and Selection; a Division of Compensation and Labor Relations; and a Division of Affirmative Action; (k) retain all of the current statutory duties and responsibilities for the Division of Merit Recruitment and Selection and its Administrator as under current law; (l) provide that each division be headed by an unclassified division administrator; (m) authorize the Director of the Office to appoint the administrators of the Divisions of Compensation and Labor Relations and Affirmative Action; (n) specify that the position of Administrator of the Division of Merit Recruitment and Selection be appointed by the Governor, subject to civil service examination process, and be confirmed by the Senate, using the same process as under current law; (o) authorize a total of three unclassified division administrator positions for the Office and also authorize the Office Director to have an unclassified executive assistant (ESG 4); (p) provide session law authority for the Director of the new Office to, during the 2003-05 biennium, convert one existing classified positions transferred to the new Office from DER, upon such a position becoming vacant, to become the unclassified position for the executive assistant; and (q) provide the standard employee and program transfer provisions and rights. [See "Employment Relations" for more information.]

All of these provision would become effective on the 30th day following publication of the biennial budget act. Session law language would permit the Department of Employment Relations to expend funds from its existing appropriations for 30 days following the effective date of the bill on a proportionate basis.

Senate/Legislature: Include provision but with the modification that, on the effective date of the budget act, the Office of State Human Resources Management - as created by the budget act - is renamed to be the "Office of State Employment Relations." Further, require that the Revisor of Statutes incorporate the name "Office of State Employment Relations" in all the appropriate places in the 2003-04 Wisconsin statutes.

Veto by Governor [D-20 and D-21]: Modify the provision as follows.

Appointment of Director. Delete the requirement that the Governor's appointment of a Director of the Office of State Employment Relations be subject to confirmation by the Senate.

Creation of Statutory Divisions. Delete the provisions which require the establishment of a Division of Affirmative Action and a Division of Compensation and Labor Relations within the new Office as well as the provisions that each such division be headed by an administrator in the unclassified service to be appointed by the Director of the Office. The partial veto also deletes specified activities for the new Division of Affirmative Action but retains those specified activities as duties that the Director of the new Office must assign to a required affirmative action subunit within the Office that the Director must establish. [Note: Under SB 44, 4.0 FTEs plus an unclassified division administrator position were budgeted for the proposed Division of Affirmative Action].

[Act 33 Sections: 12, 13, 20, 25, 28, 87s, 97d, 101 thru 105, 107, 140, 141d, 164, 169, 171, 174, 201, 279, 619 thru 621, 623 thru 631, 646m, 691, 708 thru 719, 721, 729m, 730, 732, 735, 735m, 930, 931, 936, 1005, 1010, 1015, 1016, 1093, 1142, 1448, 1523, 1558, 1626, 1627, 1987m thru 1990m, 1992e, 1992m, 1992s, 2060, 2368, 2377, 2384e, 2384m, 2386e, 2386m, 2386s, 2387e thru 2387w, 2389d thru 2390w, 2391c thru 2392, 2396, 2404m, 2406 thru 2410, 2412 thru 2417s, 2422g, 2422r, 2427g, 2427r, 2441, 2442, 2489, 2726, 2733, 2798, 9118(1b)&(2), 9160(4q), 9218(1q), and 9418(1b)]

[Act 33 Vetoed Sections: 97d and 2390d]

PERSONNEL COMMISSION

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$1,619,600	$0	$0	$0	$0	- $1,619,600	- 100.0%
PR	6,000	0	0	0	0	- 6,000	- 100.0
TOTAL	$1,625,600	$0	$0	$0	$0	- $1,625,600	- 100.0%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	9.00	0.00	0.00	0.00	0.00	- 9.00

Budget Change Item

1. ELIMINATE PERSONNEL COMMISSION [LFB Paper 585]

	Funding	Positions
GPR-REV	- $6,000	
GPR	- $1,619,600	- 9.00
PR	- 6,000	0.00
Total	- $1,625,600	- 9.00

Governor/Legislature: Eliminate the Personnel Commission on the general effective date of the bill and delete $809,800 GPR and $3,000 PR and 9.0 GPR positions annually. Eliminate $3,000 GPR-REV annually associated with filing fees for certain state employee appeals.

Abolition of the Commission. Repeal all statutory provisions creating the Commission, providing for Commissioners, setting the term and qualifications of the Commissioners and assigning the Commissioners to an executive salary group.

Transfer of Complaint Investigation Functions to the Division of Equal Rights in the Department of Workforce Development (DWD). Transfer the following complaint investigation functions of the Commission to DWD's Division of Equal Rights: (a) enforcement of various state employee "whistleblower" statutes, including those statutes protecting employees from retaliation based on reporting patient abuse, elder abuse, public employee occupational health and safety violations, and possible abuse of authority, mismanagement and waste of public funds by certain state agency personnel; (b) processing of state agency employment discrimination allegations; (c) processing of state agency unfair honesty testing allegations; (d) processing of state agency unfair genetic testing allegations; (e) processing of state agency fair employment act retaliation allegations; (f) processing of state employee family and medical leave violation allegations; and (g) processing of state employee reemployment and benefit eligibility rights violation allegations for returning National Guard, state defense force or public health emergency service personnel.

Under current law, DWD's Division of Equal Rights is charged with enforcing statutes related to nonstate employee complaints: (a) under "whistleblower" statutes related to aging and long-term care issues, care and treatment facilities issues, caregivers reporting elder abuse, public employee occupational health and safety, and state health care worker reporting; (b) regarding employment discrimination; (c) regarding unfair honesty testing; (d) regarding unfair genetic testing; (e) regarding fair employment act retaliation; (f) regarding family and medical leave issues; and (g) regarding reemployment and benefit eligibility rights violations for returning National Guard, state defense force or public health emergency service personnel.

Transfer of State Employee Appeal Functions to the Wisconsin Employment Relations Commission (WERC). Transfer the following employee appeal functions of the Commission to WERC: (a) appeals of state employee classification and appointment decisions and examination scores; (b) final step arbitrations of state employee grievances relating to conditions of employment; (c) appeals of denial of state employee hazardous duty benefits; and (d) appeals of certain decisions under county merit system rules relating to the income maintenance program personnel.

Under current law, WERC is charged with: (a) conducting representation elections and other referendums for private, municipal or state employees and employers; (b) clarifying bargaining units for private, municipal or state employees and employers; (c) enforcing proper bargaining conduct; (d) issuing declaratory rulings on such matters as whether an issue is a mandatory, permissive or prohibited subject of bargaining for private, municipal or state employees and employers; (e) resolving various labor disputes, primarily for private or municipal employees and employers; and (f) investigating bargaining impasses and appointing arbitrators, primarily for municipal employees and employers.

Transition Provisions. Specify that on the effective date of the bill, the assets and liabilities, tangible personal property, and contracts of the Personnel Commission, as determined by the Secretary of DOA, would be transferred as follows: (a) DWD's Division of Equal Rights would receive those items related to "whistleblower" statutes, employment discrimination, state agency unfair honesty testing, state agency unfair genetic testing, state agency fair employment act retaliation, state employee family and medical leave issues, and state employee reemployment and benefit eligibility rights violations for returning National Guard, state defense force or public health emergency service personnel; and (b) WERC would receive items related to appeals of state employee classification and appointment decisions and examination scores, final step arbitrations of grievances relating to conditions of employment, denial of hazardous duty benefits, and certain decisions under county merit system rules relating to the income maintenance program personnel. Specify that the pending matters, and rules and orders of the Personnel Commission on the effective date of the bill for the above matters would become the pending matters, and rules and orders of WERC or DWD, as appropriate.

No funding or position authority would be provided to DWD or WERC under this provision.

[Act 33 Sections: 77, 138, 144 thru 146, 442, 443, 647, 727, 745 thru 749, 1176 thru 1178, 1473 thru 1475, 1835 thru 1837, 1855, 1962, 1963, 2064 thru 2066, 2367, 2373, 2376, 2385, 2387, 2388, 2389, 2391, 2418, 2419, 2421, 2422, 2423 thru 2427, 2428 thru 2440, and 9139(1)]

PROGRAM SUPPLEMENTS

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$87,160,200	$18,575,200	$18,117,800	$18,117,800	$17,613,400	- $69,546,800	- 79.8%
PR	1,301,600	0	0	0	0	- 1,301,600	- 100.0
SEG	7,950,000	0	15,953,500	15,953,500	0	- 7,950,000	- 100.0
TOTAL	$96,411,800	$18,575,200	$34,071,300	$34,071,300	$17,613,400	- $78,798,400	- 81.7%

FTE Position Summary

There are no authorized positions for Program Supplements.

Budget Change Items

1. REMOVE FUNDING FOR 1999-01 DELAYED PAY ADJUSTMENTS

GPR	- $25,538,600

Governor/Legislature: Delete base funding of $12,769,300 annually that was included in a sum certain appropriation for compensation and related adjustments that was separate from compensation reserves. This funding was included as a part of the 2001-03 biennial budget to supplement state agencies for the on-going annualized costs of salary and fringe benefit cost increases, other than health insurance, that occurred during the 1999-01 biennial budget, but which were not built into agencies' base budgets for the 2001-03 fiscal biennium because they had an effective date that began after July 2, 2000, and therefore, could not be included in agencies' adjusted base budgets. These funding needs have been incorporated into agencies' adjusted base budgets for 2003-05 and therefore, the separate funding amount is not needed.

2. REMOVE FUNDING FOR 1999-01 PRIOR YEAR HEALTH INSURANCE COSTS

GPR	- $24,428,600

Governor/Legislature: Delete base funding of $12,214,300 annually that was included in a sum sufficient appropriation for employer fringe benefit costs that was separate from compensation reserves. This funding was included as a part of the 2001-03 biennial budget to supplement state agencies' GPR appropriations for the employer's share of prior year employee group health insurance premium increases. These increases occurred as a result of the Group Insurance Board's annual premium setting process for health insurance contracts for state employees that determined premium rates for calendar year 2001. Because these increases occurred after the agencies' base budget levels for the purposes of the 2001-03 biennial budget were set, these increased costs were not included in agencies' adjusted base funding levels. These funding needs have been incorporated into agencies' adjusted base budgets for 2003-05 and therefore the separate funding amount is not needed.

3. JOINT COMMITTEE ON FINANCE SUPPLEMENTAL APPROPRIATIONS [LFB Paper 593]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	- $2,072,800	$6,557,600	- $504,400	$3,980,400
PR	- 1,301,600	0	0	- 1,301,600
SEG	- 7,950,000	15,953,500	- 15,953,500	- 7,950,000
Total	- $11,324,400	$22,511,100	- $16,457,900	- $5,271,200

Governor: Reduce base level funding for the Joint Committee on Finance supplemental appropriations by $1,036,400 GPR, $650,800 PR and $3,975,000 SEG annually. These appropriations are established to permit the Committee to supplement state agency appropriations of the same fund source. These reductions reflect the removal of one-time adjusted base funding which was placed in the respective GPR, PR and SEG supplemental appropriations under the 2001-03 budget and reserved for specific funding allocations. [*Note:* These reserved allocations included funding for such purposes as: (a) fuel and utility cost increases in the Department of Corrections; (b) costs for immunization registries and SeniorCare program startup in the Department of Health and Family Services; (c) funding for the State Hygiene Lab; (d) IT consultant costs in the Department of Regulation and Licensing; and (e) funding for a benefits payment system project in the Department of Employee Trust Funds.] Some or all of these reserved funds have been or will be allocated to the respective indicated state agencies during the 2001-03 biennium. Under the bill, there would be no reserved funds provided in 2003-05 for any purpose. In addition, the GPR reduction also reflects the elimination of unreserved base GPR funding of $459,200 annually for general supplementation purposes. Therefore, under the bill there would be no GPR funds appropriated to the Joint Committee on Finance for emergency supplementation purposes.

Joint Finance/Legislature: Modify the Governor's provisions as follows:

a. *General GPR reserves for emergency supplementation.* Provide $352,200 GPR annually in the Committee's GPR appropriation for emergency supplementation of agencies' GPR budgets; and

b. *Specific funding reserves for 2003-05 release by JFC.* Place in the Committee's GPR and SEG supplemental appropriations, reserved for release by the Committee at a later date for the purposes and agencies indicated, the following amounts of funding:

Agency and Purpose	2003-04	2004-05	Fund Source
Elections Board			
HAVA Match Funding	$133,000	$0	GPR
Database Conversion	0	100,000	GPR
Employee Trust Funds			
Private Employer HealthCare Coverage Program	$105,500	$210,900	GPR
Program Supplements/Administration			
Space Management Supplements	$1,605,400	$803,200	GPR
State-Owned Office Rent Supplements	450,800	901,600	GPR
Private Facility Rent Supplements	611,600	931,200	GPR
Transportation			
State Highway Program Cost Review	$0	$15,953,500	SEG
Totals	$2,906,300	$2,946,900	GPR
	0	15,953,500	SEG
	$2,906,300	$18,900,400	Total

Veto by Governor [B-34]: Delete: (a) the $15,953,500 in 2004-05 from the Committee's supplemental SEG appropriation to leave $0 in that year; and (b) the provisions requiring the Department of Transportation to submit a report to the Committee regarding costs and operations of the state highway program.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.865 (4)(u)) and 9153(2x)]

Veto by Governor [D-24]: Reduce the total level of unreserved funding in the Committee's GPR supplemental appropriation by $252,200 annually (leaving unreserved funding of $100,000 GPR annually) by deleting from the bill the total (reserved and unreserved) GPR funding in the appropriation of $3,258,500 in 2003-04 and $3,299,100 in 2004-05 and writing in, instead, $3,006,300 for 2003-04 and $3,046,900 for 2004-05.

[Act 33 Vetoed Section: 286 (as it relates to s. 20.865(4)(a))]

The following table shows the amount of funding, by item, in the Committee's appropriations under Act 33.

Summary of JFC Appropriation Amounts
Under Act 33

Agency and Purpose	2003-04	2004-05	Fund Source
Unreserved Funding	$100,000	$100,000	GPR
Elections Board			
HAVA Match Funding	$133,000	$0	GPR
Database Conversion	0	100,000	GPR
Employee Trust Funds			
Private Employer HealthCare Coverage Program	$105,500	$210,900	GPR
Program Supplements/Administration			
Space Management Supplements	$1,605,400	$803,200	GPR
State-Owned Office Rent Supplements	450,800	901,600	GPR
Private Facility Rent Supplements	611,600	931,200	GPR
Totals	$3,006,300	$3,046,900	GPR

4. RESERVE FOR DOA-DIRECTED MOVES COSTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $10,460,000	- $2,408,600	- $12,868,600

Governor: Reduce base level funding for the space management and childcare appropriation by $4,828,900 in 2003-04 and by $5,631,100 in 2004-05. This appropriation is established to permit the Department of Administration (DOA) to supplement state agencies' GPR appropriations for the cost of moving, or relocating within a state-owned facility, its current office space when such relocation is directed to occur by DOA. Typically, such moves are ordered by DOA to improve usage of state office building space or to accomplish more cost-efficient use of private leased space. Costs that may covered under such directed moves include: (a) increased space costs as a result of the required move; (b) the actual cost of making the physical relocation; (c) other costs associated with the move such as telephone and IT relocations and reconnections; (d) office space remodeling costs at the new location; (e) and any temporary overlapping rent payments. These costs are either one-time in nature or are eventually incorporated into an agency's base budget. The total funding level under the bill for this appropriation would be $1,605,400 in 2003-04 and $803,200 in 2004-05.

Joint Finance/Legislature: Transfer $1,605,400 in 2003-04 and $803,200 in 2004-05 to the Joint Finance Committee's GPR appropriation, reserved for transfer to this appropriation [see Item #8].

5. STATE-OWNED OFFICE RENT SUPPLEMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $4,061,800	- $1,352,400	- $5,414,200

Governor: Reduce base level funding for state-owned office rent supplements by $2,256,300 in 2003-04 and by $1,805,500 in 2004-05. This appropriation is established to permit supplementation of state agencies' GPR appropriations for the increased costs of space that they occupy in state-owned office buildings. The total funding level under the bill for state-owned office rent supplements would be $450,800 in 2003-04 and $901,600 in 2004-05.

Joint Finance/Legislature: Transfer $450,800 in 2003-04 and $901,600 in 2004-05 to the Joint Finance Committee's GPR appropriation, reserved for transfer to this appropriation [see Item #8].

6. SUPPLEMENTS FOR PRIVATE FACILITY RENTAL INCREASES

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $2,000,600	- $1,542,800	- $3,543,400

Governor: Reduce base level funding for supplements for private facility rental increases by $1,160,100 in 2003-04 and by $840,500 in 2004-05. This appropriation is established to permit supplementation of state agencies' GPR appropriations for the increased costs of privately-leased space that they occupy. The total funding level under the bill for supplements for private facility rental increases would be $611,600 in 2003-04 and $931,200 in 2004-05.

Joint Finance/Legislature: Transfer $611,600 in 2003-04 and $931,200 in 2004-05 to the Joint Finance Committee's GPR appropriation, reserved for transfer to this appropriation [see Item #8].

7. CONSOLIDATE PRIVATE FACILITY RENTAL INCREASES SUPPLEMENTS AND STATE-OWNED OFFICE RENT SUPPLEMENTS APPROPRIATIONS [LFB Paper 590]

Governor: Combine the recommended funding levels for the private facility rental increases supplements and the state-owned office rent supplements appropriations into a single appropriation. Specify that the amounts in the schedule for this new appropriation would be available to cover costs in excess of budgeted amounts for: (a) rental increases under leases of private facilities occupied by state agencies; and (b) for increased rental rates in state-owned buildings when such rent increases have been approved by the State Building Commission. The Governor's budget book indicates that this consolidation is recommended to help manage downsizing costs in state agencies as a result of the agency base budget reductions recommended by the Governor.

Joint Finance/Legislature: Delete provision.

8. SPACE SUPPLEMENTS AND DOA STUDY OF STATE OFFICE SPACE

Joint Finance/Legislature: Transfer the GPR monies under the program supplement appropriations for private facility rental increases, state-owned office rent supplements and for space management and child care to the Joint Finance Committee's GPR appropriation. [The fiscal effects of these shifts are shown in items #4, #5 and #6 above] Provide that these funds be placed in reserve for release by the Joint Committee on Finance, upon request from DOA. Specify that any release of these funds is contingent upon DOA first submitting to the Committee an acceptable plan for the centralization of more state agencies or portions of state agencies into state-owned buildings and the reduction of the amount of leased office space occupied by state agencies. Require DOA to conduct a review of the current occupancy of state-owned office buildings and leased state office space, and based upon that review, to develop the required plan. Provide that DOA must provide a report on that review and the required plan to the Joint Committee on Finance by January 1, 2004.

Veto by Governor [D-11]: Delete: (a) all the requirements for the review and plan submittal by DOA regarding state space occupancy; and (b) the provision that the funds placed in the Joint Finance Committee's supplemental appropriation could not be released until the required report has been submitted to the Committee. Under the veto, the funds remain in the Committee's appropriation for release upon request from DOA.

[Act 33 Section: 9130(1q)]

[Act 33 Vetoed Sections: 9101(11q) and 9130(1q)]

9. EXECUTIVE RESIDENCE FURNISHINGS REPLACEMENT ACCOUNT

GPR	- $22,600

Governor/Legislature: Reduce base level funding for the annual amount appropriated into the executive residence furnishings replacement account by $11,300 annually. The annual payment into this account, which is established as a continuing appropriation, is set in each biennial budget bill. This account is established to provide a fund for replacement of furnishings, decorative items and fixtures at the Executive Residence. Expenditures from this account may be made only with the approval of Department of Administration upon a recommendation from the State Capitol and Executive Residence Board. As of January 31, 2003, this account had a balance of $279,222.

10. FINANCIAL AND PROCUREMENT SERVICES SUPPLEMENTS [LFB Paper 591]

GPR	- $525,000

Joint Finance/Legislature: Reduce the funding in the GPR financial and procurement services supplements appropriation by $262,500 per year to eliminate all supplemental funding for procurement services supplements in 2003-04 and in 2004-05.

11. APPROPRIATION FOR MAINTENANCE OF CAPITOL AND EXECUTIVE RESIDENCE [LFB Paper 592]

GPR	- $1,186,200

Joint Finance/Legislature: Reduce the base level funding for this appropriation by 10% each year (-$593,100 GPR annually) to provide a base budget reduction to this on-going appropriation similar to reductions provided to other state operations appropriations. The amounts provided in this appropriation serve, in effect, as rent payments for the operation and maintenance costs of the capitol and executive residence. These payment amounts are transferred to a single space rental account in DOA that is used to pay for operation and maintenance of all state-owned state office buildings.

PUBLIC DEFENDER

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$146,176,400	$129,620,000	$129,138,500	$129,138,500	$129,138,500	- $17,037,900	- 11.7%
PR	2,574,800	2,588,500	2,578,600	2,578,600	2,578,600	3,800	0.1
TOTAL	$148,751,200	$132,208,500	$131,717,100	$131,717,100	$131,717,100	- $17,034,100	- 11.5%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	523.55	507.55	523.55	523.55	523.55	0.00
PR	4.00	4.00	4.00	4.00	4.00	0.00
TOTAL	527.55	511.55	527.55	527.55	527.55	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$0	$1,300	$1,300
GPR	- $15,377,800	- $481,500	- $15,859,300
PR	13,700	- 1,300	12,400
Total	- $15,364,100	- $482,800	- $15,846,900

Governor: Provide standard adjustments to the base budget totaling -$7,704,400 GPR and $6,800 PR in 2003-04 and -$7,673,400 GPR and $6,900 PR in 2004-05. Adjustments are for: (a) turnover reduction (-$781,800 GPR annually); (b) removal of noncontinuing elements from the base (-$6,647,900 GPR annually to remove one-time funding that was provided to the private bar and investigator reimbursement appropriation and -$998,200 GPR annually of 2001 Wisconsin Act 16 base cuts for dues/membership and vacancy reductions that were reallocated to this appropriation); (c) full funding of continuing salaries and fringe benefits ($242,800 GPR and $3,300 PR annually); (d) reclassifications ($11,400 GPR in 2003-04 and $17,700 GPR in 2004-

05); (e) overtime ($219,900 GPR and $2,900 PR annually); (f) fifth week of vacation as cash ($228,400 GPR and $600 PR in 2003-04 and $253,100 GPR and $700 PR in 2004-05); and (g) full funding of lease costs and directed moves ($21,000 GPR annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$228,400 GPR and -$600 PR in 2003-04 and -$253,100 GPR and -$700 PR in 2004-05). Require the agency to lapse to the general fund $600 in 2003-04 and $700 in 2004-05 from the PR account from which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $600 in 2003-04 and $700 in 2004-05.

[Act 33 Section: 9160(3f)]

2. FULL FUNDING OF THE PRIVATE BAR APPROPRIATION [LFB Paper 600]

GPR	$5,821,400

Governor/Legislature: Provide $1,410,700 in 2003-04 and $4,410,700 in 2004-05 to fully fund an anticipated higher caseload during the 2003-05 biennium assigned to private bar attorneys and reimbursed from the agency's private bar and investigator reimbursement appropriation. The current base level funding for the appropriation is $18,599,900 annually. This appropriation is used to reimburse private bar attorneys who accept assignment of defense cases for indigent persons qualifying for State Public Defender (SPD) representation. Under current law, when the SPD determines that an accused has a right to SPD representation, the case is either assigned to an SPD staff attorney or to a private bar attorney.

3. BASE BUDGET PRIVATE BAR REDUCTIONS [LFB Paper 600]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $5,358,800	- 0.75	- $1,641,200	0.75	- $7,000,000	0.00

Governor: Reduce the agency's GPR state operations appropriation for private bar and investigator reimbursement by $2,648,700 annually and the private bar and investigator reimbursement administrative appropriation by $30,700 and 0.75 position annually, for a total reduction of $2,679,400 and 0.75 positions annually. The base reductions would be applied to amounts budgeted for payments to private bar attorneys under the former appropriation and to amounts budgeted for salaries and fringe benefits under the latter appropriation. These adjustments would represent a 10.1% reduction to the private bar and investigator reimbursement appropriation and a 5.0% reduction to the associated administrative appropriation.

Joint Finance/Legislature: Shift $851,300 annually from the private bar and investigator reimbursement appropriation to the agency's trial representation, appellate representation and private bar administrative appropriations to offset the base budget position reductions recommended by the Governor under this item and under Item #4. Restore $30,700 and 0.75 position annually to the private bar and investigator reimbursement administrative appropriation.

Direct the SPD to submit monthly reports to the Joint Committee on Finance during the 2003-05 biennium on the expenditures from, encumbrances against, and unencumbered balance in the private bar and investigator reimbursement appropriation.

Veto by Governor [C-34]: Delete the requirement that the SPD submit monthly reports to the Joint Committee on Finance during the 2003-05 biennium regarding expenditures from, encumbrances against, and unencumbered balances in, the private bar and investigator reimbursement appropriation.

[Act 33 Vetoed Section: 9140(1z)]

4. BASE BUDGET STAFFING REDUCTIONS [LFB Paper 600]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $1,641,200	- 15.25	$1,641,200	15.25	$0	0.00

Governor: Reduce the agency's GPR state operations appropriations for trial representation by $735,500 and 14.25 positions annually and for appellate representation by $85,100 and 1.0 position annually, for a total reduction of $820,600 and 15.25 positions annually. The base reductions would be applied to amounts budgeted for salaries and fringe benefits. These adjustments would represent a 1.9% reduction to the trial representation appropriation and a 2.0% reduction to the appellate representation appropriation.

Joint Finance/Legislature: Delete provision. The restored positions would be funded from amounts transferred under an offsetting decrease to the private bar and investigator reimbursement appropriation (see Item #3).

5. PENALTY ASSESSMENT SHORTFALL [LFB Paper 120]

PR	- $8,600

Joint Finance/Legislature: Reduce expenditure authority by $8,000 in 2003-04 and by $600 in 2004-05 under the agency's conference and training appropriation that is supported by penalty assessment funding. Expenditure authority under this appropriation is utilized by the agency to sponsor training and conferences for both SPD staff attorneys and private bar attorneys who accept assignment of SPD cases. The reductions reflect a decrease of 6.5% in 2003-04 and 0.5% in 2004-05 to appropriations supported by penalty assessment receipts in order to address a deficit in penalty assessment funding (see "Administration -- Office of Justice Assistance").

PUBLIC INSTRUCTION

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$9,638,365,000	$9,684,568,500	$9,754,978,900	$9,754,978,900	$9,759,659,300	$121,294,300	1.3%
FED	836,912,000	1,122,518,400	1,113,676,800	1,113,676,800	1,113,676,800	276,764,800	33.1
PR	82,897,000	91,447,300	83,833,900	83,833,900	82,333,900	- 563,100	- 0.7
SEG	60,700,400	196,840,700	163,054,200	163,054,200	163,054,200	102,353,800	168.6
TOTAL	$10,618,874,400	$11,095,374,900	$11,115,543,800	$11,115,543,800	$11,118,724,200	$499,849,800	4.7%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	290.72	271.52	271.72	271.72	271.72	- 19.00
FED	270.79	264.54	265.79	265.79	265.79	- 5.00
PR	80.37	76.47	76.02	76.02	76.02	- 4.35
SEG	0.00	1.00	0.00	0.00	0.00	0.00
TOTAL	641.88	613.53	613.53	613.53	613.53	- 28.35

Budget Change Items

General School Aids and Revenue Limits

1. STATE SUPPORT FOR ELEMENTARY AND SECONDARY EDUCATION [LFB Paper 605]

Governor: Increase the total appropriated for general and categorical school aids from $4,775,182,200 in 2002-03 to $4,775,773,700 in 2003-04 and $4,800,475,100 in 2004-05. Compared to the 2002-03 base year, school aids would increase by $591,500 in 2003-04 and $25,292,900 in 2004-05 (or $24,701,400 in 2004-05 over the 2003-04 recommended level). These proposed funding levels would represent annual increases over the prior year of 0.01% in 2003-04 and 0.5% in 2004-05.

Under current law, state funding for support of K-12 education is defined as the sum of state general and categorical school aids, the school levy tax credit and the general program operations appropriation for the Wisconsin Educational Services Program for the Deaf and Hard of Hearing and the Wisconsin Center for the Blind and Visually Impaired. Using this definition, the bill would decrease state funding from the base amount of $5,254,400,400 in 2002-03 to $5,254,158,900 in 2003-04 and increase it to $5,278,860,300 in 2004-05. These funding levels would represent a decrease of 0.005% in 2003-04 and an increase of 0.47% in 2004-05 over the prior year funding levels.

Joint Finance/Legislature: Increase the total amount appropriated for general and categorical school aids to $4,807,882,500 in 2003-04 and $4,859,056,600 in 2004-05. Compared to the Governor's recommendations, school aids would increase by $32,108,800 in 2003-04 and $58,581,500 in 2004-05. Compared to the 2002-03 base year, school aids would increase by $32,700,300 in 2003-04 and $83,874,400 in 2004-05 (or $51,174,100 in 2004-05 over the 2003-04 recommended level). These proposed funding levels would represent annual increases over the prior year of 0.7% in 2003-04 and 1.1% in 2004-05.

Under the current law definition of state funding for support of K-12 education, these provisions would increase state funding to $5,286,264,300 in 2003-04 and $5,337,438,400 in 2004-05. These funding levels would represent increases over the prior year of 0.61% in 2003-04 and 0.97% in 2004-05.

Veto by Governor [A-8]: As a result of vetoing the aid for mentors appropriation, state support for K-12 education would be reduced by $1,500,000 PR in 2004-05.

Under the Act 33 provisions, funding for general and categorical aids will increase to $4,807,882,500 in 2003-04 and $4,857,556,600 in 2004-05. Compared to the 2002-03 base year, school aids would increase by $32,700,300 in 2003-04 and $82,374,400 in 2004-05 (or $49,674,100 in 2004-05 over the 2003-04 level). These funding levels represent annual increases over the prior year of 0.7% in 2003-04 and 1.0% in 2004-05.

State funding for support of K-12 education would increase to $5,286,264,300 in 2003-04 and $5,335,938,400 in 2004-05 under Act 33. These funding levels would represent increases over the prior year of 0.61% in 2003-04 and 0.94% in 2004-05. A summary of the funding amounts for state support under the recommendations of the Governor, Joint Finance and the Legislature, and the provisions of Act 33 are presented in Table 1.

TABLE 1

State Support for K-12 Education

	2002-03	Governor		Jt. Finance/Legislature		Act 33	
	Base Year	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
State Funding:							
General School Aids	$4,200,945,900	$4,240,945,900	$4,260,945,900	$4,273,145,900	$4,317,545,900	$4,273,145,900	$4,317,545,900
Categorical Aids	574,236,300	534,827,800	539,529,200	534,736,600	541,510,700	534,736,600	540,010,700
School Levy Tax Credit	469,305,000	469,305,000	469,305,000	469,305,000	469,305,000	469,305,000	469,305,000
State Residential Schools	9,913,200	9,080,200	9,080,200	9,076,800	9,076,800	9,076,800	9,076,800
Total	$5,254,400,400	$5,254,158,900	$5,278,860,300	$5,286,264,300	$5,337,438,400	$5,286,264,300	$5,335,938,400
Change to Prior Year							
Amount		-$241,500	$24,701,400	$31,863,900	$51,174,100	$31,863,900	$49,674,100
Percent		-0.005%	0.47%	0.61%	0.97%	0.61%	0.94%
Change to Base							
Amount		-$241,500	$24,459,900	$31,863,900	$83,038,000	$31,863,900	$81,538,000
Percent		-0.005%	0.466%	0.61%	1.58%	0.61%	1.55%

Table 2 provides an outline of state support for K-12 education by individual fund source.

TABLE 2

State Support for K-12 Education by Fund Source

	2002-03	Governor		Jt. Finance/Legislature		Act 33	
	Base Year	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
GPR							
General School Aids	$4,200,945,900	$4,200,945,900	$4,200,945,900	$4,233,145,900	$4,257,545,900	$4,233,145,900	$4,257,545,900
Categorical Aids	528,851,500	492,170,900	493,441,500	492,442,000	494,190,900	492,442,000	494,190,900
School Levy Tax Credit	469,305,000	469,305,000	469,305,000	469,305,000	469,305,000	469,305,000	469,305,000
State Residential Schools	9,913,200	9,080,200	9,080,200	9,076,800	9,076,800	9,076,800	9,076,800
GPR Subtotal	$5,209,015,600	$5,171,502,000	$5,172,772,600	$5,203,969,700	$5,230,118,600	$5,203,969,700	$5,230,118,600
PR							
Categorical Aids	6,841,100	5,333,500	5,333,500	4,971,200	6,565,600	4,971,200	5,065,600
SEG							
General School Aids	$0	$40,000,000	$60,000,000	$40,000,000	$60,000,000	$40,000,000	$60,000,000
Categorical Aids	38,543,700	37,323,400	40,754,200	37,323,400	40,754,200	37,323,400	40,754,200
SEG Subtotal	$38,543,700	$77,323,400	$100,754,200	$77,323,400	$100,754,200	$77,323,400	$100,754,200
Total State Support -- All Funds	$5,254,400,400	$5,254,158,900	$5,278,860,300	$5,286,264,300	$5,337,438,400	$5,286,264,300	$5,335,938,400

Table 3 presents the Act 33 funding levels for each general and categorical school aid program as compared to the 2002-03 base funding level. The provisions relating to individual school aid programs are summarized in the items that follow.

TABLE 3

General and Categorical School Aid by Funding Source

Act 33 Compared to 2002-03 Base Year

Agency	Type and Purpose of Aid	2002-03 Base Year	Act 33 2003-04	Act 33 2004-05	2003-05 Change Over Base Year Doubled Amount	2003-05 Change Over Base Year Doubled Percent
	General School Aid -- GPR Funded					
DPI	Equalization Aid	$4,200,945,900	$4,233,145,900	$4,257,545,900	$88,800,000	1.1%
	General School Aid -- SEG Funded					
	Equalization Aid -- Transportation Fund	0	40,000,000	60,000,000	100,000,000	N.A.
	Total General School Aid -- All Funds	$4,200,945,900	$4,273,145,900	$4,317,545,900	$188,800,000	2.2%
	Categorical Aid -- GPR Funded					
DPI	Special Education	$315,681,400	$316,466,900	$320,771,600	$5,875,700	0.9
	Student Achievement Guarantee in Education (SAGE)	90,290,600	90,290,600	90,290,600	0	0.0
	SAGE - Supplement	4,739,000	4,739,000	4,739,000	0	0.0
	SAGE - Debt Service	300,000	300,000	300,000	0	0.0
	Pupil Transportation	17,742,500	17,742,500	17,742,500	0	0.0
	Tuition Payments/Open Enrollment Transfer	9,741,000	9,741,000	9,741,000	0	0.0
	Bilingual-Bicultural Education	8,291,400	8,291,400	8,291,400	0	0.0
	P-5 Grants	7,353,700	7,353,700	7,353,700	0	0.0
	Alternative Education Grants	5,000,000	5,000,000	5,000,000	0	0.0
	Grants for AODA Prevention and Intervention	4,520,000	4,520,000	4,520,000	0	0.0
	Driver Education	4,304,700	3,804,700	0	-4,804,700	-55.8
	School Lunch	4,371,100	4,371,100	4,371,100	0	0.0
	County Children with Disabilities Education Boards	4,214,800	4,214,800	4,214,800	0	0.0
	Head Start Supplement	3,712,500	3,712,500	3,712,500	0	0.0
	Children at Risk	3,500,000	3,500,000	3,500,000	0	0.0
	School Breakfast	1,055,400	1,055,400	1,055,400	0	0.0
	School Day Milk	710,600	710,600	710,600	0	0.0
	Aid for Transportation - Open Enrollment	500,000	500,000	500,000	0	0.0
	Peer Review and Mentoring	500,000	500,000	500,000	0	0.0
	Aid for Cooperative Educational Service Agencies	300,000	300,000	300,000	0	0.0
	Supplemental Aid	125,000	125,000	125,000	0	0.0
	Aid for Transportation - Youth Options Program	20,000	20,000	20,000	0	0.0
TEACH	Educational Technology Block Grants	35,000,000	0	0	-70,000,000	-100.0
	Educational Technology/Training Assistance	4,000,000	0	0	-8,000,000	-100.0
	Debt Service on Technology Infrastructure Bonding	2,877,800	5,182,800 *	6,431,700 *	5,858,900	101.8
	Total Categorical Aid -- GPR Funded	$528,851,500	$492,442,000	$494,190,900	- $71,070,100	- 6.7%
	Categorical Aid -- PR Funded					
DPI	Head Start Supplement	$3,712,500	$3,500,000	$3,500,000	-$425,000	-5.7%
	Alcohol and Other Drug Abuse	1,498,600	1,471,200	1,565,600	39,600	1.3
	Aid to Milwaukee Public Schools	1,410,000	0	0	-2,820,000	-100.0
	Alternative School American Indian	220,000	0	0	-440,000	-100.0
	Total Categorical Aid -- PR Funded	$6,841,100	$4,971,200	$5,065,600	-$3,645,400	-26.6%
	Categorical Aid -- SEG Funded					
DPI	School Library Aids	$28,500,000	$26,000,000	$29,000,000	-$2,000,000	-3.5%
TEACH	Educational Telecommunications Access Support	9,613,700	10,893,400	11,324,200	2,990,200	15.6
UW	Environmental Education, Forestry	400,000	400,000	400,000	0	0.0
	Environmental Education, Enviro. Assessments	30,000	30,000	30,000	0	0.0
	Total Categorical Aid -- SEG Funded	$38,543,700	$37,323,400	$40,754,200	$990,200	1.3%
	Total Categorical Aid -- All Funds	$574,236,300	$534,736,600	$540,010,700	-$73,725,300	-6.4%
	Total Aid -- All Funds	$4,775,182,200	$4,807,882,500	$4,857,556,600	$115,074,700	1.2%

*Includes $2,119,900 in 2003-04 and $2,098,400 in 2004-05 in federal E-rate monies that would be used for this debt service.

2. ELIMINATE STATE TWO-THIRDS FUNDING OF PARTIAL SCHOOL REVENUES [LFB Paper 605]

Governor/Legislature: Eliminate the requirement that the state fund two-thirds of partial school revenues. Delete the related requirement under which, each year by May 15, the Departments of Public Instruction and Administration and the Legislative Fiscal Bureau must jointly certify to the Joint Committee on Finance an estimate of the amount necessary in the general school aids appropriation which, in combination with the amounts provided in the other specified state aid, levy credit and state residential school general program operations appropriations, would achieve two-thirds funding of partial school revenues in the following school year. Delete the requirement that the Joint Committee on Finance determine the amount appropriated for general school aids in the following school year by June 30 of every even-numbered calendar year. Also, delete the related statutory definitions of partial school revenues and state aid under the certification process.

In addition, modify the general school aids appropriation to be an annual rather than a sum-sufficient appropriation. Under current law, the general school aids appropriation is a sum-sufficient equal to the amount appropriated by law in the even-numbered fiscal years and equal to the amount determined by the Joint Committee on Finance in odd-numbered fiscal years.

[Act 33 Sections: 350 and 2042]

3. GENERAL SCHOOL AIDS FUNDING LEVEL [LFB Paper 605]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$0	$88,800,000	$88,800,000
SEG	100,000,000	0	100,000,000
Total	$100,000,000	$88,800,000	$188,800,000

Governor: Provide $40,000,000 in 2003-04 and $60,000,000 in 2004-05 from the transportation fund in a newly-created annual appropriation for the payment of equalization aid. Specify that provisions of current law that apply to the payment of equalization aid from the current GPR appropriation would also apply to the proposed SEG appropriation. (The total amount from both the GPR and SEG appropriations would be distributed together under the equalization aid formula.) Create an exception for these SEG payments from the current law provision that requires all payments from the transportation fund to be made only on the order of the Secretary of DOT.

Joint Finance/Legislature: Specify that the transportation aid funding for equalization aid would be provided on a one-time basis in the 2003-05 biennium only, and repeal the appropriation and related provisions as of June 30, 2005. Also, provide an additional $55,200,000 GPR in 2003-04 and $79,600,000 GPR in 2004-05 for general school aids. In addition, delete $23,000,000 GPR in 2003-04 and $23,000,000 GPR in 2004-05 attributable to the changes to four-year-old kindergarten membership summarized in the next item. The net change to funding for general school aids would be $32,200,000 GPR in 2003-04 and $56,600,000 GPR in 2004-05.

Veto by Governor [A-12]: Delete the June 30, 2005, repeal of the transportation fund appropriations and related provisions.

[Act 33 Sections: 8, 173, 179, 353, 852, 2007, 2033, 2034, 2036, 2037, 2038, and 2039]

[Act 33 Vetoed Sections: 8m, 173m, 179m, 353m, 852m, 2007m, 2033m, 2034m, 2036m, 2037m, 2038m, 2039m, and 9441(1f)]

4. FOUR-YEAR-OLD KINDERGARTEN MEMBERSHIP

Joint Finance/Legislature: Provide that, for revenue limit and general school aid membership purposes, pupils enrolled in a K4 program who are not considered children with disabilities would be counted as 0.25 pupil, rather than 0.5 or 0.6 under current law. Children with disabilities in a K4 program would continue to be counted as under current law. Specify that the 0.25 or 0.35 reduction in the count of pupils not considered children with disabilities would be removed from all years of the three-year rolling average under revenue limits and the proportion of general school aid, computer aid and property taxes attributable to the 0.25 or 0.35 reduction would be excluded from base revenues in the 2003-04 revenue limit calculation. It is estimated that this provision would reduce revenue limit authority by $38 million annually.

For general school aids, the change in the definition in membership, which would take effect on the bill's effective date, would first affect aid distributed in 2004-05, because general school aids are calculated using data from the prior school year.

Delete $23,000,000 GPR annually from general school aids related to this change, which is included in the fiscal effect shown in the preceding item.

Veto by Governor [A-1]: Delete the change to the K4 membership fraction for pupils who are not considered children with disabilities from 0.5 or 0.6 to 0.25.

[Act 33 Vetoed Sections: 2032e, 2032g, 2042v, 9141(2q), and 9341(3q)]

5. REVENUE LIMIT PER PUPIL ADJUSTMENT [LFB Paper 605]

Joint Finance/Legislature: Set the per pupil adjustment under revenue limits to $120 in 2003-04 and $100 in 2004-05 and in subsequent years. Under current law and the Governor's recommendations, the per pupil adjustment would be equal to approximately $236 in 2003-04 and $241 in 2004-05 and be adjusted for inflation in subsequent years.

Based on 2002-03 enrollment, it is estimated that this reduction in the per pupil revenue limit adjustment would reduce school district revenue limit authority by approximately $100 million in 2003-04 and $220 million in 2004-05. The actual change could differ from these estimates based on other factors, including changes in district enrollment or district usage of the low-revenue ceiling under the Joint Finance/Legislature provisions.

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

[Act 33 Vetoed Sections: 2043d, 2043h, 2043s, 2043u, 2043w, and 2043y]

6. LOW-REVENUE CEILING [LFB Paper 607]

Governor: Increase the low-revenue ceiling to $7,400 in 2003-04 and $7,800 in 2004-05. Under current law, any school district with base revenues per pupil for the prior school year of less than $6,900 may increase its revenues up to the low-revenue ceiling of $6,900 per pupil. In 2002-03, three districts were affected by the $6,900 per pupil ceiling.

Joint Finance/Legislature: Require that a two-thirds vote of a school board would be necessary to utilize the additional revenue limit authority generated by the increased low-revenue ceiling.

Veto by Governor [A-11]: Delete requirement for a two-thirds vote of a school board to utilize the additional revenue limit authority generated by the increased low-revenue ceiling.

[Act 33 Section: 2043b]

[Act 33 Vetoed Section: 2043b]

7. PRIMARY AID HOLD HARMLESS [LFB Paper 606]

Governor: Delete the primary aid hold harmless provision of the equalization aid formula, beginning with aid paid in the 2003-04 school year.

Under current law, the equalization aid formula provides support for three levels of shared costs. The first level is for shared costs up to the primary cost ceiling of $1,000 per member. Primary aid is calculated using a statutory guaranteed valuation of $1,930,000 per member. State aid at the primary level is based on a comparison between a school district's equalized valuation per member and the primary guaranteed valuation; state aid will equal the amount of costs that would be funded by the missing portion of the guaranteed tax base. Under current law, every school district is guaranteed no less in total equalization aid than its primary aid amount; a district's primary aid cannot be reduced by negative aids generated at the secondary or tertiary aid levels. This feature is referred to as the "primary aid hold harmless" provision of the formula.

This bill provision would result in a redistribution of aid under the formula. Primary aid only districts that would receive less aid would remain eligible for special adjustment aid, under which a school district receives at least 85% of their prior year general school aids amount. In 2002-03, 28 districts were affected by the primary aid hold harmless. Of those 28, 15 also received special adjustment aid, and would thus have been unaffected by the bill provision had it been effective in 2002-03.

Joint Finance/Legislature: Delete provision.

8. INTERDISTRICT TRANSFER AID PROGRAM

Joint Finance/Legislature: Modify interdistrict transfer aid under the Chapter 220 program as follows: (a) specify that the membership fraction used for a sender district would be reduced from the current law 0.75 to 0.65 in 2004-05 and 0.5 in 2005-06 and each subsequent year; and (b) specify that a receiving district would be paid the lesser of the average net cost per pupil (the current law payment) or $11,000 in 2004-05, $10,000 in 2005-06, $9,000 in 2006-07 and $8,000 in 2007-08 and each subsequent year.

The proposed change in membership for sender aid from 0.75 to 0.65 would take effect in 2004-05. Because general school aids is calculated using data from the prior year, this proposed change would first affect general school aids calculated in 2005-06. Similarly, the proposed change in membership for sender aid from 0.65 to 0.50 would take effect in 2005-06, and would first affect general school aids calculated in 2006-07.

The proposed changes in membership relating to sender aid would also affect the calculation of revenue limits. Because revenue limits are calculated, in part, using data from the current year, the proposed change in membership for sender aid from 0.75 to 0.65 would first affect revenue limits in 2004-05. Similarly, the proposed change in membership for sender aid from 0.65 to 0.50 would first affect revenue limits calculated in 2005-06.

In order to qualify for interdistrict transfer aid, a school district must transfer pupils from an attendance area with a certain concentration of minority or nonminority pupil populations to another district for the purpose of improving racial balance. Under the interdistrict transfer aid program, the state provides a financial incentive to both the district which accepts the transfer (the receiving district) and the district from which the transfers came (the sending district). Interdistrict transfer aid payments are currently made to school districts in the Milwaukee metropolitan area, with MPS being the main recipient of sender aid and the suburban districts being the main receiving districts. Since interdistrict transfer aid payments are funded as a first draw from the general school aids appropriation, reduced interdistrict aid entitlements as a result of this provision would result in more aid being available for distribution statewide through the equalization aid formula.

Veto by Governor [A-7]: Delete provision.

[Act 33 Vetoed Sections: 2032m, 2032n, 2032o, 2042m, and 2042r]

9. EQUALIZATION AID ADJUSTMENT FOR DISTRICTS WITH REASSESSMENT OF TELEPHONE COMPANY PROPERTY

Joint Finance/Legislature: Modify the current law procedure for the adjustment of equalization aid after redetermination of the assessment of manufacturing property to also allow for the adjustment of equalization aid if a redetermination of the assessment of telephone company property is made after June 30, 1995, and if the school district files the request within four years of the date of the redetermination. Provide that, for past redeterminations, school districts would have four years from the effective date of the bill to file a claim under these provisions.

Under current law, if a redetermination of the assessment of manufacturing property is made, the school district in which the property is located may, within four years of the redetermination, request an adjustment in the equalization aid payment to the district. If the State Superintendent finds that the determination is final and has been filed within the relevant time period, the state pays the school district, in the subsequent fiscal year, an amount equal to the difference between the equalization aid calculations based on the original and redetermined values of the property. This payment is funded as a first draw from the general school aids appropriation.

It is expected that the Waukesha School District would be eligible for an approximate $800,000 aid adjustment under these provisions, based on a prior redetermination of telephone company property within the school district. Other districts may be eligible for aid adjustments based on past or future redeterminations.

[Act 33 Sections: 1545b, 1545c, 2041m, and 2041r]

10. SCHOOL FINANCE COMMISSION

Joint Finance/Legislature: Create a 12-member School Finance Commission. Provide that membership of the Commission would be made up of: (a) three members appointed by the Governor; (b) one appointed by the State Superintendent of Public Instruction; (c) three by the Senate Majority Leader; (d) three by the Speaker of the Assembly; (e) one by the Senate Minority Leader; and (f) one by the Assembly Minority Leader. Specify that the Governor would appoint the chairperson of the Commission. Require that the Commission consider the system for funding K-12 education in the state, including the following issues: (a) school district revenue limits; (b) the equalization aid formula; (c) school finance equity; (d) the qualified economic offer provision; (e) school district health insurance costs; and (f) any other issues the Governor, the Senate Majority Leader, the Speaker of the Assembly, the Senate Minority Leader and the Assembly Minority Leader requests the Commission to consider. Require the Commission to submit its report, including any recommendations for modifications to the K-12 school funding system, to the Governor, State Superintendent of Public Instruction and the Legislature by January 1, 2004. Specify that the Commission would terminate upon submission of its report.

Provide $10,000 GPR in 2003-04 for the Commission's expenses in the existing DOA appropriation for the expenses of committees created by law or executive order. The fiscal effect of this item is shown under "Administration -- General Programs."

Veto by Governor [A-10]: Delete provision.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.505(4)(ba)) and 9141(2c)]

Categorical Aids

1. AID TO MPS REDUCTION

PR	- $2,820,000

Governor/Legislature: Reduce funding by $1,410,000 annually and delete the appropriation for aid to Milwaukee Public Schools (MPS). In 2002-03, MPS used $910,000 of this funding for daycare kindergarten programs and $500,000 for alternative education programs. This appropriation is funded with Temporary Assistance to Needy Families (TANF) funds transferred from the Department of Workforce Development.

Delete current law requiring that MPS contract with private day care centers to provide early childhood education to 4- and 5-year-olds who are residents of the City. Delete related requirements that: (a) at least 75% of participating children are children who have a parent who is eligible for TANF day care funds, is in need of child care services funded under TANF, is a school age parent, or who have language, psychomotor development, social, behavioral or educational problems that warrant intervention; (b) MPS pay the day care centers for each FTE pupil served under the contract an amount equal to at least 80% of the average per pupil cost for kindergarten pupils enrolled in the school district; and (c) MPS evaluate the success of the program by collecting data on the appropriate placements for the pupils at the end of the first grade or by another method.

Delete current law requiring that MPS annually submit to the Governor a proposal for the expenditure of the funds provided in the aid to MPS appropriation, which the Governor annually submits to the Joint Committee on Finance (JFC) and to the appropriate standing committees of the Legislature, subject to a JFC passive review process ending by June 30.

Under the alternative education program for Learnfare pupils, delete current law requiring that MPS contract with private agencies located in the school district to provide the program to 50% of the participating pupils and pay the agencies an amount equal to at least 80% of the average per pupil cost for MPS. Delete current law requiring that DPI make payments to MPS for this program and that MPS use state equalization aids to continue funding for pupils participating in this program.

[Act 33 Sections: 352, 520, and 2024 thru 2031]

2. SPECIAL EDUCATION

GPR	$5,875,700

Joint Finance/Legislature: Provide $785,500 in 2003-04 and $5,090,200 in 2004-05 for special education aid. Total funding for this purpose would increase from the base level of $315,681,400 in 2002-03 to be $316,466,900 in 2003-04 and $320,771,600 in 2004-05, which would represent increases of 0.25% in 2003-04 and 1.36% in 2004-05 over the prior year.

3. DRIVER EDUCATION [LFB Paper 615]

GPR	- $4,804,700

Joint Finance/Legislature: Reduce the driver education categorical aid by $500,000 in 2003-04 to reflect estimated declines in claims by school districts. Delete $4,304,700 and repeal the aid program in 2004-05.

Under current law, school districts receive $100 for each high school pupil who successfully completes the classroom and behind-the-wheel phases of a driver education course. Base level funding is $4,304,700 annually.

[Act 33 Sections: 351d, 393m, 1993v, 1998k, 2042c, 2042f, 2042h, and 9441(1m)]

4. STUDENT ACHIEVEMENT GUARANTEE IN EDUCATION (SAGE)

Joint Finance/Legislature: Allow currently participating school districts to choose not to comply with the requirement to reduce class size to 15 in grades two or three for any school participating in the SAGE program. If a school district would decide not to reduce class sizes in either second or third grades in a school, the school district would forgo the aid it otherwise would have received under the program of $2,000 per low-income pupil in those grades in that school.

Create a sum sufficient supplemental appropriation for special education aid, effective July 1, 2004. Specify that this appropriation would equal the amounts lapsed to the general fund in the previous fiscal year from the appropriations for the SAGE program.

Because information is not available on whether school districts would choose not to reduce class sizes in grades two and three in their SAGE schools, no fiscal effect is identified for this provision.

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

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.255(2)(bb)), 351b, 1998m, 1998n, 1998no, 1999c, 1999n, 2009m, 2021m, 2021n, 2021no, 2021nr, and 9441(1z)]

5. SCHOOL LIBRARY AID REESTIMATE

SEG	- $2,000,000

Governor/Legislature: Reduce funding by $2,500,000 in 2003-04 and provide an increase of $500,000 in 2004-05 from base level funding of $28,500,000 as a reestimate of the amount of income from the common school fund that will be available to distribute to school libraries.

6. TEACHER LICENSING FEE FOR MENTORING

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR	$1,500,000	- $1,500,000	$0

Joint Finance/Legislature: Require DPI to increase fees for initial in-state and renewal teacher and administrator licenses from $100 to $150, effective July 1, 2004. Create a separate program revenue appropriation under DPI to receive all revenues generated by the $50 increase and provide $1,500,000 PR in 2004-05. Require DPI to distribute from this appropriation grants to all school districts to fund mentoring for initial educators, as required under chapter PI 34, Wisconsin Administrative Code. Require that the grants be distributed based on the number of full-time equivalent teachers employed by each district.

Veto by Governor [A-8]: Delete provision.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.255(2)(hg)), 348m, 351f, 1993g, 1993r, 1995m, and 9341(5f)]

7. HEAD START SUPPLEMENT REDUCTION

PR	- $425,000

Governor/Legislature: Reduce funding by $212,500 annually from base level funding of $3,712,500 for the Head Start state supplement. This appropriation is funded with Temporary Assistance for Needy Families (TANF) funds transferred from the Department of Workforce Development.

8. AODA PROGRAM

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$149,800	- $110,200	$39,600

Governor: Provide $74,900 annually for the alcohol and other drug abuse program as a reestimate of projected penalty assessment revenues collected by the state through certain fines and forfeitures.

Joint Finance/Legislature: Reduce funding by $102,300 in 2003-04 and $7,900 in 2004-05 for across-the-board reductions relating to monies from the penalty assessment receipts fund. Total funding from this appropriation for AODA categorical aids to school districts after these reductions would be $1,471,200 in 2003-04 and $1,565,600 in 2004-05.

9. ALTERNATIVE SCHOOL AMERICAN INDIAN LANGUAGE AND CULTURE EDUCATION PROGRAM

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$80,000	- $520,000	- $440,000

Governor: Provide $40,000 annually for the alternative school American Indian language and culture education program as a reestimate of projected revenues from the state's Indian gaming compacts.

Joint Finance/Legislature: Delete $260,000 annually and eliminate the alternative school American Indian language and culture education categorical aid program.

[Act 33 Sections: 351m, 610m, and 1998g]

10. MEDICAID SCHOOL BASED SERVICES

Governor/Legislature: Require that DPI lapse to the general fund, from the aids for special education and school age parents appropriation, an amount equal to the amount paid by the Department of Health and Family Services (DHFS) under the supplementary payment for school medical services. Specify that costs eligible for reimbursement from the special education aids appropriation be reimbursed at a rate set to distribute the full amount appropriated, less the amount paid by DHFS under the supplementary payment for school medical services. Provide that these lapses would occur on dates determined by the Secretary of Administration. See "Health and Family Services -- Health Care Financing -- Payments, Services and Eligibility" for more information.

[Act 33 Sections: 351 and 1999]

Choice and Charter

1. MILWAUKEE PARENTAL CHOICE PROGRAM REESTIMATE

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	$11,139,100	- $2,084,200	$3,547,500	$12,602,400
GPR-Lapse	5,012,600	- 937,900	1,596,400	5,671,100
Net	$6,126,500	- $1,146,300	$1,951,100	$6,931,300

Governor: Provide $2,310,400 in 2003-04 and $8,828,700 in 2004-05 over the base year funding of $68,250,000 in the appropriation for payments under the Milwaukee parental choice program. The administration estimates that 11,721 students in 2003-04 and 12,307 students in 2004-05 will participate in the program, and that per pupil payments under the program under current law would equal an estimated $6,020 in 2003-04 and $6,263 in 2004-05. Under current law, $70,560,400 in 2003-04 and $77,078,700 in 2004-05 would be appropriated for the choice program.

The estimated cost of the payments from the choice program appropriation is partially offset by a reduction in the general school aids otherwise paid to the Milwaukee Public Schools (MPS) by an amount equal to 45% of the total cost of the choice program. Under revenue limits, MPS may levy property taxes to make up for the amount of aid lost due to this reduction. As a result, the general fund pays for 55% of the choice program and MPS for 45%. Under current law, the MPS choice reduction would increase by $1,039,700 in 2003-04 and $3,972,900 in 2004-05 over the base choice reduction amount. The net general fund fiscal effect of this reestimate would be to increase expenditures by $1,270,700 in 2003-04 and $4,855,800 in 2004-05 over the 2002-03 base level.

Joint Finance/Legislature: Delete $1,248,900 in 2003-04 and $835,300 in 2004-05 from the choice program appropriation. Adjust the MPS general school aid reduction by -$562,000 GPR-Lapse in 2003-04 and -$375,900 GPR-Lapse in 2004-05. The net effect of this reestimate would be to decrease GPR expenditures by $686,900 in 2003-04 and $459,400 in 2004-05.

These reestimates result from two changes. First, based on the general school aids funding appropriations, reestimate the maximum choice payments to be $5,882 in 2003-04 and $5,943 in 2004-05 (compared to $5,838 in 2003-04 and $5,866 in 2004-05 under the Governor). Second, based on the four-year-old kindergarten provisions adopted, reestimate choice membership to be 11,421 in 2003-04 and 12,007 in 2004-05 (compared to 11,721 in 2003-04 and 12,307 in 2004-05 under the Governor).

Veto by Governor [A-1]: As a result of vetoing the change to four-year-old kindergarten membership provisions, estimated choice payments would increase by $1,764,600 in 2003-04 and $1,782,900 in 2004-05. Adjust the MPS general school aid reduction by $794,100 GPR-Lapse in 2003-04 and $802,300 GPR-Lapse in 2004-05. The net effect of the veto would be to increase GPR expenditures by $970,500 in 2003-04 and $980,600 in 2004-05.

Under Act 33, total choice payments are estimated to be $68,943,600 in 2003-04 and $73,135,500 in 2004-05.

2. MILWAUKEE PARENTAL CHOICE PROGRAM PAYMENT AMOUNT [LFB Paper 625]

GPR	- $7,023,300
GPR-Lapse	- 3,160,500
Net	- $3,862,800

Governor: Specify that the amount paid per pupil under the Milwaukee parental choice program would be equal to the lesser of: (a) the private school's operating and debt service cost per pupil related to educational programming, as determined by DPI; or (b) the amount paid per pupil in the prior school year adjusted by the percent change in the general school aids appropriations from the previous school year to the current school year. Provide that if that percent change is a negative number, the per pupil payment would not change from the prior year. Specify that this change would first apply to payments made in 2003-04. Under current law, for each pupil attending a choice school, the state pays the parent or guardian an amount that is equal to the lesser of: (a) the private school's operating and debt service cost per pupil related to educational programming; or (b) the amount paid per pupil in the previous school year plus the amount of the per pupil revenue limit increase provided to public school districts under revenue limits in the current year.

Based on the general school aids appropriations from the general and transportation funds in the bill, the per pupil payment under the choice program would be $5,838 in 2003-04 and $5,866 in 2004-05, rather than $6,020 in 2003-04 and $6,263 in 2004-05 as estimated under current law. The choice payment appropriation would be reduced by $2,132,500 in 2003-04 and $4,890,800 in 2004-05 compared to the current law reestimate as a result of this change. In addition, the 45% MPS choice reduction would be reduced by $959,600 in 2003-04 and $2,200,900 in 2004-05. The net general fund fiscal effect of this item would be to reduce expenditures by $1,172,900 in 2003-04 and $2,689,900 in 2004-05.

Joint Finance/Legislature: Approve the Governor's recommendation as it relates to the annual increase in the per pupil payment amounts with the reestimates noted under Item 1.

[Act 33 Sections: 2023 and 9341(2)]

3. MILWAUKEE PARENTAL CHOICE PROGRAM STUDENT ELIGIBILITY

Joint Finance/Legislature: Modify student eligibility for the choice program as follows: (a) delete the limit on the number of pupils who can participate in the program, which is set at 15 percent of MPS membership under current law; (b) specify that a pupil who attends a choice school would remain eligible to participate in the program even if the pupil's family no longer meets the program's income criteria of 175 percent of the federal poverty level; and (c) delete the prior-year participation requirements for pupils entering the program, under which, in the school year prior to their initial enrollment in a choice school, a child is required to have been either enrolled in MPS, the choice program or grades kindergarten through three in private schools located in the City of Milwaukee, or not enrolled in school.

Specify that these changes would first apply to pupils in the 2004-05 school year.

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

[Act 33 Vetoed Sections: 2022d, 2022h, 2022p, 2022t, and 9341(4m)]

4. MILWAUKEE PARENTAL CHOICE PROGRAM SCHOOL ELIGIBILITY

Joint Finance/Legislature: Specify that schools located in Milwaukee County, rather than only the City of Milwaukee as under current law, that meet the current law eligibility criteria could accept students in the choice program, beginning with the 2004-05 school year.

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

[Act 33 Vetoed Sections: 2022d and 9341(4m)]

5. MILWAUKEE-RACINE CHARTER SCHOOLS PROGRAM REESTIMATE

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	$42,024,500	- $3,851,100	$1,132,900	$39,306,300
GPR-Lapse	42,024,500	- 3,851,100	1,132,900	39,306,300
Net	$0	$0	$0	$0

Governor: Provide $16,697,100 in 2003-04 and $25,327,400 in 2004-05 above base level funding of $18,800,000.

Under current law, the Common Council of the City of Milwaukee, the Chancellor of the University of Wisconsin-Milwaukee, and the Milwaukee Area Technical College Board are authorized to operate or contract to operate charter schools located within the Milwaukee Public Schools. The Chancellor of the University of Wisconsin-Parkside is authorized to operate or contract to operate one charter school located within the Racine Unified School District (RUSD). There are currently 11 charter schools participating in the program, including one that UW-Parkside chartered in 2002-03. A total of 3,626 students are attending these charter schools in 2002-03, and the aid per student is $6,951.

The administration estimates that 4,644 students will be enrolled in the program in 2003-04. Under current law, aid per student would be an estimated $7,188. In 2004-05, it is estimated that 5,644 students will participate and, under current law, the aid per student would be an estimated $7,431. Charter schools would receive $33,381,100 in 2003-04 and $41,941,400 in 2004-05.

Under 2001 Act 16, the RUSD will receive an additional categorical aid based on the amount of general equalization aid it receives in the current year multiplied by the number of students attending the charter school who were previously enrolled in the RUSD. In 2003-04, it is estimated that the RUSD will be eligible to receive $5,290 in general equalization aid per pupil. It is assumed that 400 students previously enrolled in the RUSD will attend the charter school, which is the maximum number allowed under current law. In 2004-05, it is assumed that the RUSD will be eligible to receive $5,465 in general equalization aid and 400 students will attend the charter school. The RUSD would receive $2,116,000 in 2003-04 and $2,186,000 in 2004-05.

Under current law, payments to these charter schools are fully offset by a proportionate reduction in the general school aids of all 426 public school districts. Under revenue limits, school districts may levy property taxes to make up for the amount of aid lost due to these aid reductions.

Joint Finance/Legislature: Reestimate the charter schools appropriation by -$2,186,000 in 2003-04 and -$1,665,100 in 2004-05, due to the following changes. Based on the general school aids funding provision adopted by the Committee, reestimate the charter payments to be $7,050 in 2003-04 and $7,111 in 2004-05. Based on the four-year-old kindergarten provisions adopted by the Committee, and a reestimate of the Racine charter school membership, reestimate charter membership to be 4,470 in 2003-04 and 5,521 in 2004-05. Reestimate the Racine Unified School District charter school payment based on an estimated 180 pupils being eligible for the payment in each of the next two years, and reestimate the Racine Unified School District equalization aid amount to be $5,291 in 2003-04 and $5,339 in 2004-05.

Veto by Governor [A-1]: As a result of the Governor's veto of the four-year-old kindergarten provisions, reestimate the charter schools appropriation by $564,000 in 2003-04 and $568,900 in 2004-05. The statewide aid reduction for the charter program would increase by the same amounts.

6. MILWAUKEE-RACINE CHARTER SCHOOLS PROGRAM -- PAYMENT AMOUNT [LFB Paper 625]

GPR	- $3,078,600
GPR-Lapse	- 3,078,600
Net	$0

Governor: Modify current law to require that the Department pay to operators of Milwaukee-Racine charter schools an amount equal to the sum of the amount paid per pupil in the previous school year and the increase in the per pupil amount paid to private schools under the Milwaukee parental choice program (MPCP), multiplied by the number of pupils attending the charter school. Modify current law to require that the MPCP per pupil amount would be the sum of the previous year's payment and the percentage change provided for general equalization aids to school districts in the current year. Specify that the amount paid per pupil may not be less than the amount paid per pupil in the previous school year. Provide that these changes would first apply to payments in 2003-04.

Based on the general school aids appropriations from the general school aids appropriation from the general and transportation funds in the bill, the per pupil payment amount for these charter schools would be $7,006 in 2003-04, and $7,034 in 2004-05, rather than $7,188 and $7,431 as estimated under current law. The charter program appropriation would be reduced by $840,300 in 2003-04 and $2,238,300 in 2004-05 compared to the current law reestimate as a result of this change. General fund lapse amounts would be reduced correspondingly.

Under current law, DPI is required to the operators of these charter schools an amount equal to the sum of the amount paid per pupil in the previous school year and the amount of revenue increase per pupil allowed under revenue limits, multiplied by the number of pupils attending the charter school. In 2002-03, the per pupil revenue limit adjustment was $230. Under current law, payments to these charter schools are fully offset by a proportionate reduction in the general school aids of all 426 public school districts. Under revenue limits, school districts may levy property taxes to make up for the amount of revenue lost due to these aid reductions.

Joint Finance/Legislature: Approve the Governor's recommendation as it relates to the annual increase in the per pupil payment amount with reestimates noted under Item 5.

[Act 33 Sections: 2021, 2023, and 9341(2)]

7. MILWAUKEE-RACINE CHARTER SCHOOLS PROGRAM ELIGIBILITY

Joint Finance: Provide that pupils residing outside of Milwaukee Public Schools (MPS) could attend Milwaukee charter schools, under the current law program where these schools are sponsored by the City of Milwaukee and the UW-Milwaukee. Eliminate the current law requirement that pupils attending Milwaukee charter schools under this program must in the previous school year have been: (a) enrolled in MPS; (b) attending a Milwaukee choice school; (c) enrolled in a non-choice private school in the City of Milwaukee in grades kindergarten to three; (d) not enrolled in school; or (e) enrolled in school under Milwaukee and Racine charter school program. Specify that school districts, including MPS, could transport pupils to and from a charter school.

Because information is not available on the number of pupils who would be affected by this provision and would attend these charter schools, no fiscal effect is shown for this item.

Senate/Legislature: Clarify the provision specifying that school districts, including MPS, could transport pupils to and from a charter school.

Veto by Governor [A-5]: Delete provision.

[Act 33 Vetoed Sections: 2020g, 2020k, and 2042k]

8. **RACINE CHARTER SCHOOL PUPIL LIMITS** [LFB Paper 626]

Joint Finance/Legislature: Delete the current limit of 400 on the number of pupils who may attend the charter school operated by the UW-Parkside in the Racine Unified School District (RUSD). Establish a limit of 400 on the number of pupils for which the RUSD may receive payment under current law, who are attending this charter school and previously attended RUSD.

Because enrollment at this charter school is projected to be less than 400 in the 2003-05 biennium, no fiscal effect is identified for the provision eliminating the 400 pupil limit on the number of pupils who may attend this school. Similarly, because it is estimated that RUSD will receive payments for 180 pupils attending this charter school each year in the 2003-05 biennium, no fiscal effect is shown for the proposed 400 pupil limit on the number of pupils for which RUSD could receive these payments.

Veto by Governor [A-6]: Delete provision.

[Act 33 Vetoed Sections: 2020m and 2021f]

Administrative and Other Funding

1. **STANDARD BUDGET ADJUSTMENTS**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$0	0.00	$57,200	0.00	$57,200	0.00
GPR	- $277,400	0.00	- $43,400	0.00	- $320,800	0.00
FED	4,561,600	0.00	- 11,600	0.00	4,550,000	0.00
PR	219,200	- 1.00	- 2,200	0.00	217,000	- 1.00
Total	$4,503,400	- 1.00	- $57,200	0.00	$4,446,200	- 1.00

Governor: Adjust the base budget by -$277,400 GPR, $4,561,600 FED and $219,200 PR for: (a) turnover reduction (-$373,600 GPR and -$279,500 FED annually); (b) removal of noncontinuing items from the base (-$222,900 GPR annually and -$38,000 PR in 2003-04 and -$75,800 PR in 2004-05 and -1.0 PR position); (c) full funding of continuing position salaries and fringe benefits ($90,600 GPR, $2,501,600 FED, and $150,900 PR annually); (d) overtime ($287,500 GPR, $52,500 FED, and $14,300 PR annually); (e) night and weekend differential ($58,000 GPR, $400 FED, and $200 PR annually); and (f) fifth week of vacation as cash ($21,700 GPR, $5,800 FED, and $1,100 PR annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$21,700 GPR, -$5,800 FED, and -$1,100 PR annually). Require the agency to lapse to the general fund a total of $28,600 annually from those FED and PR accounts from which these fifth week of vacation as cash payments had been budgeted. Specify that no lapse or transfer would be made if it would violate a condition imposed by the federal government on the use of the monies or if it would violate state law or the federal or state constitution. Estimate GPR-REV of $28,600 annually.

[Act 33 Section: 9160(3f)]

2. BASE BUDGET REDUCTIONS

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $5,164,000	- 18.00	- $1,571,000	0.00	- $6,735,000	- 18.00
FED	0	- 5.00	0	0.00	0	- 5.00
PR	0	- 2.00	0	0.00	0	- 2.00
Total	- $5,164,000	- 25.00	- $1,571,000	0.00	- $6,735,000	- 25.00

Governor: Reduce funding by $2,582,000 GPR annually and 18.0 GPR, 5.0 FED, and 2.0 PR positions, beginning in 2003-04, for DPI state operations as shown in the following table:

	Adjusted Base for These Appropriations	Reduction Amount 2003-04	Reduction Amount 2004-05	% Change to Base 2003-04	% Change to Base 2004-05
General Program Operations	$11,192,200	-$1,119,200	-$1,119,200	-10.0%	-10.0%
General Program Operations--Program for the Deaf and Center for the Blind	10,110,300	-1,011,000	-1,011,000	-10.0	-10.0
Pupil Assessment	3,485,600	-348,600	-348,600	-10.0	-10.0
Library Service Contracts	1,031,700	-103,200	-103,200	-10.0	-10.0
Total	$25,819,800	-$2,582,000	-$2,582,000	-10.0%	-10.0%

	Position Reduction	
General Program Operations	-10.00	GPR
General Program Operations--Program for the Deaf and Center for the Blind	-8.00	GPR
Personnel Certification	-1.00	PR
Data Processing	-1.00	PR
Federal Aids--Program Operations	-5.00	FED
Total	-25.00	

Joint Finance/Legislature: Modify the Governor's recommendation to reduce funding by an additional $785,500 annually. Delete $559,600 from general program operations, $174,300 from pupil assessment, and $51,600 from library service contracts in 2003-04 and in 2004-05. These amounts represent an additional 5% reduction for DPI state operations, excluding the residential schools.

3. AODA PROGRAM ADMINISTRATION FUNDING

PR	- $56,000

Joint Finance/Legislature: Reduce funding by $52,000 in 2003-04 and $4,000 in 2004-05 for across-the-board reductions relating to monies from the penalty assessment receipts fund. Total funding for AODA program administration and fellowship grants after these reductions would be $748,000 in 2003-04 and $796,000 in 2004-05.

4. VOCATIONAL EDUCATION CONSULTANTS

Governor/Legislature: Modify the statutory requirement that the Department provide consultants for the following subjects from 2.0 positions each to 1.0 position each: (a) agriculture education; (b) business education; (c) technology education; (d) family and consumer sciences education; and (e) marketing education. Also, modify the requirement that 1.0 consultant be provided for health science education to instead require 0.5 consultant.

[Act 33 Section: 1995]

5. POSITION DELETIONS

	Positions
PR	- 2.35

Governor/Legislature: Delete authority for 2.35 PR positions in the Department's personnel certification appropriation. This position reduction would offset 2.35 FED positions previously authorized by DOA in the federal aids -- program operations appropriation.

6. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- 0.20	0.20	0.00
FED	- 1.75	1.75	0.00
PR	- 0.05	0.05	0.00
Total	- 2.00	2.00	0.00

Governor: Delete 0.2 GPR position, 1.75 FED positions, and 0.05 PR positions to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate $17,000 GPR, $4,600 PR, and $148,900 FED in 2003-04 and $22,700 GPR, $6,100 PR, and $198,500 FED in 2004-05 to DPI's supplies and services budget to pay for legal services supplied by DOA. The agency's chief counsel position would not be subject to transfer to DOA under the Governor's recommendation.

Joint Finance/Legislature: Delete provision. Instead, delete any agency attorney positions that are vacant as of January 2, 2004. Require the Secretary of DOA to ensure that a total of 31.0 FTE executive branch agency attorney positions are deleted on January 2, 2004, excluding the UW System. If fewer than 31.0 FTE attorney positions are vacant, then the Secretary must delete additional non-vacant attorney positions from executive state agencies, excluding the UW System so that a total of 31.0 FTE are deleted. Require all state agencies that have a non-federally supported position deleted under this provision to lapse an amount equal to the position salary and fringe benefits budgeted for the period after January 2, 2004, to the general fund.

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

7. PUBLIC LIBRARY SYSTEM AID [LFB Paper 630]

GPR	- $4,223,800
SEG	4,223,800
Total	$0

Governor: Reduce funding by $2,111,900 GPR annually and provide $2,111,900 SEG annually for public library system aid. Create a SEG appropriation to be funded from the universal service fund (USF) to supplement the current GPR appropriation. The USF receives its funding from pass-through assessments on annual gross operating revenues from intrastate telecommunications providers.

As drafted, the Governor's recommendation does not include modifications to: (a) the statutory purposes of the universal service fund to permit its use for making supplemental aid payments to public library systems; or (b) the statutory enumeration of appropriations used by the Public Service Commission in setting the annual amount of universal service fund assessments of telecommunications providers. Both modifications would be required to achieve the Governor's intent to provide supplemental aid payments to public library systems.

Joint Finance/Legislature: Modify the Governor's recommendation to specify that no monies could be encumbered from the USF-funded appropriation after June 30, 2005. Further, modify the Governor's recommendation to provide that telecommunications providers that adjust rates to recover all or part of assessments relating to non-PSC programs funded from the USF, would have to identify on customers' bills a single amount that is the total amount of the adjustment. This requirement would take effect on the first day of the fifth month beginning after the effective date of the bill. In addition, modify the Governor's recommendations to provide statutory language that would: (a) include the payment of supplemental public library system aid as an authorized use of the universal service fund; (b) enumerate the SEG appropriations funding supplemental public library system aid, telecommunications access grants to state schools and telecommunications access grants to secured juvenile correctional facilities under the listing of appropriations used by the PSC to set annual universal service fund assessments; and (c) insert correct references to DOA appropriations in various universal service fund-supported TEACH Board appropriations being transferred under the Committee's recommendation to DOA.

Veto by Governor [A-13]: Delete the requirement that no monies could be encumbered from the USF-funded appropriation after June 30, 2005. In addition, delete the provision requiring telecommunications providers to identify on customers' bills the adjustment amounts related to non-PSC assessments.

[Act 33 Sections: 354, 1030 thru 1032, 2311e, and 2317c]

[Act 33 Vetoed Sections: 354, 2311m, 2311s, and 9443(1qz)]

8. NATIONAL TEACHER CERTIFICATION REESTIMATE [LFB Paper 631]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$927,500	- $62,500	$865,000

Governor: Provide $262,500 in 2003-04 and $665,000 in 2004-05 above base level funding of $282,500 for the national teacher certification incentive program. Under current law, DPI provides initial grants in an amount equal to the costs of obtaining the certification that are not supported through other funding sources, up to $2,000, to teachers certified by the National Board for Professional Teaching Standards. For nine consecutive years following the initial grant, DPI awards grants of $2,500 yearly to eligible teachers. DPI estimates that there will be 65 newly certified and 68 continuing teachers in 2002-03. DPI estimates that there will be 125 new teachers certified in 2003-04 and 200 in 2004-05.

Joint Finance/Legislature: Modify the Governor's recommendation by -$40,000 in 2003-04 and -$22,500 in 2004-05 to reestimate the amounts needed to fully fund the program.

9. GED OR HIGH SCHOOL EQUIVALENCY PROCESSING CHARGE

	Funding	Positions
GPR	- $152,300	- 1.00
PR	168,900	1.00
Total	$16,600	0.00

Governor/Legislature: Delete $50,300 GPR and 0.5 GPR position in 2003-04 and $102,000 GPR and 1.0 GPR position in 2004-05 from the Department's largest state operations appropriation. Provide $50,300 PR and 0.5 PR position in 2003-04 and $118,600 and 1.0 PR position in 2004-05 in a new program revenue appropriation for administrative costs for issuing a declaration of equivalency of high school graduation or a general educational development (GED) certificate. Allow DPI to promulgate rules establishing these fees, which would be credited to this new PR appropriation. Provide that the rules may provide exemptions from the fees based on financial need.

[Act 33 Sections: 349, 1996, and 1997]

10. DEBT SERVICE REESTIMATES [LFB Paper 195]

GPR	$126,700

Governor/Legislature: Provide $116,300 in 2003-04 and $10,400 in 2004-05, above base level funding of $1,113,200, as a reestimate of debt service costs.

11. FUEL AND UTILITY REESTIMATES

GPR	$6,700

Governor/Legislature: Provide $2,300 in 2003-04 and $4,400 in 2004-05 to reflect estimated costs for fuel and utilities.

12. FEDERAL REVENUE REESTIMATES

FED	$272,214,800

Governor/Legislature: Reestimate federal revenues by $136,227,200 in 2003-04 and $135,987,600 in 2004-05, including: (a) federal aids -- program operations ($17,084,800 annually); (b) indirect cost reimbursements ($720,700 in 2003-04 and $481,100 in 2004-05); (c) federal aids -- local aid ($114,984,900 annually, primarily related to the 2001 No Child Left Behind legislation reauthorizing the Elementary and Secondary Education Act); (d) federal funds -- local assistance (-$188,100 annually); and (e) federal aids -- individuals and organizations ($3,624,900 annually).

13. PROGRAM REVENUE REESTIMATES

PR	$2,852,400

Governor/Legislature: Reestimate program revenues by $1,335,200 in 2003-04 and $1,517,200 in 2004-05, including: (a) student activity therapy (-$2,500 annually); (b) personnel certification ($130,000 in 2003-04 and $230,000 in 2004-05); (c) professional services center charges ($20,000 annually); (d) gifts, grants, and trust funds ($490,000 in 2003-04 and $540,000 in 2004-05); (e) funds transferred from other state agencies -- program operations ($357,200 annually); (f) library products and services (-$410,700 annually); (g) pupil transportation for residential schools (-$54,000 in 2003-04 and -$22,000 in 2004-05); (h) leasing of space for residential schools (-$30,000 annually); (i) services for residential schools ($23,000 annually); and (j) funds transferred from other state agencies -- local aids ($812,200 annually).

14. BADGERLINK

SEG	$130,000

Governor/Legislature: Provide $36,700 in 2003-04 and $93,300 in 2004-05 above base level funding of $1,850,200 for full-text database services for libraries. This funding is drawn from the universal service fund.

15. ELKS AND EASTER SEALS CENTER

GPR	$50,000

Joint Finance/Legislature: Provide $25,000 in 2003-04 and in 2004-05 for aid to the Elks and Easter Seals respite and recreation center, which has base level funding of $50,000

16. GRANT TO BELOIT COLLEGE [LFB Paper 616]

PR	- $100,000

Joint Finance/Legislature: Delete $50,000 in 2003-04 and in 2004-05 and repeal the grant to Beloit College for Native American culture education

[Act 33 Sections: 351g, 610g, and 1995h]

17. FEDERAL ADMINISTRATIVE FUNDING

Joint Finance/Legislature: Require that DPI annually submit for approval under a 14-day passive review by Joint Finance its plans for any use of federal funding for administrative purposes.

Veto by Governor [A-9]: Delete provision.

[Act 33 Vetoed Section: 1995t]

18. HIGH SCHOOL GRADUATION TEST

Governor/Legislature: Delete the current law requirement that the Department develop a high school graduation test (HSGT). Delete the requirement that school boards and charter school operators adopt an HSGT, as well as the requirement that they administer an HSGT beginning in 2004-05. Delete the requirement that a pupil's score on the HSGT be recorded on the pupil's transcript. Delete the requirement that school boards and charter school operators include a pupil's score on the HSGT among the criteria for granting a high school diploma. Delete references to the HSGT from the definition of a child-at-risk and from the criteria for payment of state aid under the children-at-risk categorical aid program.

[Act 33 Sections: 2006, 2008, and 2010 thru 2019]

19. DELETE APPROPRIATION USED FOR ONE-TIME GRANTS

Joint Finance/Legislature: Delete an appropriation that was used for one-time funding for special counselor grants, and eliminate related statutory provisions. This appropriation was funded with $50,000 PR from tribal gaming revenues in 2001-02.

[Act 33 Sections: 351j, 610c, and 1995d]

20. TRANSFER TEACH [LFB Paper 712]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$11,898,400	0.00	- $11,898,400	0.00	$0	0.00
FED	8,830,000	0.50	- 8,830,000	- 0.50	0	0.00
PR	8,325,000	0.50	- 8,325,000	- 0.50	0	0.00
SEG	33,786,500	1.00	- 33,786,500	- 1.00	0	0.00
Total	$69,839,900	2.00	- $69,839,900	- 2.00	$0	0.00

Governor: Eliminate the TEACH Board and transfer the following programs and related funding to DPI.

Telecommunications access. Transfer the telecommunications access program and associated funding to DPI, as shown in the following table. Provide $108,900 SEG annually and 1.0 position for administration, beginning in 2003-04, which would be included in the appropriation for school districts, cooperative educational service agencies (CESAs), and charter schools.

Purpose	2003-04	2004-05	Fund Source
School Districts, CESAs and Charter Schools	$10,893,400	$11,324,200	SEG
Private Colleges, Technical Colleges and Libraries	4,735,500	5,066,000	SEG
Private K-12 Schools	708,100	701,300	SEG
State Residential Schools	75,000	68,200	SEG
Secured Juvenile Corrections Facilities	112,500	102,300	SEG

This program is funded from the state universal service fund that receives revenues through assessments on annual gross operating receipts from intrastate telecommunications providers, which they are allowed to fully recover through an adjustment applied to subscribers' local exchange service rates.

Infrastructure financial assistance. Transfer the infrastructure financial assistance program and associated debt service funding to DPI, as shown in the following table.

Purpose	2003-04	2004-05	Fund Source
Debt Service for K-12 Schools	$5,197,200	$6,467,800	GPR
Debt Service for Public Libraries	73,900	159,500	GPR
Debt Service for K-12 Schools--Local Share	3,206,800	4,487,000	PR
Debt Service for Public Libraries--Local Share	72,700	158,200	PR

E-rate. Transfer state administration of the E-rate program and associated funding to DPI. Provide $4,415,000 FED annually in federal E-rate aid, including $35,000 annually and 0.5 position for DPI's administration of the E-rate program. The Education Rate, or E-rate program, was created by the Federal Telecommunications Act of 1996, and it is administered by the Schools and Libraries Division of the Universal Service Administrative Company, attached to the Federal Communications Commission. E-rate discounts on telecommunications services are provided according to a community's low-income population and rural or urban status.

GWETC. Transfer administration of the Governor's Wisconsin Educational Technology Conference (GWETC) and associated funding to DPI. Provide $188,900 PR in 2003-04 and $211,400 PR in 2004-05, including $31,400 annually for 0.5 position for administration of the GWETC.

WATF. Transfer the Wisconsin Advanced Telecommunications Foundation (WATF) assessments appropriation to DPI. Provide that monies received by the WATF assessments appropriation be used to promote the use of educational technology in the state, rather than offset the block grants appropriation as under current law.

Provide that the incumbent employees transferred from TEACH to DPI would retain all employment rights and status that 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.

Allow DPI to enter into cooperative purchasing agreements under which participating school districts and CESAs may contract for their professional employees to receive training concerning the effective use of technology.

Transfer from TEACH to DPI all assets, liabilities, tangible personal property, and records that are primarily related to the functions of TEACH, as determined by the Secretary of DOA. Transfer all outstanding loans made under the infrastructure financial assistance program from TEACH to DPI. Provide that all contracts entered into by TEACH or DOA on behalf of TEACH that were in effect prior to the transfer would remain in effect until their specified expiration date or until they were rescinded or modified by DPI. Specify that all rules promulgated and orders issued by TEACH that were in effect would remain in effect until their specified expiration date or until they were amended or repealed by DPI. Provide that any pending matters would transfer to DPI and all materials submitted to TEACH or actions taken by

TEACH concerning the pending matter would be considered as having been submitted to or been taken by DPI.

Clarify that the existing contracts grant portion of the telecommunications access program will sunset on December 31, 2005.

Delete the requirement that TEACH cooperate with DPI to support the development of courses for the instruction of professional employees who are licensed by the State Superintendent concerning the effective use of educational technology.

Joint Finance/Legislature: Modify the Governor's recommendation to transfer the remaining TEACH functions and related funding to DOA rather than to DPI, including the telecommunications access program, state administration of the E-rate program, the infrastructure financial assistance program, and the Governor's Wisconsin Educational Technology Conference. For DPI, this would eliminate all of the positions and funding provided under the Governor's recommendations. In making the transfer to DOA, modify the provision to reflect changes in funding approved by the Legislature which would affect the amounts transferred to DOA. Adjust the transfer amounts to DOA as follows: (a) -$2,150,000 GPR and $2,150,000 PR annually, relating to the infrastructure financial assistance program [Item #3 under TEACH Board]; and (b) -$55,300 GPR in 2003-04 and -$50,000 GPR in 2004-05 relating to debt service reestimates [Item #4 under TEACH Board]. (See the "Department of Administration -- Transfers to the Department" for more information on this transfer.)

Veto by Governor [A-14]: Delete the provision that would eliminate the requirement that DOA cooperate with DPI on the development of courses for the instruction of professional employees who are licensed by the State Superintendent concerning the effective use of educational technology, as required of TEACH under current law.

[Act 33 Sections: 95, 196d, 204d, 210d, 234d, 236d thru 238r, 360 thru 365d, 368 thru 384d, 587k, 588m thru 588r, 637d, 641d, 642d, 680, 688d, 689d, 728, 934d, 1034, 1035 thru 1088d, 1994d, 2032d, 2311d, 2312d thru 2314d, 2316d, 9101(10d), and 9150(1d)]

[Act 33 Vetoed Section: 1057d]

PUBLIC SERVICE COMMISSION

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
FED	$324,800	$337,200	$337,200	$337,200	$337,200	$12,400	3.8%
PR	31,184,200	30,793,500	31,832,700	31,832,700	31,832,700	648,500	2.1
SEG	13,760,000	11,000,000	11,000,000	11,000,000	11,000,000	- 2,760,000	- 20.1
TOTAL	$45,269,000	$42,130,700	$43,169,900	$43,169,900	$43,169,900	- $2,099,100	- 4.6%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
FED	1.00	1.00	1.00	1.00	1.00	0.00
PR	190.50	172.50	179.50	179.50	179.50	- 11.00
TOTAL	191.50	173.50	180.50	180.50	180.50	- 11.00

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$0	$138,400	$138,400
FED	$12,400	$0	$12,400
PR	1,259,000	- 138,400	1,120,600
SEG	- 2,760,000	0	- 2,760,000
Total	- $1,488,600	- $138,400	- $1,627,000

Governor: Provide standard adjustments to the base budget totaling $6,200 FED, $628,200 PR, and -$1,880,000 SEG in 2003-04 and $6,200 FED, $630,800 PR, and -$880,000 SEG in 2004-05. Adjustments are for: (a) turnover reduction (-$259,800 PR annually); (b) removal of noncontinuing elements from the base (-$95,000 PR and -$1,880,000 SEG in 2003-04 and -$95,000 PR and -$880,000 SEG in 2004-05); (c) full funding of continuing salaries and fringe benefits ($6,200 FED and $913,800 PR annually); (d) reclassifications ($2,600 PR in 2004-05); (e) fifth week of vacation as cash ($69,200 PR annually); and (f) minor offsetting transfers within the same appropriation.

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash ($69,200 PR annually). Require the agency to lapse to the general fund $69,200 annually from those PR accounts which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $69,200 annually.

[Act 33 Section: 9160(3f)]

2. BASE BUDGET REDUCTIONS

	Funding	Positions
PR	- $472,100	- 11.00

Governor/Legislature: Reduce the Commission's PR general operations appropriation by $472,100 and 11.0 positions in 2004-05. The base level expenditure authority reductions would be applied to amounts budgeted for salaries and fringe benefits, as follows: (a) delete $53,600 and 1.0 position from the Office of Commissioners; (b) delete $114,800 and 3.0 positions from the General Counsel staff; (c) delete $89,600 and 2.0 positions from the Division of Administrative Services; (d) delete $121,100 and 3.0 positions from the Division of Water, Compliance and Consumer Affairs; (e) delete $41,200 and 1.0 position from the Telecommunications Division; and (f) delete $51,800 and 1.0 position from the Electric Division.

3. GPR-EARNED REESTIMATE [LFB Paper 635]

GPR-REV	- $52,500

Joint Finance/Legislature: Reestimate GPR-Earned collections for the Commission by -$52,500 in 2004-05. The reestimate reflects reduced direct and remainder assessments credited to the general fund from public utilities, power districts, sewage systems, municipal utilities, and public service corporations as a result of the base budget reductions applied to 2004-05 Commission operations.

4. UNIVERSAL SERVICE FUND ASSESSMENTS [LFB Paper 630]

Joint Finance: Require any telecommunications provider that adjusts rates to recover some or all of its assessment relating to non-PSC programs for the state Universal Service Fund (USF) to itemize on customers' telecommunications services bills a single amount representing the total adjustment. Require the Commission to supply the providers with the information necessary to make this itemization.

Authorize the Commission to include in the USF assessment of telecommunication providers the amounts necessary to fund a new public library system aid appropriation under

DPI, but repeal the appropriation on June 30, 2005. Make technical corrections to include two current law appropriations (telecommunications access grants to state schools and telecommunications access grants to secured juvenile correctional facilities) in the enumeration of appropriations used in determining the total amount of telecommunication provider assessments. Insert correct references to DOA appropriations in various USF-related TEACH Board appropriations. [See "Public Instruction -- Administration and Other Funding" for additional information.]

Senate/Legislature: Specify that the effective date for the identification on customers' bills of costs relating to non-PSC state USF programs would be the first day of the fifth month following publication of the biennial budget.

Veto by Governor [A-13]: Delete provisions: (a) requiring a telecommunications provider that adjusts rates to recover some or all of its assessment relating to non-PSC programs for the USF to itemize those adjustments on customers' bills; (b) establishing an effective date for the identification of that itemization on customers' bills; and (c) repealing the USF-funded public library system aid appropriation on June 30, 2005.

[Act 33 Sections: 354, 2311d, 2311e, and 2317c]

[Act 33 Vetoed Sections: 354, 2311m, 2311s, and 9443(1qz)]

5. LIMITATION ON ADDITIONAL ASSESSMENTS FOR ENERGY CONSERVATION AND EFFICIENCY AND RENEWABLE RESOURCE PROGRAMS

Joint Finance/Legislature: Prohibit the Commission from requiring any public utility to operate, provide for, or assess customers for any public benefits energy conservation and efficiency and renewable resource program established by DOA. The public utilities would continue to be obligated to transfer base level public benefits funding amounts to DOA as previously determined by the Commission under s. 196.374(3) of the statutes.

Veto by Governor [D-6]: Delete provision.

[Act 33 Vetoed Section: 2317m]

Office of the Commissioner of Railroads

1. **ELIMINATION OF THE OFFICE OF THE COMMISSIONER OF RAILROADS** [LFB Paper 640]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $1,177,600	- 7.00	$1,177,600	7.00	$0	0.00

Governor: Eliminate the Office of the Commissioner of Railroads (OCR) and delete $588,800 PR annually on the effective date of the bill. In addition, delete the position of the Commissioner of Railroads and two other PR positions. Eliminate certain functions of OCR and transfer other functions, funding, and the 4.0 PR remaining positions to other state agencies, as follows:

Abolish OCR. Repeal all statutory provisions creating OCR, attaching OCR administratively to the PSC, describing the powers and duties of OCR, providing for a Commissioner of Railroads, setting the term and manner of appointment of the Commissioner, and assigning the Commissioner to an executive salary group.

Transfer Railroad Regulatory Functions to the Department of Transportation (DOT). Provide that DOT shall be responsible for railroad regulatory matters with respect to the following general statutory provisions: Chapter 191 (railroad construction activity); Chapter 192 (railroad regulations and liabilities); Chapter 195 (railroad regulation); and other statutory provisions relating to harbor railroads (Chapter 30), railroad grade crossing improvements (Chapters 84 and 86), authority of turnpike corporations to relocate railroads (Chapter 182), the allocation of costs of railroad industrial spur tracks (Chapter 190), sole, rather than joint, involvement in certain determinations related to discharge into nonfederal wetlands (Chapter 281), and snowmobile rail crossings (Chapter 350). In general, these changes would be accomplished by replacing all references to OCR's duties and responsibilities with corresponding references to DOT.

Transfer Resolution of Contested Railroad Cases to the Division of Hearings and Appeals. For the purpose of resolving contested matters relating to railroad regulation, transfer this authority to the Division of Hearings and Appeals (Division) in DOA. Specify that administrative hearing procedures under Chapter 227 of the statutes would generally apply to these proceedings. Require the Administrator of the Division to assign a hearing examiner to preside over any hearing or review relating to the regulation of any of the following matters: adequacy of railroad fire protection devices; allocation of costs of railroad crossing improvements; adequacy of bridges, culverts, and drainage facilities near railroad rights-of-way; allocation of costs when two railroads intersect and the appropriate type of grade separation, if any, at proposed intersections; allocation of costs of railroad industrial spur tracks; safety and adequacy of railroad bridges, drawbridges, and fences; removal or transfer of railroad terminals, shops, stations, and agency service; adequacy and cost allocations of grade and highway crossing protections; exemption for vehicles otherwise required to stop at railroad crossings from stopping at a specified crossing; views, trees, and brush near crossings; and the determination of direct and remainder assessments for the costs of railroad regulation. Specify that existing penalties for failure to provide necessary documents or information to OCR or for violating OCR orders would now apply with respect to the Division.

Provide that in hearing these matters, the Division must give due weight to the experience, technical competence, and specialized knowledge of DOT as well as to the discretionary authority conferred upon DOT. Require the Division to give great weight to DOT's interpretation of the statutes and the rules that it administers. Provide that if there is a conflict between this new provision and any other statute relating to a hearing or review conducted by the Division, these new procedures take precedence.

Require that DOT pay the costs of the hearing examiner in accordance with a schedule of fees developed by the Division. Specify that any appeals arising from examiners' decisions be heard by the Administrator of the Division, and that the determination of the Administrator is the final decision of DOA. Allow appeal of the Administrator's decision for judicial review.

Transfer Railroad Corporate Registration Functions to the Department of Financial Institutions (DFI). Require railroad corporations to file the following types of documents with DFI, rather than with OCR, as is currently required: all books of account or stock books as may be required by DFI; designation of a principal office within the state; the annual report to the railroad's stockholders; and certificates issued by DOT for railroad construction or route alteration. Reassign the approval of route maps for proposed railroads from DFI to DOT.

Modify Railroad Regulatory Authority. In transferring railroad regulatory functions to other agencies, make the following changes to the current level of railroad regulation:

Repeal the requirement that, before any railroad track construction may proceed in the state, the railroad must have a certificate that is issued only after a public hearing and upon a finding of "public convenience and necessity." Under the bill, a certificate authorizing construction would be issued by DOT, but a hearing would be discretionary, and there would be no public convenience and necessity standard required. Also, repeal that standard for issuance of certificates of authority for ferry operations.

Eliminate the current OCR role in authorizing the issuance and disposition of railroad corporation securities, including stock and debt instruments, and instead, allow all such activities authorized by DFI or, in the case of railroads engaged in or proposing interstate commerce, the Federal Surface Transportation Board. [The reference to the Federal Surface Transportation Board replaces an outdated reference under current law to the former Interstate Commerce Commission. The bill would also update a second reference to the Interstate Commerce Commission under provisions regarding forms for the state to use in obtaining information from railroad companies.]

Additionally, repeal:

- The authority and the procedures to investigate and remedy complaints of unreasonable or unjustly discriminatory rates, including interstate rates, and of inadequate service within the state;

- The requirement that railroads furnish reasonably adequate service and facilities and that the charges made be reasonable and just;

- The prohibitions against discriminatory rates, undue or unreasonable carrier preferences, and rebates and concessions received in the furtherance of discriminatory rates;

- The standards with respect to providing free transportation, reduced rates, and passes;

- The authority to prescribe the time and form of rate schedule filings, use of free passes by shippers, rates and charges at elevators and warehouses upon railroad ground, and the manner of providing railroad car service to shippers, including weighing and testing railroad cars and freight;

- The authority to collect information on railroad income and expenditures, construction costs, and debt level;

- The authority to investigate complaints about freight charges and the correctness of freight bills;

- The requirements that railroads maintain transportation contracts and pass lists for certain periods of time and make them available for inspection, as required; and

- Penalties for failure to meet time requirements for erecting overhead warning devices ("telltales") to alert workers of low clearances.

Repeal current law specifications with respect to railroad grade crossing and safety signage. Provide, instead, that such signs would have to be consistent with DOT's required uniform system of signs manual. Allow the use of existing signs until they are replaced or relocated.

Provide that DOT may issue orders on the following matters without holding a public hearing: (a) the installation of protective devices, signs, or safety improvements at railroad crossings; (b) the determination of the type of grade crossing to be used where a railroad intersects a street or another railroad; (c) the granting of an exemption for vehicles otherwise required to stop at railroad crossings from stopping at a specified crossing; (d) the elimination of existing highway grade crossings associated with highway relocation, improvement, or new construction; and (e) the safety and adequacy of railroad bridges and drawbridges. Provide that DOT shall issue orders based on its investigation and criteria promulgated by rule with respect to such issues (however, specific rule authority is not provided with respect to "(c)"), and that the Division shall hear related appeals. Under current law, a public hearing must be held on all of these matters. Specify that the rule related to the installment of protective devices at railroad crossings may include programming criteria relating to prioritizing those crossings needing protection. Specify that the rule related to highway grade crossings shall include criteria to apportion expenses.

Create a requirement that the Department, notwithstanding its other duties related to grade crossings, must monitor and investigate all such crossings and determine, for each crossing, whether any warning devices, advance warning signs, or other warning measures are required to protect and promote public safety. Specify that DOT may make this determination without a hearing, but also provide that any order may be appealed to the Division. Provide that any device, sign, or other measure at a crossing that conforms to a DOT determination, or, if DOT has not made a determination, that was approved by OCR or the Office of the Commissioner of Transportation, is considered adequate and appropriate warning for the crossing.

Railroad Assessments. On the effective date of the transfer, delete the existing PR appropriation for state funds for OCR and create a new, PR appropriation under DOT to support the transferred railroad regulation activities. Also, authorize the use of the existing segregated appropriation for railroad crossing improvement and protection maintenance, funded from the transportation fund, for purposes of the transferred railroad regulation activities.

Authorize DOT, rather than OCR, to collect direct and remainder assessments from railroads sufficient to support railroad regulatory activities. Specify that 10% of the total amounts collected be deposited in the general fund for the costs of state government operations and the remaining 90% be deposited in the general fund and credited to the new, PR appropriation described above. Clarify that, although collected by DOT, the funds collected from direct and remainder assessments to support railroad regulatory activities would not be deposited in the transportation fund. Delete the provision that specifies that federal funds received for the regulation of railroads are credited to OCR's FED appropriation, rather than being part of the transportation fund.

The bill estimates GPR-Earned receipts from the portion of the assessments described above for state government operations at $70,600 in 2003-04 and $71,800 in 2004-05, for a biennial total of $142,400. The bill reflects these receipts as GPR-Earned by the PSC. However, the administration has indicated that the estimated receipts should be reflected under DOT, rather than the PSC.

Transition Provisions. On the effective date of the bill:

Transfer from OCR 4.0 PR positions and the incumbent employees, as identified by the Secretary of DOT, to DOT. These positions include one program assistant position and three regulation compliance investigator positions. [Funding and position authority for the transferred positions will be included under DOT.]

Delete the remaining 3.0 PR positions of OCR not transferred, including the positions of the Commissioner of Railroads and the two attorneys.

Specify that: (a) all persons transferred would retain the same rights and employee status they held prior to the transfer; and (b) no employee 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 from OCR to DOT. Provide that in the event of any disagreements between the Commissioner and the Secretary of DOT with respect to tangible personal property, contracts, rules and orders, and pending matters, the Secretary of DOA would be required to determine the matter and develop a plan for an orderly transfer.

The net effect of the funding and position transfers and deletions associated with this item is as follows:

Agency	Annual Funding Change	Annual Position Change
PSC	-$588,800	-7.00
DOT*	588,800	4.00
DOA**	200,000	0.00
Total	$200,000	-3.00

*The funding and position changes are included under DOT.
**This funding, which is included under DOA, would be PR-S for services provided by the Division of Hearing and Appeals in connection with the regulation of railroads, and would be funded through charges assessed to DOT.

Additional Provisions. In addition, make the followings changes: (a) when referring to signs and instruments for safety purposes, generally replace the word "protection" with the word "warning;" (b) delete language authorizing OCR to sue and be sued in that name, as there are no provisions preventing such actions with respect to the state agencies to which the responsibilities of OCR would be transferred under the bill; and (c) delete other statutory references to sections that would be deleted under these provisions.

Joint Finance/Legislature: Delete provision.

2. GPR-EARNED REESTIMATE [LFB Paper 640]

GPR-REV	- $11,800

Joint Finance/Legislature: Reduce GPR-Earned by $5,300 in 2003-04 and $6,500 in 2004-05 to reflect a reestimate of the amount generated on OCR's railroad assessments.

REGULATION AND LICENSING

Budget Summary							
						Act 33 Change Over Base Year Doubled	
Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Amount	Percent
PR	$23,320,400	$23,961,800	$22,197,800	$22,197,800	$22,197,800	- $1,122,600	- 4.8%

FTE Position Summary						
Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
PR	135.50	125.50	125.50	125.50	125.50	- 10.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$0	$141,600	$141,600
PR	$461,400	- $141,600	$319,800

Governor: Provide standard adjustments to the base budget totaling $230,700 annually. Adjustments are for: (a) turnover reduction (-$162,400 annually); (b) full funding of continuing salaries and fringe benefits ($316,800 annually); (c) overtime ($5,100 annually); (d) night and weekend differential ($400 annually); and (e) fifth week of vacation as cash ($70,800 annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash ($70,800 annually). Require the agency to lapse to the general fund $70,800 annually from those PR accounts in which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $70,800 annually.

[Act 33 Section: 9160(3f)]

2. LAPSE FROM PROGRAM REVENUE BALANCES [LFB Papers 646 and 648]

GPR-REV	$3,939,800

Governor/Legislature: Require the Secretary of DOA to lapse $1,969,900 annually to the general fund from the available PR balances in R&L's general program operations appropriation. Expenditure authority under the appropriation itself would not be reduced. Generally prohibit the Secretary of DOA from lapsing or transferring any funds if the proposed lapse or transfer would violate a condition imposed by the federal government on the expenditure of the funds, or if the lapse would violate the federal or state constitutions.

Veto by Governor [D-3]: Authorize R&L to submit an alternative plan to the Secretary of DOA for the allocation of the lapse amounts. After reviewing any submitted plan, the Secretary would have the authority to implement the plan.

[Act 33 Section: 9260(1)]

[Act 33 Vetoed Section: 9260(1)]

3. BASE BUDGET REDUCTIONS [LFB Papers 646 and 648]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $1,086,800	- 10.00	- $580,600	0.00	- $1,667,400	- 10.00

Governor: Reduce the Department's PR general program operations appropriation by $543,400 and 10.0 positions annually. The base level reductions would be applied to amounts budgeted for salaries and fringe benefits. These reduction amounts are being reallocated to the agency's supplies and services budget to fund information technology initiatives [see next entry].

Joint Finance/Legislature: Delete an additional $290,300 annually from the agency's general program operations appropriation to offset a portion of a projected deficit in this appropriation account.

4. INFORMATION TECHNOLOGY FUNDING [LFB Paper 645]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$1,086,800	- $1,041,800	$45,000

Governor: Provide $543,400 annually budgeted to supplies and services under the agency's general program operations appropriation to fund unspecified information technology expenses to aid in the improvement of the Department's information technology environment. Under the bill, the salary and fringe benefits funding reductions associated with recommended base budget staffing reductions [see the preceding entry] would be reallocated to the supplies and services line to fund this information technology initiative. The amount of the salary and fringe benefits funding reduction would be fully offset by this information technology funding increase, and the net fiscal effect of both recommendations would be $0.

Joint Finance/Legislature: Delete $498,400 in 2003-04 and $543,400 in 2004-05 annually for activities associated with improvements to the Department's IT environment. The remaining balance of $45,000 in 2003-04 would be available to fund an analysis of the scope and purpose of each proposed IT project enhancement. The funds for the analyses would be provided with the understanding that the agency could submit a request for additional IT funding under s. 16.515/16.505(2) passive review procedures once the Department had developed detailed cost projections for each proposed IT project enhancement and had demonstrated that sufficient revenues would be available to support the projects.

5. EXAMINATION FEE VENDOR PAYMENT INCREASE

PR	$180,000

Governor/Legislature: Provide additional expenditure authority of $90,000 annually for examination fee payments for tests prepared and administered by outside test services. Base level funding is $1,518,900 annually and supports tests prepared and administered by the agency as well as those administered by independent national test services.

6. GPR-EARNED REESTIMATE [LFB Paper 647]

GPR-REV	$105,900

Joint Finance/Legislature: Reestimate GPR-Earned amounts from initial and renewal licenses, examinations and criminal background checks for the Department by -$18,100 in 2003-04 and $124,000 in 2004-05.

7. EVALUATION OF CURRENT METHODOLOGIES USED TO ESTABLISH INITIAL AND RENEWAL FEES [LFB Papers 646 and 648]

Joint Finance/Legislature: Request that the Joint Legislative Audit Committee direct the Legislative Audit Bureau (LAB) to conduct an evaluation of the methodologies used by R&L for calculating administrative and enforcement costs and recommending changes to fees for issuing and renewing credentials. The purpose of the audit would be to determine whether the Department's methods are adequately documented and straightforward in administration, represent the actual costs associated with the regulation of licensed professions and provide sufficient revenues to support the agency's operations. If the LAB conducts such an audit, direct that it report its findings by June 30, 2004.

[Act 33 Section: 9133(3f)]

REVENUE

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$162,118,400	$159,710,600	$161,981,600	$161,981,600	$161,981,600	- $136,800	- 0.1%
PR	16,089,000	16,765,500	18,673,700	18,673,700	18,673,700	2,584,700	16.1
SEG	129,829,600	133,050,200	133,059,800	133,059,800	133,059,800	3,230,200	2.5
TOTAL	$308,037,000	$309,526,300	$313,715,100	$313,715,100	$313,715,100	$5,678,100	1.8%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	1,000.00	942.50	970.00	970.00	970.00	- 30.00
PR	76.90	76.90	88.10	88.10	88.10	11.20
SEG	135.75	41.25	135.75	135.75	135.75	0.00
TOTAL	1,212.65	1,060.65	1,193.85	1,193.85	1,193.85	- 18.80

Budget Change Items

Tax Administration

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$0	$79,800	$79,800
GPR	$5,527,200	- $933,200	$4,594,000
PR	676,500	- 56,400	620,100
SEG	989,000	- 54,800	934,200
Total	$7,192,700	- $1,044,400	$6,148,300

Governor: Provide adjustments of $323,800 PR and $484,100 SEG in 2003-04, and $352,700 PR and $504,900 SEG in 2004-05, and $2,763,600 GPR annually as standard budget adjustments. Adjustments are for: (a) turnover reduction (-$1,243,800 GPR and -$117,900 SEG annually); (b) removal of noncontinuing funding and positions (-$1,300,100 GPR, -$3,400 PR, and -$11,700 SEG annually); (c) full funding of continuing salaries and fringe benefits ($4,835,600 GPR, $269,600 PR, and $577,100 SEG annually); (d) reclassifications and semiautomatic pay increases ($29,400 PR and $9,200 SEG in 2003-04, and $58,300 PR and $30,000 SEG in 2004-05); (e) fifth week vacation as cash ($466,600 GPR, $28,200 PR, and $27,400 SEG annually); (f) full funding of lease costs and directed moves ($5,300 GPR annually); and (g) minor transfers within the same alpha appropriation. In total, changes due to standard budget adjustments would increase funding by $3,571,500 in 2003-04 and $3,621,200 in 2004-05.

Joint Finance/Legislature: Delete funding for fifth week as cash (-$466,600 GPR, -$28,200 PR, and -$27,400 SEG annually). Require the agency to lapse to the general fund a total of $39,900 in each year from those PR and SEG accounts or funds from which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $39,900 annually. Specify, however, that the agency is not required to lapse to the general fund any such PR or SEG amount that is from federal funds or that is from another fund source whose lapse to the general fund would be prohibited by state or federal laws or the state or federal constitution. The estimated lapse amount for each year does not include $15,700 SEG from the lottery fund, because the state constitution requires lottery proceeds to be used for property tax relief.

[Act 33 Section: 9160(3f)]

2. TRANSFERS BETWEEN APPROPRIATIONS

Governor/Legislature: Provide adjustments for the following transfers between appropriations within the same funding source: (a) transfer funding and positions from the Division of Income, Sales, and Excise Tax (ISE) to the Bureau of Human Resources Services in the Division of Enterprise Services (ES) to centralize tax revenue accounting and mail services functions; (b) transfer information technology positions and related funding to the Office of Information Technology Services (OITS) to reflect the centralization of information technology positions and funding in OITS; (c) transfer funding for rent related to the delinquent tax collection program from ISE to the Department's centralized space rental funding appropriation in ES; (d) transfer positions and funding allocated to data capture from tax returns in ISE and the Division of State and Local Finance to the Division of Processing and Customer Service; and (e) realign certain positions and associated funding to reflect transfers between divisions.

3. REVERT MANUFACTURING ASSESSMENT FUNCTION TO LOCAL GOVERNMENTS [LFB Paper 685]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $4,554,000	- 31.00	$2,152,600	13.50	- $2,401,400	- 17.50
PR	0	0.00	2,152,600	13.50	2,152,600	13.50
Total	- $4,554,000	- 31.00	$4,305,200	27.00	- $248,800	- 4.00

Governor: Delete $2,277,000 and 31.0 positions annually to reflect transfer of responsibility for assessing manufacturing property from the state to local governments, effective with property assessed as of January 1, 2004. Under current law, the Department of Revenue (DOR) determines the assessed value of all manufacturing property in the state for general property tax purposes and reports the value to the municipalities in which the manufacturing property is located. Department staff in the Manufacturing and Telecommunications Assessment Bureau of the Division of State and Local Finance conduct the assessments. The Bureau is responsible for assessing all manufacturing and telephone company property in the state for property tax purposes. Under this provision, the Bureau would continue to assess telephone company property. Although DOR would no longer assess manufacturing property, the Department would be required to establish standards and procedures for assessing such property for inclusion in the property tax assessment manual that is distributed to local assessors. The Bureau has base level funding of $2,948,600 GPR and 46.00 GPR positions. [See "Shared Revenue and Tax Relief -- Property Taxation."]

Joint Finance/Legislature: Delete provisions that would transfer responsibility for assessment of manufacturing property from the Department of Revenue to local governments and restore that responsibility with the Department. Provide the Department with $1,076,300 GPR and 13.5 GPR positions, and $1,076,300 PR and 13.5 PR positions annually in the Bureau of Manufacturing and Telco Assessment for the assessment of manufacturing property. A separate program revenue appropriation would be created to fund the PR manufacturing assessment positions and related costs. DOR would be authorized to annually impose a special charge on each municipality containing manufacturing property to fund the PR manufacturing assessment positions and related expenses. The charge for each municipality would be set at an amount equal to the municipality's equalized value of manufacturing property multiplied by a rate determined by DOR, which would vary from year to year and generate sufficient revenues to offset the Department's budgeted PR costs for the manufacturing assessment function. Municipalities would be prohibited from applying the special charge disproportionately to the owners of manufacturing property relative to the owners of other property.

[Act 33 Sections: 647m and 1580cd]

4. REVENUE COLLECTION POSITIONS

	Funding	Positions
GPR	$1,370,000	8.00

Governor/Legislature: Provide $685,000 and 8.0 positions annually to help improve the Department's revenue collection efforts. Under this provision, 4.0 auditor positions and 4.0 revenue agents would be provided to the Division of Income, Sales, and Excise Tax.

5. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $1,101,600	- 14.00	$1,101,600	14.00	$0	0.00	$0	0.00

Governor: Delete $550,800 and 14.0 positions annually to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate $813,300 in 2003-04 and $1,099,100 in 2004-05 of remaining base level salary and fringe benefits funding that currently supports 9.0 attorney positions to the agency's supplies and services budget to pay for legal services supplied by DOA. The agency's chief counsel position would not be subject to transfer to DOA under the Governor's recommendation. (It should be noted that, in its budget documents, the administration has deleted funding for the entire year of 2003-04, to reflect the net elimination of 5.0 attorney positions through the consolidation. However, under the provisions of the bill, these positions would not be eliminated until October 1, or later, depending on the bill's date of passage. If the GPR reduction amount for 2003-04 were changed to reflect the effective date of the consolidation, the 2003-04 reduction would be $413,100 rather than $550,800.)

Joint Finance/Legislature: Delete provision. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Veto by Governor [D-2]: Delete all references to the word attorney, so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted for the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

6. BUREAU OF EQUALIZATION CONSOLIDATION

	Funding	Positions
GPR	- $1,065,600	- 7.00

Governor/Legislature: Delete $532,800 and 7.0 positions annually to reflect consolidating the seven regional offices of the Bureau of Equalization down to six. The Department indicates that it would eliminate a regional office and allocate its responsibilities to the remaining six regional offices. The Bureau of Equalization in the Division of State and Local Finance is responsible for establishing equalized property values for towns, cities, and villages in the state. The equalized values are used to allocate county and school district property taxes among taxing jurisdictions and to distribute state aid and shared revenues to local jurisdictions. Currently, the Bureau operates out of seven regional offices and a central office in Madison. The Bureau has base level funding of $4,440,200 GPR, 73.90 GPR positions, and $1,264,800 PR.

7. ALCOHOL AND TOBACCO LAW ENFORCEMENT AND POSITION REDUCTION

	Funding	Positions
GPR	- $513,000	- 3.00

Governor: Delete $256,500 and 3.0 positions annually in the Alcohol and Tobacco Enforcement Section (ATES) of the Division of Income, Sales, and Excise Taxes. ATES provides statewide enforcement of Wisconsin's alcohol beverage, cigarette, tobacco product, and controlled substance tax laws. ATES activities include inspection of licensed premises, investigations, public speaking and training, and customer service. The Section consists of 13.0 GPR agent positions.

Joint Finance/Legislature: Include provision. In addition, authorize DOR to enforce certain gambling laws relating to commercial gambling, the use of premises for commercial gambling, and dealing in gambling devices that involved not more than five video gambling machines on premises for which a Class "B" or "Class B" license or permit has been issued under Chapter 125 of the statutes (for retail sales of alcoholic beverages). Provide that no law enforcement officer, other than a law enforcement officer who is a special agent of DOR, could investigate violations of, or otherwise enforce gambling laws relating to, commercial gambling, the use of premises for commercial gambling, and dealing in gambling devices that involves not more than five video gambling machines on premises for which a Class "B" or "Class B" license or permit has been issued. Department of Justice authority to enforce gambling laws relating to commercial gambling and the use of premises for commercial gambling that involves not more than five video gambling machines on premises for which a Class "B" or "Class B" license or permit has been issued would be repealed. If a DOR special agent had reasonable grounds to believe that the person was violating or had violated these gambling laws, the special agent would be required to cause the person to be arrested and the documents and reports pertaining to the arrest to be delivered to the chief of police or sheriff in the jurisdiction in which the arrest was made.

[Act 33 Sections: 1623g thru 1623r, 2043z, 2099f thru 2099v, and 2120m]

8. EXPANDING E-FILING

GPR	- $420,000

Governor/Legislature: Delete $210,000 annually to reflect reduced processing and customer service costs from expanding the use of e-filing by state taxpayers.

9. BUREAU OF HUMAN RESOURCE SERVICES STAFFING REDUCTION

	Funding	Positions
GPR	- $406,400	- 2.50

Governor/Legislature: Delete $203,200 and 2.50 positions annually from the Human Resource Services Bureau in the Division of Enterprise Services. The Human Resource Services Bureau provides human resource services including operation of the Department's programs for affirmative action, employment relations, compensation, personnel staffing and recruitment, payroll management, and training. The Bureau has base level funding of $862,900 GPR, 12.95 GPR positions, $38,100 PR, 0.55 PR position, $146,600 SEG, and 2.25 SEG positions.

10. INCOME, SALES, AND EXCISE TAX ADMINISTRATION REDUCTION

	Funding	Positions
GPR	- $330,400	- 3.00

Governor/Legislature: Delete $165,200 and 3.0 positions annually to reduce administrative staff in the Division of Income, Sales, and Excise Tax. The ISE division is responsible for administering the state individual income, employee withholding, corporate income/franchise, state and county sales and use, estate, excise, recycling, and other state tax programs. The Division consists of the Audit Bureau, Compliance Bureau, and an administrative staff. Base level staffing for ISE administration is $4,435,000 GPR, 42.9 GPR positions, and $262,000 PR.

11. INTEGRATED TAX SYSTEM FUNDING REDUCTION

GPR	- $300,000

Governor/Legislature: Delete $150,000 annually in funding for development of the integrated tax system (ITS). The integrated tax system involves the use of technology to develop and implement a comprehensive modernization, upgrade, and reorganization of the Department's tax administration personnel, activities, processes, and systems into functional components. The Department is currently in the process of fully implementing components of the system. ITS has base level funding of $4,871,600 GPR and $1,097,000 PR.

12. OFFICE OF PUBLIC AFFAIRS DIRECTOR

	Funding	Positions
GPR	- $214,400	- 1.00

Governor/Legislature: Delete $107,200 and 1.0 position annually to eliminate the director of the Office of Public Affairs position in the Office of the Secretary of Revenue.

13. DELETE LOCAL FINANCIAL ASSISTANCE AUDITOR

	Funding	Positions
GPR	- $140,000	- 1.00

Governor/Legislature: Delete $70,000 and 1.0 position annually to eliminate an auditor position in the Bureau of Local Financial Assistance (LFA) in the Division of State and Local Finance. LFA is responsible for determining and distributing property tax relief, shared revenues and other local aids, and for certifying school district and vocational school equalized values that are used to apportion property taxes and general aids to education. The Bureau has base level funding of $753,400 GPR, 9.25 GPR positions, $40,300 PR, $149,700 SEG, and 2.75 SEG positions.

14. FINANCIAL MANAGEMENT SERVICES BUREAU STAFF REDUCTION

	Funding	Positions
GPR	- $137,600	- 2.00

Governor/Legislature: Delete $68,800 and 2.00 positions annually in the Financial Management Services Bureau in the Division of Enterprise Services. The Financial Management Services Bureau provides administrative and consulting services in the functional areas of accounting, purchasing, facilities, fleet, fixed assets, and insurance, records, and forms management. The Bureau has base level funding of $1,839,300 GPR, 31.10 GPR positions, $629,600 PR, 3.90 PR positions, $451,600 SEG, and 7.50 SEG positions.

15. DIVISION OF STATE AND LOCAL FINANCE ADMINISTRATION

	Funding	Positions
GPR	- $122,000	- 1.00

Governor/Legislature: Delete $61,000 and 1.0 position annually to eliminate a budget analyst position in the Division of State and Local Finance. The Division of State and Local Finance (SLF) is responsible for establishing the state's equalized property values; assessing all manufacturing and telecommunication company property for property tax purposes; assessing taxes on utilities, railroads, airlines, mining, and other special properties; and providing financial management and technical assistance to municipal and county governments. The Division also administers state shared revenue, property tax relief payments for municipal services, and the lottery credit program and also provides property assessment administration and certification of assessment personnel. SLF consists of the Assessment Practices Bureau, Equalization Bureau, Local Financial Assistance Bureau, Manufacturing and Telecommunications Assessment Bureau, and the Utility and Special Taxes Bureau. Base level funding for the Division is $9,662,000 GPR, 146.05 GPR positions, $769,300 PR, 1.50 PR positions, $412,500 SEG, and 5.25 SEG positions.

16. COUNTY SALES TAX ADMINISTRATION [LFB Paper 651]

GPR-REV	$349,000

Joint Finance/Legislature: Reestimate the lapse from the county sales tax administration appropriation to be $939,700 in 2003-04, and $1,098,900 in 2004-05. This represents an increase of $94,900 in 2003-04, and $254,100 in 2004-05, over the amounts included in Senate Bill 44.

Wisconsin counties can impose a 0.5% sales tax on the same goods and services that are subject to the state sales tax. The county sales tax is attached to the state sales tax in that the county tax is administered, enforced, and collected by DOR. DOR retains 1.75% of the county taxes it collects in a program revenue appropriation to cover administrative costs. The year-end unencumbered balance in the appropriation is lapsed to the general fund. Currently, 57 counties impose the tax.

17. DISTRIBUTION OF MEDICARE INFORMATION

GPR	- $50,000

Joint Finance/Legislature: Delete $25,000 annually from the Department's collection of taxes general program operations appropriation and statutory provisions that require the Department to distribute, to individuals who are 65 or older with household income no more than the maximum for claiming the homestead tax credit, enrollment cards and other materials explaining a program (Partnercare) under which a physician voluntarily agrees to accept assignment of a Medicare Part B enrollee's benefits for reimbursement for the provision of authorized medical or other health services, and to not require payment in excess of the authorized Medicare Part B amount. The requirement that the Wisconsin State Medical Society provide the Department of Revenue with the enrollment cards and explanatory materials would be deleted. In addition, the requirement that the Department of Revenue submit an annual report to the Legislature concerning the number and location of individuals to whom the enrollment cards are distributed would be eliminated.

[Act 33 Sections: 1583g, 2061s, 2521m, 2551h, 2554k, and 2574h]

18. BUSINESS TAX REGISTRATION ADMINISTRATION [LFB Paper 650]

	Funding	Positions
PR	- $188,000	- 2.30

Joint Finance/Legislature: Delete 2.30 positions and expenditure authority of $94,000 annually from the business tax administration appropriation.

Businesses are required to obtain a business tax registration certificate from the Department for certain licenses, permits, and certificates related to sales, withholding, fuel, and excise taxes. Businesses pay a basic registration fee of $20, a renewal fee of $10, and, in certain cases, a supplemental fee based on the type of permit, license, or certificate required. Fees are placed in a program revenue appropriation used to fund administration of the business tax registration system. The appropriation has base level funding of $1,478,800 and 22.75 positions.

Lottery Administration

1. LOTTERY SALES PROJECTIONS [LFB Paper 661]

Governor/Legislature: Estimate lottery sales at $417.2 million in 2003-04 and $418.0 million in 2004-05. The following table shows these estimates, as well as 2001-02 actual lottery sales and 2002-03 projected sales. (For the purposes of certifying the amount available for the 2002(03) lottery and gaming property tax credit, DOA and the Joint Committee on Finance adopted, in October, 2002, the DOR 2002-03 lottery sales estimate of $412.7 million.)

Lottery Sales Projections
($ in Millions)

Game Type	Actual 2001-02	2002-03	2003-04	Percent Change from 2002-03	2004-05	Percent Change from 2003-04
Scratch	$233.6	$238.4	$243.3	2.0%	$244.5	0.5%
Pull-tab	4.6	4.6	4.6	0.0	4.6	0.0
On-line	189.3	169.7	169.3	-0.2	168.9	-0.2
Total	$427.5	$412.7	$417.2	1.1%	$418.0	0.2%

The 2003-05 estimated sales are identical to those made by DOR in the Department's 2003-05 budget request and are based on sales models utilized by DOR to estimate both on-line and instant ticket games. The projected sales directly affect appropriation levels for retailer compensation and lottery vendor fees. The effects of these sales and expenditure estimates are shown in the lottery fund condition statement (see Item #4 below).

2. SUM SUFFICIENT APPROPRIATION REESTIMATES FOR RETAILER COMPENSATION AND VENDOR FEES [LFB Paper 661]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$2,231,600	$64,400	$2,296,000

Governor: Provide $1,059,700 in 2003-04 and $1,171,900 in 2004-05 to reestimate lottery sum sufficient appropriations for retailer compensation and vendor fees, as follows.

Retailer Compensation. Provide $1,035,700 annually to adjust base level funding for retailer compensation, including payments to retailers under the retailer performance program, to reflect projected lottery sales in the 2003-05 biennium.

Basic retailer compensation rates under current law are 5.5% for online ticket sales and

6.25% for instant ticket sales. In addition, the retailer performance program provides an amount of up to 1% of for-profit sales as incentive payments to retailers (estimated at $4.1 million in 2003-04 and $4.2 million in 2004-05, under the bill). Base level funding of $28,352,000, established under 2001 Wisconsin Act 16, was based on estimated lottery sales of $402.9 million in 2002-03. The Governor's recommended increases to retailer compensation funding are based on lottery sales projections of $417.2 million in 2003-04 and $418.0 million in 2004-05. Based on these projections, the amount provided in 2004-05 should be modified, as estimated sales in that year would require $1,100,100 for retailer compensation, or $64,400 more than the $1,035,700 provided.

Vendor Fees. Provide $24,000 in 2003-04 and $136,200 in 2004-05 to adjust funding for vendor fees to reflect projected lottery sales in the 2003-05 biennium. Base level funding for vendor fees is $12,790,500.

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 bill, vendor fees would total 3.1% of on-line and scratch ticket sales in the 2003-05 biennium.

Joint Finance/Legislature: Provide $64,400 in 2004-05 to reestimate the retailer compensation sum sufficient appropriation to reflect 2004-05 sales of $418.0 million.

3. PRIVATIZATION OF LOTTERY OPERATIONS [LFB Paper 660]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- 94.50	94.50	0.00

Governor: Delete 94.5 positions in 2004-05 relating to the operation of the state lottery and authorize the lottery division administrator to determine whether any lottery functions, other than financial auditing services and procurement functions relating to the lottery, should be performed by one or more persons under contract with DOA. Shift $4,921,200 budgeted in 2004-05 for salaries, fringe benefits and supplies and services to unallotted reserve for possible use to support such contracts. (A total of $122,800 of this shifted funding is erroneously budgeted as an aids to individuals and organizations payment.) Under current law, the division administrator may determine whether lottery functions should be performed by DOR employees or by one or more persons under contract with DOA, except that no contract: (a) may provide for the entire management or operation of the state lottery by any private person; or (b) is permitted for financial auditing and security monitoring services.

Repeal a current law provision that DOA require separate bids or competitive sealed proposals for instant lottery ticket services and supplies and for online services and supplies.

Authorize DOR to request the Governor to create a full-time equivalent position, or a portion of a position, funded from gross lottery revenues to perform state lottery-related services that are not performed by one or more persons under contract with DOA. Upon receiving the request, authorize the Governor to change the number of such SEG-funded full-time equivalent positions, as follows: (a) the Governor may approve a different authorized level of positions than is requested; (b) if the Governor proposes to change the number of authorized full-time equivalent positions, the Governor must notify the Joint Committee on Finance in writing of this proposed action; (c) if the Co-chairs of the Committee do not notify the Governor within 14 working days of the notification that the Committee has scheduled a meeting to review the proposed action, the proposed position changes may be made; and (d) if, within the 14 working day period, the Co-chairs notify the Governor that the Committee has scheduled a meeting to review the proposed action, the position changes may then be made only upon the approval of the Committee. Under current law, SEG-funded positions may be authorized only under the following procedures: (a) by law or in budget determinations; and (b) by the Joint Committee on Finance, acting under s. 13.101(2) of the statutes.

Base funding for the lottery is $62,831,200, with 109.5 positions. Under the bill, the lottery would be provided $64,142,700 in 2003-04 and $64,254,900 in 2004-05. The elimination of 94.5 positions would leave 15.0 positions. The Governor indicates, in supporting documents relating to the budget, that the remaining positions would be used for contract negotiation, compliance and auditing. The Governor also indicates that bids for the operation of the lottery would be completed and evaluated before the end of 2003-04 and that, if the state operation of the lottery remains the most cost effective means of program delivery, the lottery positions could be restored under the provisions described above.

Joint Finance/Legislature: Delete provision except for the elimination of the requirement for separate bids or competitive sealed proposals for instant lottery ticket services and supplies and for online services and supplies.

Subject to approval by the Secretary of Revenue, authorize the lottery administrator to determine whether lottery functions shall be performed by DOR employees or by one or more persons under contract with DOA, except that no contract may provide for the entire management of the lottery or for the entire operation of the lottery by any private person, unless approved by the Joint Committee on Finance under s. 13.10 of the statutes.

For approval to proceed on a contract to provide for the entire management of the lottery or for the entire operation of the lottery by any private person, require DOR and DOA to jointly submit to the Joint Committee on Finance a lottery privatization evaluation describing: (a) what functions would be contracted; (b) what management authority the vendor would have with respect to lottery advertising, prize payout levels, and any functions the state would perform, if the contract were approved; (c) how a management or operations vendor would interact with other lottery vendors; (d) whether management bids would require some form of profit sharing and, if so, a description of the profit-sharing mechanism; and (e) a transition plan to ensure the successful conversion of the lottery to new management, including a schedule for phasing out state positions and a rationale for the number and classification of state positions that would be retained.

Veto by the Governor [E-3]: Delete provisions except for the repeal of the requirement for separate bids or competitive sealed proposals for instant lottery ticket services and supplies and for online services and supplies. As a result of the veto, current law with respect to privatization of the lottery is maintained. Under current law, the division administrator may determine whether lottery functions should be performed by DOR employees or by one or more persons under contract with DOA, except that no contract may provide for the entire management or operation of the state lottery by any private person.

[Act 33 Section: 2631]

[Act 33 Vetoed Sections: 2630g, 2630h, and 2631]

4. LOTTERY FUND CONDITION STATEMENT [LFB Paper 661]

Governor: The total revenue available for tax relief, minus a statutory reserve (2% of gross revenue) and the amounts appropriated for the farmland tax relief credit and lottery and gaming credit late applications payments, determines the amount available for the lottery and gaming tax credit. The bill would appropriate $101,900,000 in 2003-04 and $101,000,000 in 2004-05 for the lottery and gaming tax credit, however, the revenues and expenditures under the bill, with certain corrections, would support credits of $101,730,900 in 2003-04 and $100,812,900 in 2004-05. The corrections relate to two items: (a) retailer compensation in 2004-05 would need to be increased by $64,400 to reflect higher ticket sales estimates in 2004-05; and (b) no funding for the lottery and gaming credit certification was appropriated in 2004-05 in the bill, but supporting documents indicate that $960,000 was intended to be appropriated.

Joint Finance/Legislature: Reestimate the opening balance of the lottery fund on July 1, 2003, from $8,256,300 to $16,871,100, based on: (a) a reestimate of 2002-03 sales from $412.7 million to $431.6 million; (b) modified expenditure amounts for prizes, retailer compensation and vendor fees in 2002-03, based on the new sales estimate; and (c) reestimated lottery and gaming tax credits, including payments for late applications, based on actual 2002-03 expenditure data.

Modify the retailer compensation appropriation in 2004-05 by $64,400 to increase funding to properly reflect estimated ticket sales.

Reestimate interest earnings for 2003-04 and 2004-05, based on projected interest rates for the 2003-05 biennium. Under the bill as introduced, interest earnings were estimated at $1.4 million in 2003-04 and $1.5 million in 2004-05. Reestimated interest earnings would total $1.0 million in 2003-04 and $1.3 million in 2004-05.

Reestimate gaming-related revenue in 2003-04 and 2004-05 to $1.0 million annually. Under the bill as introduced, gaming-related revenue was projected to increase to $1.3 million annually in the 2003-05 biennium.

Delete $15,700 SEG annually to reflect the deletion of funding for the fifth week of vacation as cash.

Finally, make an adjustment to reflect the repeal of a sum sufficient appropriation for the local costs relating to lottery and gaming credit certification [see "Shared Revenue and Tax Relief -- Property Tax Credits"].

The changes described above result in revised amounts that would be available for the lottery and gaming tax credit. The amounts under the bill ($101.7 million in 2003-04 and $100.8 million in 2004-05) would be modified to $109.7 million in 2003-04 and $101.3 million in 2004-05. The following fund condition statement reflects these adjustments.

Lottery Fund Condition Statement
Act 33

	2003-04	2004-05
Fiscal Year Opening Balance	$16,871,100	$8,346,000
Operating Revenues		
Ticket Sales	$417,198,100	$418,049,000
Retailer Fees and Miscellaneous	100,600	100,600
Gross Revenues	$417,298,700	$418,149,600
Expenditures		
Prizes	$238,113,600	$238,701,200
Retailer Compensation	29,387,700	29,452,100
General Program Operations	21,924,800	21,924,800
Vendor Payments	12,814,500	12,926,700
Appropriation to DOJ	299,200	302,100
Appropriation to DOR	274,300	276,300
Program Reserves	242,500	379,600
Total Expenditures	$303,056,600	$303,962,800
Net Proceeds	$114,242,100	$114,186,800
Interest Earnings	$1,045,000	$1,290,000
Gaming-Related Revenue	$1,000,000	$1,000,000
Total Available for Tax Relief *	$133,158,200	$124,822,800
Appropriations for Tax Relief		
Lottery and Gaming Tax Credit	$109,662,200	$101,309,800
Farmland Tax Relief Credit	15,000,000	15,000,000
Lottery and Gaming Credit: Late Applications	150,000	150,000
Total Appropriations for Tax Relief	$124,812,200	$116,459,800
Gross Closing Balance	$8,346,000	$8,363,000
Reserve (2% of Gross Revenues)	$8,346,000	$8,363,000
Net Closing Balance	$0	$0

*Opening balance, net proceeds, interest earnings and gaming-related revenue.

[Act 33 Section: 284]

SECRETARY OF STATE

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
PR	$1,419,000	$1,503,300	$1,318,300	$1,318,300	$1,318,300	- $100,700	- 7.1%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
PR	8.50	8.50	7.50	7.50	8.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$0		$4,800		$4,800	
PR	- $12,600	- 1.00	- $4,800	0.00	- $17,400	- 1.00

Governor: Provide adjustments of -$6,300 and -1.0 position annually as standard budget adjustments. Adjustments are for: (a) removal of noncontinuing funding and positions (-$31,300 and -1.0 position annually); (b) full funding of continuing salaries and fringe benefits ($4,200 annually); (c) reclassifications and semiautomatic pay progression ($13,900 annually); (d) overtime ($4,500 annually); and (e) fifth week vacation as cash ($2,400 annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$2,400 PR annually). Require the agency to lapse to the general fund annually $2,400 from the PR account from which the fifth week vacation as cash payments had been budgeted. Estimate GPR-REV of $2,400 annually.

[Act 33 Section: 9160(3f)]

2. PRESERVATION PROJECT POSITION (PHASE 2)

	Funding	Positions
PR	$66,800	1.00

Governor/Legislature: Provide $33,400 and 1.0 two-year project position annually to continue the document preservation project that was begun in the 1999-01 biennium. The position is responsible for preparing certain historical documents for microfilming or scanning. The documents have been filed with the Office of the Secretary of State over the past 150 years. Preparation work includes removal of fasteners, flattening, repairing, restoring, cleaning, and entering information into a database.

3. COMPUTER COST INCREASE

PR	$30,100

Governor/Legislature: Provide $14,700 in 2003-04 and $15,400 in 2004-05 to fund increased computer costs. The increased costs are for higher charges for support and disc storage.

4. GPR-EARNED REESTIMATE [LFB Paper 665]

GPR-REV	$30,000

Joint Finance/Legislature: Reestimate the lapse to the general fund from the Office's program fees appropriation to be $35,800 in 2003-04 and $25,700 in 2004-05. This would represent an annual increase of $15,000 over the estimated annual lapses included in the bill. The Office is funded by fees for services that are placed in the program fees, program revenue appropriation. Any year-end unencumbered amount in excess of 10% of the prior year's expenditures is lapsed to the general fund.

5. POSITION REDUCTION

	Jt. Finance/Leg. (Chg. to Base)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$189,200		$0		$189,200	
PR	- $180,200	- 1.00	$0	1.00	- $180,200	0.00

Joint Finance/Legislature: Delete expenditure authority of $90,100 and 1.0 position annually to eliminate the Deputy Secretary of State position. The position is funded by fees for services that are placed in the Office's program fees program revenue appropriation. Any year-end unencumbered amount in excess of 10% of the fiscal year's expenditures is lapsed to the general fund. As a result of the position and funding reduction, the lapse to the general fund from the Office's program fees appropriation would increase by an estimated $99,100 in 2003-04 and by $90,100 in 2004-05.

Veto by Governor [D-25]: Delete provisions that would eliminate the Deputy Secretary of State position. The veto does not restore funding for the position.

[Act 33 Vetoed Sections: 53m, 734e, 735e, 2398r, and 9146(1x)]

SHARED REVENUE AND TAX RELIEF

Budget Summary by Funding Source

	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
Direct Aid Payments							
Shared Revenue	$722,429,600	$740,597,600	$540,597,600	$540,597,600	$540,597,600	- $181,832,000	- 25.2%
County and Municipal Aid	0	641,336,600	661,336,600	661,336,600	661,336,600	661,336,600	N.A.
Expenditure Restraint Program	115,140,000	116,291,400	116,291,400	116,291,400	116,291,400	1,151,400	1.0
County Mandate Relief	16,121,400	21,181,100	21,181,100	21,181,100	21,181,100	5,059,700	31.4
Small Municipalities Shared Revenue	8,540,600	11,221,100	11,221,100	11,221,100	11,221,100	2,680,500	31.4
Payments for Municipal Services	43,997,600	43,997,600	43,997,600	43,997,600	43,997,600	0	0.0
State Aid; Tax Exempt Property	156,800,000	140,765,000	137,200,000	137,200,000	145,900,000	-10,900,000	- 7.0
Property Tax Credits							
School Levy Tax Credit	$938,610,000	$938,610,000	$938,610,000	$938,610,100	$938,610,000	$0	0.0%
Homestead Tax Credit	189,200,000	203,000,000	198,200,000	198,200,000	203,200,000	14,000,000	7.4
Farmland Preservation Credit	30,000,000	27,400,000	4,100,000	4,100,000	28,700,000	- 1,300,000	- 4.3
Other Credits							
Earned Income Tax Credit	$26,480,000	$25,539,200	$25,539,200	$25,539,200	$25,539,200	- $940,800	- 3.6%
Cigarette and Tobacco Product Tax Refunds	25,000,000	23,300,000	11,300,000	11,300,000	23,300,000	- 1,700,000	- 6.8
Nursing Home Bed Assessment Credit	0	0	0	6,600,000	0	0	N.A.
Development Zones Jobs Credit	2,000	0	0	0	0	- 2,000	- 100.0
Development Zones Sales Tax Credit	2,000	0	0	0	0	- 2,000	- 100.0
Development Zones Investment Credit	2,000	0	0	0	0	- 2,000	- 100.0
Development Zones Location Credit	2,000	0	0	0	0	- 2,000	- 100.0
GPR TOTAL	$2,272,327,200	$2,933,239,600	$2,709,574,600	$2,716,174,600	$2,759,874,600	$487,547,400	21.5%
Other Credits							
Earned Income Tax Credit; Temporary Assistance for Needy Families	$110,320,000	$108,192,000	$117,424,000	$117,424,000	$117,424,000	$7,104,000	6.4%
PR TOTAL	$110,320,000	$108,192,000	$117,424,000	$117,424,000	$117,424,000	$7,104,000	6.4%
Direct Aid Payments							
Shared Revenue and County and Municipal Aid; Transportation Fund	$0	$400,000,000	$400,000,000	$400,000,000	$400,000,000	$400,000,000	N.A.
Shared Revenue and County and Municipal Aid; Utility Public Benefits Fund	0	20,000,000	37,600,000	37,600,000	37,600,000	37,600,000	N.A.
Property Tax Credits							
Farmland Tax Relief Credit	$30,000,000	$30,000,000	$30,000,000	$30,000,000	$30,000,000	$0	0.0%
Lottery and Gaming Credit	197,414,800	202,900,000	210,972,000	210,972,000	210,972,000	13,557,200	6.9
Lottery and Gaming Credit; Late Applications	300,000	300,000	300,000	300,000	300,000	0	0.0
Other Credits							
Earned Income Tax Credit; Utility Public Benefits	$0	$7,100,000	$236,800	$236,800	$236,800	$236,800	N.A.
SEG TOTAL	$227,714,800	$660,300,000	$679,108,800	$679,108,800	$679,108,800	$451,394,000	198.2%
Direct Aid Payments							
Shared Revenue	$0	$0	$182,400,000	$182,400,000	$182,400,000	$182,400,000	N.A.
FED Total	$0	$0	$182,400,000	$182,400,000	$182,400,000	$182,400,000	N.A.
TOTAL	$2,610,362,000	$3,701,731,600	$3,688,507,400	$3,695,107,400	$3,738,807,400	$1,128,445,400	43.2%

*Base year funding does not reflect $598.3 million in tobacco securitization proceeds used to provide additional shared revenue funding in 2002-03, which is instead included under miscellaneous appropriations.

Direct Aid Payments

1. SHARED REVENUE AND RELATED PROGRAMS -- DISTRIBUTION FORMULAS [LFB Papers 385 and 670]

Governor: Establish a formula to reduce 2003 payments determined under the current law distribution formulas for the shared revenue, county mandate relief, and small municipalities shared revenue programs by a total of $10,000,000. Apply the reductions to the total amounts otherwise payable to each county and municipality for 2003, as determined by the Department of Revenue (DOR). [Although the bill would apply the entire funding reduction to the shared revenue program, DOR could reduce payments under any of the three programs.] Exclude the reductions to 2003 payments in calculating the starting point for making reductions to 2004 payments. Increase the per capita reductions to 2004 payments to each county and municipality under the county and municipal aid program from $40,000,000 in total, as authorized under 2001 Wisconsin Act 109, to $50,000,000 in total. The proposed $10,000,000 reduction in each year is related to a proposal to provide a corresponding amount through the medical assistance program to local governments that provide emergency transportation services, although the distribution of the proposed medical assistance payments would differ from the aid reductions under shared revenue and the related programs. Require DOR to apply additional per capita reductions totaling $70,000,000 to the 2004 payments to municipalities under the county and municipal aid program. Provide that the preceding reductions cannot exceed the payments that would otherwise be made to each county and municipality. County and municipal aid payments for 2005 and thereafter would equal the amounts distributed in 2004, as decreased by the proposed $120,000,000 in total reductions.

The following table displays the estimated funding levels for the four programs and the estimated municipal and county reduction rates, based on a 2003 projected population of 5,499,393, under current law and under the bill.

The estimated per capita reduction rate for 2004 would increase from $3.64 for municipalities and counties under current law to $17.28 for municipalities and $4.55 for counties under the Governor's proposal. The following amounts do not include $58,145,700 annually in expenditure restraint payments to municipalities in 2003 and 2004 and an estimated $31,435,600 in utility aid payments under the shared revenue program to municipalities and counties in 2004.

	Municipalities	Counties	Total	Est. Per Capita Reduction Municipalities	Est. Per Capita Reduction Counties
2003 Funding					
Shared Revenue	$776,783,700	$172,378,300	$949,162,000		
Small Municipalities					
Shared Revenue	11,221,100	0	11,221,100		
Mandate Relief	0	21,181,100	21,181,100		
Current Law Total	$788,004,800	$193,559,400	$981,564,200		
Governor's Proposal	-5,000,000	-5,000,000	-10,000,000	-$0.91	-$0.91
Proposed 2003 Total	$783,004,800	$188,559,400	$971,564,200	-$0.91	-$0.91
2004 Funding					
2003 Initial	$788,004,800	$193,559,400	$981,564,200		
Est. 2003 Utility Aid	-15,052,600	-15,175,000	-30,227,600		
Base Payments	772,952,200	178,384,400	951,336,600		
Act 109 Reduction	-20,000,000	-20,000,000	-40,000,000	-3.64	-3.64
Current Law Total	$752,952,200	$158,384,400	$911,336,600		
Governor's Proposal	-75,000,000	-5,000,000	-80,000,000	-13.64	-0.91
Proposed 2004 Total	$677,952,200	$153,384,400	$831,336,600	-$17.28	-$4.55

Joint Finance/Legislature: Delete the Governor's recommendation to reduce payments to counties and municipalities in 2003 and 2004 by $10,000,000 based on a per capita reduction mechanism, but retain the provision under which the Department of Health and Family Services (DHFS) would provide an additional $10,000,000 through the medical assistance program to local governments that provide emergency transportation services. Direct DHFS to provide DOR estimates of the amounts of the supplements payable under the medical assistance program by November 1 of each year and to pay the estimated net amounts of the supplements on the third Monday in November, beginning in 2003. Direct DHFS to adjust the supplements otherwise payable in any year to reflect actual claims submitted by service providers in the previous fiscal year, beginning on November 1, 2004. Specify that the amounts otherwise payable in November of each year under the shared revenue account, the county aid account, and the municipal aid account to individual counties and municipalities be reduced by the net amount of the supplements paid to those counties and municipalities, beginning in 2003 (2003-04).

Delete the Governor's recommendation to apply additional per capita reductions totaling $70,000,000 to the 2004 payments to municipalities and the current law requirement to apply per capita reductions totaling $20,000,000 to the 2004 payments to municipalities. The current law per capita reduction for counties (estimated at $3.64) would be retained. Municipal aid payments would be distributed under three new formulas, described under "Municipal Aid for 2004 and 2005."

Veto by Governor [A-16]: Delete provisions that would have removed municipalities from the county and municipal aid program, created three new municipal aid programs for 2004 and 2005, and established another new municipal aid distribution beginning in 2006 (see

Item #4, "Municipal Aid for 2004 and 2005"). This has the effect of restoring the $20,000,000 reduction to 2004 municipal payments that was created by 2001 Wisconsin Act 109, which would be allocated on a per capita basis (estimated at $3.64 per capita).

The partial veto creates an additional $50,000,000 reduction to municipal aid payments by retaining parts of the text of the four vetoed aid programs. Under the veto, the $50,000,000 reduction would be applied on a per capita basis (estimated at $12.73 per capita) to the amount remaining after the initial $20,000,000 reduction, but the resulting additional payment reduction could not exceed 15.68513% of the amount remaining after the initial $20,000,000 reduction. Therefore, compared to 2003 payment levels, the resulting total reductions in 2004 will exceed 15.68513% for many municipalities. Total municipal aid will be the same under the partial vetoes as under the enrolled bill, but the distribution to individual municipalities will vary. The individual payments in 2005 and thereafter will equal the 2004 amounts.

The language created by the partial veto for making the $50,000,000 reduction follows:

> "79.043 Municipal aid. as determined by the department of revenue based on 2003 population and Notwithstanding s. 79.035, per capita reductions to payment amounts for all municipalities under s. 79.035 shall be withheld that total $50000000. 15.68513% is the maximum reduction allowable to the payments to any municipality, excluding any reduction under s. 79.02(3)(e), under this section. Except as provided under s. 79.02(3)(e), Beginning in 2004 the total amount to be distributed each year to municipalities from the aid account is $703,102,200.".

[Act 33 Sections: 1393c, 1657d, 1658d, 1659m, 1660, 1663b, 1666b, 1669d thru 1669f, and 1670]

[Act 33 Vetoed Sections: 1658d, 1662b, 1662d, 1663b, 1664b, 1666b, 1669d, 1669e, 1669f, and 1669g]

2. SHARED REVENUE -- FUNDING LEVEL [LFB Paper 672]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$18,168,000	- $200,000,000	- $181,832,000
FED	0	182,400,000	182,400,000
SEG	230,000,000	17,600,000	247,600,000
Total	$248,168,000	$0	$248,168,000

Governor: Create an annual appropriation comprised of transportation fund revenues to make shared revenue payments in 2003 (2003-04) and create an exception for those payments from the current law provision that requires all payments from the transportation fund to be made only on the order of the Secretary of DOT. Authorize DOR to determine the manner in which payments to counties and municipalities shall be comprised of amounts from the existing

GPR and newly-created SEG appropriations. Repeal the reference to the transportation fund appropriation in the shared revenue appropriation, effective July 1, 2004.

Increase GPR funding by $347,947,200 and provide an additional $230,000,000 SEG for the shared revenue program in 2003-04. Reduce GPR funding for the shared revenue program by $329,779,200 in 2004-05. Estimate the GPR sum sufficient appropriation for the shared revenue program in 2004-05 at $31,435,600 for the distribution of 2004 utility aid. These modifications reflect law changes authorized in the previous legislative session and a proposed $10,000,000 funding reduction in 2003 (2003-04) related to a proposal to provide a corresponding amount through the medical assistance program to local governments that provide emergency transportation services. In 2001 Wisconsin Act 16, the program's funding level was set at $939,764,400 for 2002 (2002-03) and $949,162,000 for 2003 (2003-04) and each year thereafter. The latter amount represents an increase of $9,397,600 (1%) over the 2002-03 funding level. In 2001 Wisconsin Act 109, $578,549,600 of the program's 2002-03 GPR funding was replaced on a one-time basis with proceeds from tobacco securitization (SEG). Also, Act 109 sunset payments under the shared revenue program after the 2003 (2003-04) distribution, except for payments under the program's utility aid component. The combined funding change of $577,947,200 in 2003-04 would result in a 2003 shared revenue distribution of $939,162,000, which is $10,000,000 less than the amount authorized in Act 16. The $329,779,200 reduction in 2004-05 reflects the decrease in base year funding to achieve the sunset of three of the four shared revenue components. Of the four shared revenue components, only payments under the utility aid component would continue.

Joint Finance/Legislature: Specify that all of the funding that is available as a grant to the state with the enactment of P.L. 108-27, the Jobs and Growth Tax Relief Reconciliation Act of 2003, would be used for shared revenue payments in 2003. Create a federal appropriation under shared revenue for this purpose and estimate the 2003-04 amount in this appropriation at $182,400,000 FED. Specify that the portion of shared revenue payments paid from this appropriation must be used for the provision of police and fire services. In addition, provide $17,600,000 SEG in 2003-04 from the balances in the utility public benefits fund for 2003 shared revenue payments. Reduce the GPR appropriation for shared revenue by $200,000,000 in 2003-04. Specify that the allocation of GPR, FED, utility public benefits SEG, and transportation fund SEG to 2003 shared revenue payments shall be determined by the Department of Revenue.

[Act 33 Sections: 659, 660, 662m thru 666, 853, 854, 1657, 1657m, 1659, 1660, 1668, 1669, and 9445(1)&(2f)]

3. COUNTY AND MUNICIPAL AID -- FUNDING LEVEL [LFB Papers 670 and 671]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	$641,336,600	- $483,102,200	$503,102,200	$661,336,600
SEG	190,000,000	- 190,000,000	190,000,000	190,000,000
Total	$831,336,600	- $673,102,200	$693,102,200	$851,336,600

Governor: Create annual appropriations comprised of transportation fund revenues and utility public benefits fund revenues to make county and municipal aid payments in 2004 (2004-05). Create an exception for the transportation fund payments from the current law provision that requires all payments from the transportation fund to be made only on the order of the Secretary of DOT. Authorize DOR to determine the manner in which payments to counties and municipalities shall be comprised of amounts from the existing GPR and newly-created SEG appropriations. Repeal the two SEG appropriations and the transportation fund payments exception on July 1, 2005.

Provide $170,000,000 SEG in revenues from the transportation fund and $20,000,000 SEG in revenues from the utility public benefits fund to supplement GPR funding for county and municipal aid payments in 2004-05. Estimate the GPR sum sufficient appropriation for the county and municipal aid program in 2004-05 at $641,336,600. This amount is based on the 2004 (2004-05) county and municipal aid distribution established in 2001 Wisconsin Act 109 less the following: (a) the $190,000,000 SEG provided under this item; (b) a proposed $70,000,000 reduction in municipal aid for 2004 (2004-05) and thereafter; and (c) a proposed $10,000,000 reduction in county and municipal aid for 2004 (2004-05) and thereafter related to a proposal to provide a corresponding amount through the medical assistance program to local governments that provide emergency transportation services.

Joint Finance/Legislature: Repeal the current law provisions extending state aid payments to municipalities under the county and municipal aid program beginning in 2004 and set the per capita funding reduction for counties under that program at $20,000,000. Remove any remaining references to municipalities, rename the program the county aid program, and estimate 2004-05 funding for the program at $158,234,400 GPR. Reduce 2004-05 funding for the county and municipal aid program by $483,102,200 GPR and $190,000,000 SEG. Modify the two SEG appropriations to pay for the new municipal aid program, which is described under Item #4, "Municipal Aid for 2004 and 2005." Incorporate provisions to adjust county payments for supplements provided under the medical assistance program, as described under Item #1, "Shared Revenue and Related Programs -- Distribution Formulas."

Veto by Governor [A-16]: Delete provisions that would have removed municipalities from the county and municipal aid program, created three new municipal aid programs for 2004 and 2005, and established another new municipal aid distribution beginning in 2006 (see Item #4, "Municipal Aid for 2004 and 2005"). This has the effect of restoring the $20,000,000 reduction to 2004 municipal payments that was created by 2001 Wisconsin Act 109.

The partial veto creates an additional $50,000,000 reduction to municipal aid payments by retaining parts of the text of the four vetoed aid programs. The language created by the partial veto establishes the total municipal distribution beginning in 2004 at $703,102,200. The language refers to this as being from the "aid account," which presumably is intended to refer to the "county and municipal aid account." This would increase spending from the sum sufficient appropriation from that account by $503,102,200 GPR in 2004-05, which equals the reduction in the appropriation the bill had established to fund the three new programs in 2004-05. The remaining $200,000,000 needed for the 2004 distribution will be provided by the appropriations funded with transportation fund revenues ($170,000,000 SEG), utility public benefits fund revenues ($20,000,000 SEG), and transfers from the medical assistance program ($10,000,000 FED). Total municipal aid will be the same under the partial vetoes as under the enrolled bill, but the distribution to individual municipalities will vary. The individual payments and total distribution in 2005 and thereafter will equal the 2004 amounts.

[Act 33 Sections: 663, 664, 665, 666, 853, 854, 1658, 1658d, 1663b, 1669d, 1669g, and 9445(1)]

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.835(1)(dd)), 661m, 662d, 662de, 662e, 663, 665, 1653d, 1653e, 1653f, 1654, 1655, 1656, 1658, 1658d, 1662b, 1662d, 1663b, 1664b, 1666b, 1669d, 1669e, 1669f, 1669g, and 9445(1)(b)&(1m)]

4. MUNICIPAL AID FOR 2004 AND 2005

	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	$503,102,200	- $503,102,200	$0
SEG	190,000,000	- 190,000,000	0
Total	$693,102,200	- $693,102,200	$0

Joint Finance/Legislature: Create a sum sufficient, GPR appropriation to fund the aid payments in 2004 and 2005 under three newly-created municipal aid programs: (a) municipal aid for basic public services; (b) expenditure restraint supplemental aid; and (c) small municipalities state aid. Specify that the SEG appropriations created under the bill to pay a part of the cost of 2004 county and municipal aid payments would instead be used to pay part of the cost of these aid payments. Estimate 2004-05 funding for the appropriation at $503,102,200 GPR. (This total is $200 million less than the sum of the component aid programs to reflect the $190 million SEG funding and the $10 million offset in higher medical assistance reimbursements for emergency transportation services). Extend the payment schedule authorized under current law for the shared revenue program to the three programs created under this provision. Establish a December 31, 2005, sunset for encumbrances and expenditures related to payments to municipalities from the appropriation for the distributions under these three programs. Incorporate provisions to adjust municipal payments for supplements provided under the medical assistance program, as described under Item #1.

Municipal Aid for Basic Public Services. Create a program called municipal aid for basic public services to be administered by the Department of Revenue. Distribute $567,957,200 in 2004 and 2005 under the program to municipalities that are incorporated and have a 2002 population, as determined by the Department of Administration, of 2,500 or more and to unincorporated municipalities that have a 2002 population, as determined by the Department of Administration, of 5,000 or more. Exclude any municipality from the distribution, regardless of its 2002 population, if the sum of the municipality's actual 2001 per capita public safety cost and the municipality's actual 2001 per capita conservation, development, and library cost is less than $50.

Set each municipality's initial basic aid equal to the greater of the municipality's 2002 population, as determined by the Department of Administration, multiplied by $23 or the municipality's aidable costs multiplied by the municipality's sharing factor.

Calculate each municipality's sharing factor by dividing the municipality's per capita full value by the standard value and subtracting the result from one, but specify that the result cannot be less than zero. Calculate each municipality's per capita full value by dividing the municipality's 2002 equalized value, exclusive of the incremental value in tax increment districts, by the municipality's 2002 population. Calculate the standard value as the per capita value that results in the distribution of the entire funding level.

Calculate each municipality's aidable costs by summing the municipality's adjusted per capita public safety cost and the municipality's adjusted per capita conservation, development, and library cost and multiplying the result both by the municipality's 2002 population and by the municipality's poverty factor.

Set the poverty factor for municipalities with 2002 populations over 50,000 as the amount determined by dividing the percentage of the municipality's population with incomes at or below the poverty level, as determined in the 2000 decennial census, by a percentage equal to 1.3 multiplied by the percentage of the state's population with incomes at or below the poverty rate, as determined in the 2000 decennial census. Limit each municipality's poverty factor to no less than 1.0 and no more than 1.35. Set the poverty factor for municipalities with 2002 populations below 50,000 at 1.0.

Calculate each municipality's adjusted per capita public safety cost as the sum of its primary per capita public safety cost and its secondary per capita public safety cost.

Define each municipality's primary per capita public safety cost as its actual per capita public safety cost, up to one-half of the average per capita public safety cost, multiplied by 1.5. Define each municipality's secondary per capita public safety cost as its actual per capita public safety cost in excess of one-half of the average per capita public safety cost, but no more than the average per capita cost, multiplied by 0.5. Define actual per capita public safety cost for each municipality as its actual expenditures, net of any related revenues, incurred in 2001 for operations and capital outlays related to public safety services, as determined by the Department of Revenue, based on the financial reports required under s. 73.10(2) of the statutes, and recorded in the governmental and proprietary fund types, divided by the municipality's 2002 population. Specify that the actual per capita public safety cost for each municipality cannot be less than $0. Define the average per capita public safety cost as the total net 2001 public safety expenditures for eligible municipalities divided by the total 2002 population for eligible municipalities with reported 2001 public safety expenditures.

Calculate each municipality's adjusted per capita conservation, development, and library cost as the sum of its primary per capita conservation, development, and library cost and its secondary per capita conservation, development, and library cost.

Define each municipality's primary per capita conservation, development, and library cost as its actual per capita conservation, development, and library cost, up to one-half of the average per capita conservation, development, and library cost, multiplied by 1.5. Define each municipality's secondary per capita conservation, development, and library cost as its actual per capita conservation, development, and library cost in excess of one-half of the average per capita conservation, development, and library cost, but no more than the average per capita cost, multiplied by 0.5. Define actual per capita conservation, development, and library cost for each municipality as its actual expenditures, net of any related revenues, incurred in 2001 for operations and capital outlays related to conservation, development, and library services, as determined by the Department of Revenue, based on the financial reports required under s. 73.10(2) of the statutes, and recorded in the governmental and proprietary fund types, divided by the municipality's 2002 population. Specify that the actual per capita conservation, development, and library cost for each municipality cannot be less than $0. Define the average per capita conservation, development, and library cost as the total 2001 net conservation, development, and library expenditures for eligible municipalities divided by the total 2002 population for eligible municipalities with reported 2001 conservation, development, and library expenditures.

Establish a minimum guarantee for payments to each municipality under this distribution equal to 88.5% of the amount the municipality received in 2003 under the shared revenue program, exclusive of utility aid, and the small municipalities shared revenue program. For each municipality with an initial basic aid payment less than the minimum guarantee, provide a minimum payment equal to the difference between the basic aid payment and the minimum guarantee. Fund the payments under the minimum guarantee by limiting the payment each municipality may receive to an amount determined by multiplying the amounts received in 2003 under the shared revenue program, exclusive of utility aid, and the small municipalities shared revenue program by a maximum percentage. Set the maximum percentage as that percentage that reduces initial basic aid payments in total by an amount equal to the total payments under the minimum guarantee (the maximum percentage is estimated to be 93.1%).

Expenditure Restraint Supplemental Aid. Create a program called expenditure restraint supplemental aid to distribute $10,000,000 in 2004 and 2005 to municipalities in the municipal aid for basic public services program. Provide that in order to receive a payment, a municipality must have a 2001 property tax levy rate, as defined under current law for the expenditure restraint program, in excess of eight mills and must have limited the change in its municipal budget, as defined under current law, between 2001 and 2002, to an amount less than the maximum amount allowed under the expenditure restraint program. Calculate the payment for each municipality by doing the following: (a) multiplying the amount of its property tax levy rate in excess of eight mills by its 2001 full value, including value increments;

(b) dividing the result by the sum of the products under (a) for all eligible municipalities; and (c) multiplying the resulting percentage by $10,000,000.

Establish a minimum guarantee for the combined payments to each municipality under this distribution and the municipal aid for basic public services distribution equal to 90.0% of the amount the municipality received in 2003 under the shared revenue program, exclusive of utility aid, and the small municipalities shared revenue program. Specify that this minimum guarantee applies only to municipalities receiving an expenditure restraint supplemental aid payment. For each municipality where the sum of its payment under the municipal aid for basic public services program and its initial allocation under the expenditure restraint supplemental aid program is less than the minimum guarantee, provide a minimum payment equal to the difference between the sum of the aid amounts and the minimum guarantee. Fund the payments under the minimum guarantee by limiting the payment each municipality may receive under this distribution and the municipal aid for basic public services distribution to a percentage of the amounts received in 2003 under the shared revenue program, exclusive of utility aid, and the small municipalities shared revenue program. Set the maximum percentage as that percentage that reduces initial payments by a total amount equal to payments under the minimum guarantee (the maximum percentage is estimated to be 96.6%).

Small Municipalities State Aid. Create a program called the small municipalities state aid program to distribute $125,145,000 in 2004 and 2005 to municipalities that are incorporated and have a 2002 population, as determined by the Department of Administration, of less than 2,500 and to unincorporated municipalities that have a 2002 population, as determined by the Department of Administration, of less than 5,000. Include any municipality in the distribution, regardless of its 2002 population, if the sum of the municipality's actual 2001 per capita public safety cost and the municipality's actual 2001 per capita conservation, development, and library cost, as determined under the municipal aid for basic public services program, is less than $50. Establish each eligible municipality's payment in 2004 and 2005 as an amount equal to the amount of aid the municipality received in 2003 under the shared revenue program, exclusive of utility aid, and the small municipalities shared revenue program multiplied by a uniform percentage. Set the percentage at the amount that results in the distribution of the entire funding level (the percentage is estimated to be 88.4%).

Municipal Aid Study Committee. Create a new, GPR sum sufficient appropriation for aid payments to municipalities and specify that the amount distributed under the appropriation, prior to the deductions for the medical assistance reimbursements, would equal $703,102,200 in 2006 and thereafter. Request that the Joint Committee on Legislative Organization create a committee to study the distribution of state aid to municipalities and to make a recommendation for the distribution of $703,102,200, beginning in 2006. If the Joint Committee on Legislative Organization creates the committee, direct the committee to report its findings, conclusions, and recommendations to the Legislature by December 31, 2004, following the procedures established under current law. Direct the Legislative Fiscal Bureau to staff the work of the committee.

Veto by Governor [A-16 and A-17]: Delete provisions. The Governor's partial veto deletes the creation of the three new municipal aid programs for 2004 and 2005 [A-16], the establishment of another new municipal aid distribution beginning in 2006 [A-16], and the request of the creation of a committee to study the distribution of state aid to municipalities [A-17]. The partial veto also deletes the provisions that would have removed municipalities from the county and municipal aid program. That effect is described under Item #1, "Shared Revenue and Related Aid Programs -- Distribution Formulas" and Item #3, "County and Municipal Aid -- Funding Level."

[Act 33 Vetoed Sections: 662d, 662de, 662e, 663, 665, 1653e, 1653f, 1654, 1655, 1656, 1658, 1669d, 1669e, 1669f, 1669g, 9133(3m), and 9445(1)(b)&(1m)]

5. COUNTY MANDATE RELIEF -- FUNDING LEVEL

GPR	$5,059,700

Governor/Legislature: Increase funding for the county mandate relief program by $13,120,400 in 2003-04 and reduce funding for the program by $8,060,700 in 2004-05 to reflect law changes authorized in the previous legislative session. In 2001 Wisconsin Act 16, the program's funding level was set at $20,971,400 for 2002 (2002-03) and $21,181,100 for 2003 (2003-04) and each year thereafter. The latter amount represents an increase of $209,700 (1%) over the 2002-03 funding level. In 2001 Wisconsin Act 109, $12,910,700 of the program's 2002-03 GPR funding was replaced on a one-time basis with proceeds from tobacco securitization (SEG). Also, Act 109 sunset payments under the county mandate relief program after the 2003 (2003-04) distribution. As a result, the $13,120,400 increase in 2003-04 reflects $209,700 to provide the 1% funding increase authorized in Act 16 and $12,910,700 to replace the use of proceeds from tobacco securitization in 2002-03. The $8,060,700 reduction in 2004-05 reflects the elimination of base year funding to achieve the program's sunset. The program's funding level will equal $21,181,100 in 2003-04 and $0 in 2004-05.

6. SMALL MUNICIPALITIES SHARED REVENUE -- FUNDING LEVEL

GPR	$2,680,500

Governor: Increase funding for the small municipalities shared revenue program by $6,950,800 in 2003-04 and reduce funding for the program by $4,270,300 in 2004-05 to reflect law changes authorized in the previous legislative session. In 2001 Wisconsin Act 16, the program's funding level was set at $11,110,000 for 2002 (2002-03) and $11,221,100 for 2003 (2003-04) and each year thereafter. The latter amount represents an increase of $111,100 (1%) over the 2002-03 funding level. In 2001 Wisconsin Act 109, $6,839,700 of the program's 2002-03 GPR funding was replaced on a one-time basis with proceeds from tobacco securitization (SEG). Also, Act 109 sunset payments under the small municipalities shared revenue program after the 2003 (2003-04) distribution. As a result, the $6,950,800 increase in 2003-04 reflects $111,100 to provide the 1% funding increase authorized in Act 16 and $6,839,700 to replace the use of proceeds from tobacco securitization in 2002-03. The $4,270,300 reduction in 2004-05 reflects the elimination of base year funding to achieve the program's sunset. The program's funding level will equal $11,221,100 in 2003-04 and $0 in 2004-05.

Joint Finance/Legislature: Modify the eligibility criteria for purposes of making payments in 2003 by lowering the minimum required tax rate from one mill to 0.85 mills, if the municipality's adjusted full value is less than $10,000,000. This provision would extend 2003 payments to five additional municipalities: the Villages of Aniwa and Bowler (Shawano County); the Village of Kennan (Price County); the Town of Ross (Forest County); and the Town of Wilson (Rusk County). Payments to the five municipalities are estimated at $100,954 and would be funded by reducing payments to other eligible municipalities by an estimated 0.9%.

[Act 33 Section: 1659d]

7. EXPENDITURE RESTRAINT PROGRAM -- FUNDING LEVEL

GPR	$1,151,400

Governor/Legislature: Increase funding for the expenditure restraint program by $575,700 annually to reflect the increased distribution authorized in 2001 Wisconsin Act 16. In the Act, the program's distribution level was increased from $57,570,000 for 2002 (2002-03) to $58,145,700 for 2003 (2003-04) and for each year thereafter.

8. SHARED REVENUE AND RELATED PROGRAMS SUMMARY

The following table summarizes the funding levels for the preceding programs in the base year and in each year of the 2003-05 biennium.

Fiscal Year Calendar Year	2002-03 2002*	2003-04 2003	2004-05 2004
Current Law			
Shared Revenue	$939,764,400	$949,162,000	$31,435,600
County and Municipal Aid	0	0	911,336,600
County Mandate Relief	20,971,400	21,181,100	0
Small Municipalities Shared Revenue	11,110,000	11,221,100	0
Expenditure Restraint	57,570,000	58,145,700	58,145,700
Current Law Funding Totals	$1,029,415,800	$1,039,709,900	$1,000,917,900
Governor's Proposal			
Shared Revenue	$939,764,400	$939,162,000**	$31,435,600
County and Municipal Aid	0	0	831,336,600
County Mandate Relief	20,971,400	21,181,100	0
Small Municipalities Shared Revenue	11,110,000	11,221,100	0
Expenditure Restraint	57,570,000	58,145,700	58,145,700
Proposed Funding Totals	$1,029,415,800	$1,029,709,900	$920,917,900
Proposed Reduction	$0	-$10,000,000	-$80,000,000

Fiscal Year	2002-03	2003-04	2004-05
Calendar Year	2002*	2003	2004
Legislature's Proposal			
Shared Revenue	$939,764,400	$939,162,000 ***	$31,435,600
County Aid	0	0	158,234,400
Municipal Aid	0	0	693,102,200 ***
County Mandate Relief	20,971,400	21,181,100	0
Expenditure Restraint	57,570,000	58,145,700	58,145,700
Small Municipalities Shared Revenue	11,110,000	11,221,100	0
Proposed Funding Totals	$1,029,415,800	$1,029,709,900	$940,917,900
Proposed Reduction	$0	-$10,000,000	-$60,000,000
Act 33			
Shared Revenue	$939,764,400	$939,162,000***	$31,435,600
County and Municipal Aid	0	0	851,336,600 ***
County Mandate Relief	20,971,400	21,181,100	0
Small Municipalities Shared Revenue	11,110,000	11,221,100	0
Expenditure Restraint	57,570,000	58,145,700	58,145,700
Funding Totals	$1,029,415,800	$1,029,709,900	$940,917,900
Reduction	$0	-$10,000,000	-$60,000,000

* Base funding in 2002-03 (2002) was comprised of $431,115,800 GPR and $598,300,000 SEG.

** The original bill directs DOR to reduce 2003 payments under the shared revenue, county mandate relief, and small municipalities shared revenue programs by $10 million in total. However, the bill's appropriation schedule applies the entire reduction against the shared revenue appropriation.

*** The enrolled bill and the act require DOR to reduce 2003 and 2004 state aid payments by the amount of any supplemental medical assistance payments received for emergency transportation services. In the appropriations schedules, estimated offsets of $10 million are applied to 2003 shared revenue, and for 2004, estimated offsets are applied to municipal aid under the enrolled bill and to county and municipal aid under the act.

The following table shows the funding levels for the preceding programs by funding source under Act 33.

Fiscal Year	2003-04	2004-05
Calendar Year	2003	2004
Shared Revenue		
GPR	$509,162,000	$31,435,600
FED -- Public Law 108-27	182,400,000	0
SEG -- Transportation Fund	230,000,000	0
SEG -- Utility Public Benefits Account	17,600,000	0
Total Shared Revenue	$939,162,000	$31,435,600
County Mandate Relief -- GPR	$21,181,100	$0
Expenditure Restraint -- GPR	58,145,700	58,145,700
Small Municipalities Shared Revenue -- GPR	11,221,100	0

Fiscal Year Calendar Year	2003-04 2003	2004-05 2004
County and Municipal Aid		
GPR	$0	$661,336,600
SEG -- Transportation Fund	0	170,000,000
SEG -- Utility Public Benefits Fund	0	20,000,000
Total Municipal Aid	$0	$851,336,600
Proposed Funding Totals		
GPR	$599,709,900	$750,917,900
FED	182,400,000	0
SEG	247,600,000	190,000,000
TOTAL	$1,029,709,900	$940,917,900

9. STATE AID FOR EXEMPT COMPUTERS, CASH REGISTERS, AND FAX MACHINES [LFB Paper 674]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	- $16,035,000	- $3,565,000	$8,700,000	- $10,900,000

Governor: Decrease funding by $6,420,000 in 2003-04 and $9,615,000 in 2004-05 to reflect projected changes in the value of exempt computers, cash registers, and fax machines and local tax rates. Total aid payments are estimated at $71,980,000 in 2003-04 and $68,785,000 in 2004-05. Payments are made from the sum sufficient appropriation to compensate local governments for the tax base lost due to the property tax exemptions for computers and related equipment and for cash registers and fax machines (except those that are also copiers).

Joint Finance/Legislature: Decrease estimated aid payments by $2,480,000 in 2003-04 and $1,085,000 in 2004-05 to reflect the net effect of estimated increases of $920,000 in 2003-04 and $5,115,000 in 2004-05 under the provisions of SB 44 and estimated decreases of $3,400,000 in 2003-04 and $6,200,000 in 2004-05 due to the proposed levy limit program and changes to the school revenue limit program. Estimated payments would be $69,500,000 in 2003-04 and $67,700,000 in 2004-05.

Veto by Governor [A-3 and A-15]: Increase estimated aid payments by $3,200,000 in 2003-04 and $5,500,000 in 2004-05 due to the Governor's partial veto of the school revenue limit and local government levy limit provisions in the enrolled bill. Estimated payments would be $72,700,000 in 2003-04 and $73,200,000 in 2004-05. See "Public Instruction -- Revenue Limits" for vetoed provisions related to school revenue limits and "Shared Revenue and Tax Relief -- Property Taxation" for vetoed provisions related to the local government levy limits.

10. CONSOLIDATION INCENTIVE PAYMENTS

Governor/Legislature: Repeal the provisions authorizing consolidation incentive payments. The provisions were created by 2001 Wisconsin Act 109, and the first payments under these provisions are scheduled for 2004 (2004-05).

Under the current law program, consolidation incentive payments are to be made to municipalities and counties that agree to consolidate municipal or county services. Prior to September 1 of each year, local governments can apply to the Department of Revenue for payments in the succeeding year by submitting copies of their consolidation agreements and estimates of the savings resulting from the consolidations. Payments are to be limited to the first year in which a consolidation agreement takes effect. Payments will equal 75% of the estimated savings, but total payments cannot exceed $45 million. If eligible applications result in payments in excess of that amount, payments are to be prorated. Consolidation incentive payments are to be funded by reducing each government's "county and municipal aid" payment on a proportional basis.

[Act 33 Sections: 661m, 1654, 1655, 1656, 1662d, 1666b, and 1667]

Property Tax Credits

1. HOMESTEAD TAX CREDIT REESTIMATE [LFB Papers 675 and 680]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	$13,800,000	- $4,800,000	$5,000,000	$14,000,000

Governor: Provide $8,400,000 in 2003-04 and $5,400,000 in 2004-05 for the sum sufficient appropriation to reflect anticipated costs of the credit in the biennium. The estimated increase in expenditures primarily reflects the growth in the size of the program due to the decline in household income and increase in the number of claimants in recent years. With these adjustments, estimated total funding would be increased from an adjusted base level of $94,600,000 to $103,000,000 in 2003-04 and $100,000,000 in 2004-05. The decline in estimated credits for 2004-05 reflects anticipated growth in household income in that year over 2003-04 compared to the constant formula factors.

Joint Finance/Legislature: Decrease funding by $2,300,000 in 2003-04 and $2,500,000 in 2004-05 to reflect the following: (a) decreased funding of $300,000 in 2003-04 and increased funding of $1,100,000 in 2004-05 to reflect changes in claimant income and the shared revenue and school aid funding levels proposed by the Governor; and (b) decreased funding of $2,000,000 in 2003-04 and $3,600,000 in 2004-05 to reflect the impact on property taxes of the local levy and fiscal controls proposed under the Joint Committee on Finance's substitute amendment. With these adjustments, estimated credits would total $100,700,000 in 2003-04 and $97,500,000 in 2004-05.

Veto by Governor [A-3 and A-15]: Increase funding by $1,800,000 in 2003-04 and $3,200,000 in 2004-05 to reflect the estimated property tax impact related to the Governor's veto of the school revenue limit and local government levy limit provisions in the enrolled bill. Estimated credits would total $102,500,000 in 2003-04 and $100,700,000 in 2004-05. See "Public Instruction -- Revenue Limits" for vetoed provisions related to school revenue limits and "Shared Revenue and Tax Relief -- Property Taxation" for vetoed provisions related to the local government levy limits.

2. FARMLAND PRESERVATION TAX CREDIT REESTIMATE [LFB Papers 675, 680, and 686]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	- $2,600,000	- $23,300,000	$24,600,000	- $1,300,000

Governor: Decrease funding by $1,500,000 in 2003-04 and $1,100,000 in 2004-05 for the sum sufficient appropriation to reflect anticipated costs of the credit in the biennium. The decline in estimated credits primarily reflects the expected decline in property taxes on farmland under the use value assessment process. With these adjustments, estimated total funding would be decreased from an adjusted base level of $15,000,000 to $13,500,000 in 2003-04 and $13,900,000 in 2004-05.

Joint Finance/Legislature: Decrease funding by $11,400,000 in 2003-04 and $11,900,000 in 2004-05 to reflect the following: (a) increased funding of $600,000 in 2003-04 and $1,000,000 in 2004-05 to reflect changes in claimant income and the shared revenue and school aid funding levels proposed by the Governor; (b) decreased funding of $900,000 in 2003-04 and $1,300,000 in 2004-05 to reflect the impact on property taxes of the local levy and fiscal controls proposed under the Joint Committee on Finance's substitute amendment; and (c) decreased funding of $11,100,000 in 2003-04 and $11,600,000 in 2004-05 to reflect the sunset of farmland preservation tax credit claims for those receiving the credit under a local agricultural zoning ordinance. With these adjustments, estimated credits would total $2,100,000 in 2003-04 and $2,000,000 in 2004-05.

Sunset the farmland preservation tax credit claims for those receiving the credit under a local agricultural zoning ordinance effective with claims related to taxes payable after the 2002 tax year. On the effective date of the bill, sunset DATCP's authority to place additional liens on property for the amount of tax credits paid on property that is rezoned or no longer subject to an agreement. Allow landowners who have entered into farmland preservation agreements with DATCP to continue to receive the tax credits as long as their current agreements remain in effect. Specify that DATCP could not enter into any new farmland preservation agreements after the effective date of the bill.

Veto by Governor [A-3, A-15, and B-1]: Delete the provisions related to the sunset of the credit for claimants receiving a credit under exclusive agricultural zoning and the penalty provisions related to all claimants. Increase the estimated cost of the credits by $11,100,000 in 2003-04 and $11,600,000 in 2004-05 to reflect the veto of these provisions.

In addition, increase the estimated cost of the credit by $800,000 in 2003-04 and $1,100,000 in 2004-05 to reflect the estimated impact on property taxes related to the Governor's veto of the school revenue limit and local government levy limit provisions in the enrolled bill. Estimated credits would total $14,000,000 in 2003-04 and $14,700,000 in 2004-05. See "Public Instruction -- Revenue Limits" for vetoed provisions related to school revenue limits and "Shared Revenue and Tax Relief -- Property Taxation" for vetoed provisions related to the local government levy limits.

[Act 33 Vetoed Sections: 1583p, 1731ec, 1731eg, 1731ek, 1731em, 1731g, 1731gm, 1731j, 1731L, and 1731n]

3. LOTTERY AND GAMING CREDIT [LFB Paper 661]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$5,485,200	$8,072,000	$13,557,200

Governor: Increase funding by $3,192,600 in 2003-04 and $2,292,600 in 2004-05 for the sum sufficient appropriation to reflect reestimates of lottery and gaming proceeds available for distribution. As a result, tax credit distributions are estimated at $101,900,000 in 2003-04 and $101,000,000 in 2004-05. However, the lottery and gaming revenues identified under the bill would support credits of only $101,730,900 in 2003-04 and $100,812,900 in 2004-05.

Joint Finance/Legislature: Increase funding by $7,762,200 in 2003-04 and $309,800 in 2004-05 for the sum sufficient appropriation to reflect an increase in the estimated opening balance of the lottery fund and other actions by the Committee. Estimate distributions under the lottery and gaming credit of $109,662,200 in 2003-04 and $101,309,800 in 2004-05.

4. LOTTERY AND GAMING CREDIT CERTIFICATION [LFB Paper 681]

Joint Finance/Legislature: Repeal the statutory provisions authorizing the lottery and gaming credit certification reimbursement payment and the related aid appropriation. Delete the current law provision that limits the validity of lottery and gaming credit claims to five years and, instead, provide that claims are valid as long as the property is eligible for the credit. Require counties and cities that administer the credit to implement a procedure to periodically verify the eligibility of properties receiving the credit. Require those local governments to file a report with the Department of Revenue beginning in 2004, and in every fifth year thereafter. Specify that the report include a description of each local government's verification procedures and an evaluation of the procedures' efficacy. Direct the Department of Revenue to prescribe the format for the local government reports and require the Department to submit a report to the Joint Committee on Finance, by January 31, 2005, and every five years thereafter, that summarizes the local procedures. Direct DOR to include a recommendation in its report regarding whether the certification process should continue unchanged or be modified to achieve increased compliance with the Wisconsin Constitution.

Veto by Governor [A-22]: Delete the requirement that the Department of Revenue submit reports to the Joint Committee on Finance.

[Act 33 Sections: 668m, 863m, 1670b thru 1670f, and 9345(1q)]

[Act 33 Vetoed Section: 1670dt]

Property Taxation

1. ASSESSMENT OF MANUFACTURING PROPERTY [LFB Paper 685]

Governor: Transfer the responsibility for assessing manufacturing property from the Department of Revenue to taxation districts (municipalities) and counties, if the county has adopted a county assessor system, effective with property assessed as of January 1, 2004. Replace references to DOR with references to taxation districts or taxation district assessors with regard to current law provisions concerning: (a) the assessment of property as of January 1 of each year; (b) the calculation of manufacturing property values, including the value of exempt computers, cash registers, and fax machines; (c) notifying taxpayers of their assessed values; (d) extensions for filing manufacturing property report forms; and (e) penalties for filing manufacturing property report forms late. Remove references to "state" and "department of revenue" in current law provisions regarding: (a) the assessment of manufacturing property; (b) penalties for making false statements; (c) the assessment of omitted property; and (d) tax bill increases for properties with values that were unreported or underreported.

Repeal current law provisions regarding: (a) DOR notice to taxation district and county assessors of properties to be assessed by the Department; (b) DOR performance of field investigations or on-site appraisals of every manufacturing property at least once every five years; (c) municipal appeals of manufacturing assessed values; (d) interest payments on taxes that were determined to be underpaid as the result of a municipal appeal; and (e) the meaning of the terms "local assessor" or "assessor" as they relate to DOR for purposes of manufacturing property assessment.

Modify the current law provision directing manufacturing property owners to file standard manufacturing property report forms prescribed by DOR by requiring the form to be filed with the taxation district rather than with DOR. Replace the current law provision granting DOR discretion in determining which properties, including those that are vacant, are subject to state assessment with provisions that direct DOR to establish standards and procedures for assessing manufacturing property and to publish those standards and procedures in the property tax assessment manual, which is required under current law for other property classes. Modify the current law provision directing DOR to develop a manufacturing assessment roll for each municipality by requiring taxation district assessors to notify DOR of all manufacturing properties and their values, so that the Department can develop the manufacturing assessment roll. Replace current law references to municipalities and counties that have adopted a county assessor system with references to taxation districts to achieve technical accuracy and reflect that assessments will be determined by taxation district assessors. Modify the current law provision regarding the state ad valorem tax on telephone companies to clarify that the property assessment methods employed by DOR are the same used by local assessors to assess manufacturing property.

See Item #3 under "Department of Revenue" for the fiscal effect and position deletions related to this provision.

Joint Finance/Legislature: Delete the Governor's recommendation and retain the responsibility for assessing manufacturing property with DOR. Provide DOR with $1,076,300 GPR and 13.5 GPR positions and $1,076,300 PR and 13.5 PR positions annually in the Bureau of Manufacturing and Telco Assessment for the assessment of manufacturing property. Create a separate program revenue appropriation to fund the PR manufacturing assessment positions and related costs. Authorize DOR to annually impose a fee on each municipality containing manufacturing property to fund the PR manufacturing assessment positions. Set the fee for each municipality at an amount equal to the municipality's equalized value of manufacturing property multiplied by a rate determined by DOR, which varies from year to year and generates sufficient revenues to offset 50% of the Department's budgeted costs for the manufacturing assessment function. Specify that each municipality shall collect the amount of the fee as a special charge against the taxable property located in the municipality, but provide that the special charge cannot be applied disproportionately to the owners of manufacturing property relative to the owners of other property.

See Item #3 under "Department of Revenue" for the fiscal effect and position changes related to this provision.

[Act 33 Sections: 647m, 1580cd, and 1620]

2. LEVY LIMIT [LFB Paper 675]

Joint Finance: Prohibit any city, village, town, county, or technical college district from increasing its total levy in 2003 (payable in 2004), 2004 (payable in 2005), and 2005 (payable in 2006) by more than the following percentages: (a) for cities, villages, towns, and counties, the percentage increase in the January 1 equalized value for the year of the levy that is due to new construction, net of improvements removed, but not less than 0%; and (b) for technical college districts, 2.6%.

Specify that the levy limit shall be adjusted, as determined by the Department of Revenue, as follows: (a) if a municipality, county, or technical college district transfers to another governmental unit responsibility for providing any service that it provided in the preceding year, the levy increase limit otherwise applicable to the municipality, county, or technical college district is decreased to reflect the cost that the municipality, county, or technical college district would have incurred to provide the service; (b) if a municipality, county, or technical college district increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit, the levy increase limit otherwise applicable to the municipality, county, or technical college district is increased to reflect the cost of providing that service; (c) if a city or village annexes property from a town, the annexing municipality's levy increase limit is increased by the town levy on the annexed property in the preceding year and the levy increase limit for the town from which the property was annexed is decreased by the same amount; and (d) if the debt service levy for a municipality, county, or technical college district in the preceding year is less than the debt service levy needed in the current year for any debt approved prior to the effective date of the biennial budget act, the levy increase limit otherwise applicable is increased by the difference between these two amounts.

Create a procedure under which a municipality, county, or technical college district may exceed its levy increase limit if the local government's governing body adopts a resolution to that effect and the electors of the municipality, county, or technical college district approve the resolution in a referendum. Specify that a town with a population below 2,000 may exceed its levy increase limit if the annual town meeting adopts a resolution to that effect. Specify that a referendum to exceed the levy increase limit for the 2004 levy (payable in 2005) must be held at the same time as the spring primary or election or the September primary or November general election. Sunset these provisions, effective July 1, 2006.

Senate: Make the following modifications to the Joint Finance provisions. Provide that the limit does not apply to the amount that a county levies for a county children with disabilities education board. Replace the provisions that sunset the limit after June 30, 2006, with provisions that sunset the limit beginning three years after the effective date of the biennial budget act. Modify the debt service adjustment by changing the date by which debt must be approved from the effective date of the biennial budget act to July 1, 2003. Provide an additional adjustment relative to the determination of levy increase limits pertaining to certain annexed territories. Extend the adjustment to any city or village that has been providing services for a fee to a town for at least ten years and the city or village annexes territory from the town. Set the adjustment as the amount equal to the city's or village's mill rate multiplied by the current assessed value of the annexed territory. Provide that the levy increase limit of the town from which the territory was annexed be reduced by an amount equal to the town's tax rate multiplied by the assessed value of the annexed territory, both for the year the territory was last subject to taxation by the town.

Assembly/Legislature: Remove the Senate provision creating an additional adjustment relative to the determination of levy increase limits pertaining to certain annexed territories.

Veto by Governor [A-15]: Delete provision.

[Act 33 Vetoed Sections: 943m and 1532m]

Enrolled SB 206: Make the following modifications to the levy limit provisions adopted by the Legislature in SB 44:

a. Levy Limit Adjustment for Certain Cities and Villages. Extend an adjustment to any city or village that has been providing services for a fee to property located in a town for at least ten years and the city or village annexes territory from the town. Set the adjustment as the amount equal to the city's or village's mill rate multiplied by the current assessed value of the annexed territory. Provide that the levy increase limit of the town from which the territory was annexed be reduced by an amount equal to the town's tax rate multiplied by the assessed value of the annexed territory, both for the year the territory was last subject to taxation by the town.

b. Levy Limit Exclusion for Certain School Levies. Specify that the levy limits would not apply to the amount that a first class city levies for school purposes. This would exempt the amount that the City of Milwaukee levies for the Milwaukee Public Schools from the control on the City's levy increase.

c. Modification to Small Town Exception. Specify that a town with a population of less than 2,000 may exceed the levy limit if a special town meeting adopts a resolution to that effect. This would be in addition to the SB 44 provision allowing an excess levy for such towns through the adoption of a resolution at the annual town meeting. The annual town meeting must be held on the second Tuesday in April, or within 10 days after that date if set by the previous annual town meeting. A special town meeting may be called by an annual town meeting or by the town board or may be initiated at the request of electors equaling 10% of the votes cast in the town in the last gubernatorial election.

d. Miscellaneous Provisions. Provide that the preceding provisions are void if the Governor item-vetoes the levy limit proposal for municipalities and counties and that the effective date of the preceding provisions is the later of July 1, 2003, or the effective date of the biennial budget act.

Veto by Governor: On July 24, 2003, the Governor vetoed SB 206 in its entirety.

[Enrolled SB 206 Vetoed Sections: 1 thru 5]

3. USE VALUE ASSESSMENT OF AGRICULTURAL LAND [LFB Paper 686]

Joint Finance/Legislature: Specify that any modifications to the use value formula be approved through the administrative rule process before they take effect. Since 2000, agricultural land has been valued solely on the basis of its use in farming under use value assessment provisions. While local assessors are responsible for classifying and valuing agricultural land, the Department of Revenue has a number of administrative duties related to use value assessment, including the adoption of administrative rules and the publication of per acre values, which local assessors use as guidelines in assessing agricultural land. The current administrative rules and valuation procedures would result in negative agricultural per acre values for 2004. In response, the Department intends to modify the valuation procedures used in calculating per acre values. This provision would require these modifications to be approved through the administrative rule process.

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

[Act 33 Vetoed Section: 1536m]

4. ASSESSMENT OF PROPERTY CLASSIFIED AS SWAMP OR WASTE OR PRODUCTIVE FOREST LAND

SEG-REV	- $384,000

Joint Finance: Change the name of the "swamp or waste" classification of real property to "undeveloped land" for purposes of property taxation. Create a new classification of property called "agricultural forest land," defined to include land that is producing or is capable of producing commercial forest products and is included on a parcel where part of the parcel is classified as agricultural or is contiguous to a parcel where part of the parcel is classified as agricultural, if the contiguous parcel is owned by the same person. Define contiguous to include a parcel that is separated only by a road from a parcel containing agricultural land, so long as both parcels are owned by the same person. Provide for the assessment of property classified as undeveloped land and agricultural forest land at 50% of the full value for which the property could be sold. Extend similar treatment to the Department of Revenue's determination of equalized values. Change cross-references in other sections of the statutes pertaining to requirements regarding the assessment level of major classes of property, penalties on agricultural land converted to other uses, and decennial adjustments to the per acre tax under the forest crop land program to reflect undeveloped land, rather than swamp or waste, and to include property classified as agricultural forest land. Modify the current law requirement relating to assessing each major class of property at no less than 90% of its full value by specifying that undeveloped land, agricultural forest land, productive forest land, and other property be considered separate classes of property, rather than as a single class of property, as provided under current law. Modify current law provisions related to trespassing on land by changing the term "undeveloped land" to "open land." Extend these provisions to property assessed as of January 1, 2004. Reduce estimated state forestry taxes by $384,000 in 2004-05 to reflect the estimated loss of $1,918.4 million in property tax base. Under this change, the statewide average property tax rate would increase by an estimated $0.13 per $1,000 of value, which would cause the taxes on a median-valued home in the state that is taxed at the statewide average property tax rate to increase by an estimated $15, which is a 0.6% increase.

Senate/Legislature: Modify the definition of agricultural forest land to clarify that the classification is extended to properties that are contiguous to a parcel that has been classified in whole or in part as agricultural land. Under Joint Finance, the provision extends the classification to properties that are contiguous to a parcel that has been classified in part as agricultural land.

Veto by Governor [A-18 and A-19]: The Governor's partial veto [A-18] limits the agricultural forest land classification, and therefore the 50% of full value assessment, to only productive forest land that is contiguous with wholly agricultural parcels owned by the same property owner. Productive forest land that is within a parcel that is in part classified as agricultural land, and such land that is contiguous with parcels that are only in part agricultural land, would not be classified as agricultural forest land under the partial veto. With regard to the provision that would amend the current law requirement relating to assessing each major class of property at no less than 90% of its full value, the Governor's partial veto [A-19] deletes the modification specifying that undeveloped land, agricultural forest land, productive forest land, and other property be considered separate classes of property. As a result, the assessments of the four classes of property will be considered in aggregate in determining whether their valuation is subject to the 90% assessment standard. To be considered a "major class of property" and therefore subject to the 90% standard, a class of property must represent more than 5% of a taxation district's full value.

[Act 33 Sections: 1536b, 1536d thru 1536i, 1536p, 1545d, 1545e, 1620, 1628d, 1628e, 1632d, 1632e, 1646d, 2737d, 2737e, 2737f, 9345(2d), and 9460(2b)]

[Act 33 Vetoed Sections: 1536b and 1536h]

5. SALE OF TAX CERTIFICATES ON TAX-DELINQUENT REAL PROPERTY

Joint Finance: Authorize counties to sell, assign, or otherwise transfer tax certificates on tax-delinquent real properties. Provide that upon redemption of a tax certificate that is no longer held by the county, the county treasurer shall submit the redemption proceeds to the person to whom the certificate was sold, assigned, or otherwise transferred. Repeal the current law prohibition against the sale, assignment, or transfer of tax certificates. Modify the current law provision that requires the county to retain tax certificates to also require the county to retain a copy of any tax certificate that is sold, assigned, or otherwise transferred.

Senate/Legislature: Replace the Joint Finance provisions with a provision authorizing counties to sell to any person all or a portion of the county's right to receive tax certificate revenues. Require the county to treat any revenues from the sale under current law procedures, as if the revenues were funds paid to redeem land subject to a tax certificate. Authorize counties to enter into agreements for the sale of the county's right to receive tax certificate revenues. Specify that the agreement may include provisions that the county considers necessary and may permit any person who purchases all or any portion of a county's right to receive tax certificate revenue to sell, assign, or otherwise transfer the right, in whole or in part, to another person. Define tax certificate revenues to mean, with respect to a parcel of real property included in a tax certificate, payments of real property taxes, special charges, special taxes, and special assessments indicated on a tax certificate, including interest and penalties on such amounts. Define county to include a city that is authorized in its charter to sell land for nonpayment of taxes (Milwaukee).

[Act 33 Sections: 1632ma and 1632mb]

6. COUNTY AND MUNICIPAL FEES FOR SERVICES

Senate/Legislature: Require that any fee imposed by a city, village, town, or county bear a reasonable relationship to the service for which the fee is imposed. Require any municipality or county that is first imposing a fee or increasing a fee after the effective date of the biennial budget act to issue written findings that demonstrate that the fee bears a reasonable relationship to the service for which the fee is imposed.

Veto by Governor [A-21]: Delete provision.

[Act 33 Vetoed Section: 1532p]

Other Credits

Descriptions of the budget provisions related to the earned income tax credit, cigarette tax refunds, and the development zones tax credits are provided under "General Fund Taxes."

STATE FAIR PARK

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$2,406,400	$3,438,500	$3,674,200	$3,674,200	$3,674,200	$1,267,800	52.7%
PR	33,612,200	36,586,100	32,438,800	32,438,800	32,438,800	- 1,173,400	- 3.5
TOTAL	$36,018,600	$40,024,600	$36,113,000	$36,113,000	$36,113,000	$94,400	0.3%
BR			- $28,000,000	- $28,000,000	- $28,000,000		

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
PR	45.20	30.20	30.20	30.20	30.20	- 15.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	$241,800

Governor/Legislature: Provide $120,900 annually for adjustments to the base budget for: (a) full funding of salaries and fringe benefits (-$125,200 annually); (b) overtime ($240,600 annually); and (c) night and weekend pay rate differential ($5,500 annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 690]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
PR	- $86,200	- 15.00	- $1,156,200	0.00	- $1,242,400	- 15.00

Governor: Delete $86,200 in 2004-05 and 15.0 positions annually. As of February 22, 2003, 14.26 positions were vacant. The bill would delete $621,200 annually in salary and fringe benefits associated with these positions and shift $621,200 in 2003-04 and $535,000 in 2004-05 to fund supplies and services costs for State Fair Park operations (a technical correction to the budget system is needed to implement this intent).

Joint Finance/Legislature: Delete $621,200 PR in 2003-04 and $535,000 PR in 2004-05 related to the 15.0 positions eliminated in the bill instead of transferring this expenditure authority to supplies and services costs, under the Governor's recommendation. Authorized PR expenditures under the substitute amendment for the State Fair Park ($16.0 million in 2003-04 and $16.4 million in 2004-05) would still be expected to substantially exceed anticipated revenues (estimated by Park officials at $14.4 million for 2002-03).

3. DEBT SERVICE REESTIMATES [LFB Papers 195 and 691]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$1,032,100	$235,700	$1,267,800
PR	4,018,300	- 2,991,100	1,027,200
Total	$5,050,400	- $2,755,400	$2,295,000

Governor: Provide $295,800 GPR and $942,000 PR in 2003-04 and $736,300 GPR and $3,076,300 PR in 2004-05 to reflect estimated principal and interest payments on bonds. GPR debt service is associated with the construction of a youth housing facility, agricultural buildings, certain infrastructure improvements and the purchase of land. PR debt service, paid for by park revenue, is associated with the construction or renovation of numerous other park facilities including the grandstand, Pettit National Ice Center and the race track.

Joint Finance/Legislature: Delete $423,500 (provide an increase of $222,700 GPR and delete $646,200 PR) in 2003-04 and delete $2,331,900 (provide an increase of $13,000 GPR and delete $2,344,900 PR) in 2004-05 for debt service payments. The PR reestimate is primarily related to $34 million in state bonding for an exposition center that will not be used, but was included in the original debt service estimate in error.

4. ENTERTAINMENT EXPENSES

PR	- $1,200,000

Governor/Legislature: Delete $600,000 annually for expenses related to the elimination of grandstand entertainment during the State Fair.

5. BONDING AUTHORITY FOR CAPITAL PROJECTS [LFB Paper 691]

BR	- $28,000,000

Joint Finance/Legislature: Eliminate $34 million in program revenue supported bonding revenue (BR) that was enumerated in the 2001-03 state building program for the construction of an exposition center on State Fair Park grounds. The construction of the exposition center was financed through $44.9 million in Industrial Revenue Bonds that were issued by the City of West Allis to State Fair Park Exposition Center, Inc. (the non-profit organization that was created to construct, own, manage and operate the new exposition center), instead of the $34 million BR authorized in 2001 Act 16.

In addition, provide $6 million BR in program revenue supported, general obligation bonding enumerated under the 2003-05 state building program for site lighting, parking lot development, land acquisition and racetrack infield improvements.

[Act 33 Sections: 690m and 9106(1)(e)&(7)]

STATE TREASURER

Budget Summary							
						Act 33 Change Over Base Year Doubled	
Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Amount	Percent
GPR	$93,400	$0	$0	$0	$0	- $93,400	- 100.0%
PR	3,563,200	4,143,100	3,826,300	3,826,300	3,826,300	263,100	7.4
SEG	643,800	837,200	893,600	893,600	893,600	249,800	38.8
TOTAL	$4,300,400	$4,980,300	$4,719,900	$4,719,900	$4,719,900	$419,500	9.8%

FTE Position Summary						
Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
PR	15.50	10.42	8.46	8.46	8.46	- 7.04
SEG	3.00	2.08	2.54	2.54	2.54	- 0.46
TOTAL	18.50	12.50	11.00	11.00	11.00	- 7.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$0	$12,300	$12,300
PR	$224,800	- $17,000	$207,800
SEG	28,000	0	28,000
Total	$252,800	- $17,000	$235,800

Governor: Provide standard adjustments to the base of $112,000 PR and $14,000 SEG in 2003-04 and $112,800 PR and $14,000 SEG in 2004-05. Adjustments are for: (a) full funding of continuing position salaries and fringe benefits ($89,500 PR and $14,000 SEG annually); (b) reclasses and semi-automatic pay progressions ($14,400 PR annually); and (c) fifth week of vacation as cash ($8,100 PR in 2003-04 and $8,900 PR in 2004-05).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$8,100 PR in 2003-04 and -$8,900 PR in 2004-05). Require the State Treasurer's Office to lapse to the general fund a total of $8,100 in 2003-04 and a total of $4,200 in 2004-05 from those PR accounts from which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $8,100 in 2003-04 and $4,200 in 2004-05.

[Act 33 Section: 9160(3f)]

2. UNCLAIMED PROPERTY BASE [LFB Paper 695]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$726,000	- $108,000	$618,000

Governor: Provide funding increases of $363,000 annually for the following areas of the unclaimed property program: (a) $73,000 for the increased costs of printing an annual newspaper notice in each county of the state regarding new unclaimed property which has been transferred to the custody of the state; (b) $30,000 for the increased cost of printing brochures which are distributed to the business community to inform businesses of their responsibilities if they are holders of unclaimed property subject to the state's unclaimed property program; and (c) $260,000 for the increased costs of auditing contracts with three private auditing firms which monitor companies headquartered outside of Wisconsin for compliance with the state's unclaimed property program.

Joint Finance/Legislature: Reduce funding for the unclaimed property program by $54,000 PR annually for the following: (a) $5,000 PR from the amount requested for increased holder reporting costs; (b) $14,500 PR requested for participation in the national missing money website; and (c) $34,500 PR from the amount requested for increased fee charges for audits of non-Wisconsin holders of unclaimed property of Wisconsin residents.

3. UNCLAIMED PROPERTY PROGRAM ADMINISTRATIVE APPROPRIATION [LFB Paper 696]

Joint Finance/Legislature: Repeal the current appropriation for the unclaimed property program. Create two new appropriations for the program as follows: (a) a continuing appropriation under which all of the new revenues for the program would be received and from which payment of claims to persons entitled to unclaimed property that has been reported to the State Treasurer may be made; and (b) a sum certain, annual appropriation for the administrative expenses of the program. Establish the level of fund in these two new appropriations at the following levels: (a) zero in the appropriation for claims payments; and (b) $1,345,000 PR in 2003-04 and $1,403,200 PR in 2004-05 in the administrative appropriation. Provide that revenues sufficient to fund the amounts in the sum certain administrative appropriation shall be transferred to that appropriation from the revenues available in the continuing appropriation account.

[Act 33 Sections: 647t and 648m]

4. TRANSFER CASH MANAGEMENT FUNCTIONS TO DOA [LFB Paper 697]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $400,900	- 5.08	$4,700	0.00	- $ 396,200	- 5.08
SEG	6,800	0.08	0	0.00	6,800	0.08
Total	- $394,100	- 5.00	$4,700	0.00	- $389,400	- 5.00

Governor: Delete a total of 5.0 PR-funded FTEs currently working in various cash management activities in the State Treasurer's Office, effective July 1, 2004. A total of $394,100 PR would also be deleted from the Treasurer's Office for fiscal year 2004-05. Of the total positions to be deleted, 4.25 FTEs currently budgeted for the general cash management activities of the Office would be deleted, along with 0.25 FTE budgeted in the local government investment pool program and 0.50 FTE that handles the cash management allocation function in the Office. [*Note:* A total of 3.0 PR funded FTEs would be authorized beginning in 2004-05 for DOA to handle these functions with additional funding of $184,500 PR in 2004-05. This fiscal effect is shown under the summary for the Department of Administration.] In addition to the above deletion of funding and positions, a total of 0.08 FTE associated with a portion of the salaries of the State Treasurer and the Deputy State Treasurer would be shifted from PR funding (cash management allocation) to SEG funding (EdVest college savings program); this would result in an additional deletion in 2004-05 in the cash management allocation appropriation of $6,800 PR and an increase in the EdVest college savings program administrative budget of $6,800 SEG.

Under the Governor's recommendation, the statutory cash management duties and responsibilities of the Treasurer's Office would be transferred to the Department of Administration's Division of Executive Budget and Finance. The State Constitution states that the duties of the State Treasurer are those as specified by law. Section 14.58 of the statutes currently assigns the State Treasurer the following cash management responsibilities: (a) to receive and have charge of all monies paid into the state treasury and any other monies received by state agencies and to pay out these monies as directed by law; (b) to sign or place a facsimile signature on checks or drafts to draw money from the state treasury; (c) to issue receipts for all money paid to the Treasurer; (d) to pay all claims authorized to be paid out of treasury; (e) to pay all warrants (payment vouchers) presented by DOA; (f) to place temporarily unneeded balances in any state fund with the Investment Board for temporary investment in the state investment fund and apportion investment fund earnings on such surplus balances to the proper fund; (g) to pay into the treasury all monies, including interest earnings, received by the Treasurer; (h) to keep records of all monies received and disbursed from each state fund and the weekly balances in each state fund and verify such balances with corresponding balances in records kept by DOA; (i) to provide monthly reports to the Governor on the total amount of funds in the treasury, the amounts in each separate state fund and the amounts in each of the state depositories; (j) to include in the Treasurer's Biennial Report to the Governor and the Legislature information, for each of the preceding two fiscal years, on the cash balance in each state fund at the beginning of the fiscal year, fund receipts and disbursements during each fiscal year, and the cash balance at the end of each fiscal year; (k) to remit a statement of payment of any state aid or other item to a local municipality by the Treasurer to the clerk of such municipality; (l) to ensure that on each check or draft the maximum time period during which the check or draft may be presented for payment is specified, to cancel each such check or draft that has not been presented for payment during that time period and to notify DOA of such cancellation; (m) to provide services to any entity which has securities on deposit, in trust, with the Treasurer, such as providing interest coupons and providing any bonds, notes or other deposits as they become due; (n) hold safekeeping receipts from federal reserve banks for federal securities purchased by the state; (o) to coordinate, when necessary, with the State Investment Board the sale of investments of a fund's cash balances in an amount sufficient to cover all checks or drafts on a fund during a given business day; and (p) to allocate, at least quarterly, all interest earned on monies in the state depositories to the appropriate state fund.

All of the above current statutory cash management duties and responsibilities of Treasurer would, under the Governor's recommendation, be transferred to become responsibilities and duties of the Secretary of the Department of Administration, except for the responsibility for Treasurer to affix his or her signature to all checks or drafts to draw money from the state treasury. In addition to this statutory enumeration of duties, all of the references elsewhere throughout the statutes associated with cash management activities (such as the Treasurer making payments, receiving revenues or deposits, crediting monies to individual state funds and establishing accounts) would be amended to substitute "Secretary of Administration" for "State Treasurer."

Also, repeal two PR appropriations under the Treasurer's Office, one relating to cash management services and the other relating to credit card use charges. Include authorization under DOA's existing PR appropriation for financial services to allow the chargeback to state agencies of DOA's cost of providing banking service cost analysis and cash management assistance to state agencies. Create authority for the Secretary of Administration to establish separate custody accounts under each state fund for the receipt and expenditure of monies received for the following purposes: (a) credit card interchange and association fees; and (b) transfers from the income account of the state investment fund to pay bank service costs .

The bill would provide that all of these transfers would take effect on July 1, 2004. Further, provide that on that date, with respect to the Treasurer's Office performance of its cash management functions (excluding its local government investment pool and unclaimed property programs): (a) all assets and liabilities of the Office of the State Treasurer would become assets and liabilities of DOA; (b) all tangible property (including records) would be transferred to DOA; (c) all contracts in effect on July 1, 2004, would be transferred to DOA, and remain in effect until modified or rescinded by DOA in accordance with provisions of the contracts; and (d) any matter pending before the Office of State Treasurer would be transferred to DOA and all materials submitted to or actions taken by that Office would be considered to have been submitted to or taken by DOA. The bill also specifies that all incumbent employees holding positions in the Office of State Treasurer who perform cash management functions are to be transferred to DOA, as determined by the Secretary of Administration. However, since only three positions will be available in DOA, the State Budget Office indicates that the actual intent is that the DOA Secretary will determine that no more than three incumbent employees would be actually transferred.

Joint Finance/Legislature: Include provision but add a number of additional cross-reference changes and reduce transferred 2004-05 funding by $4,700 PR due to reduction in standard budget adjustments amounts for the fifth week vacation as cash.

[Act 33 Sections: 44 thru 47, 54 thru 69, 165, 166, 168, 170, 184 thru 186, 250m, 251m, 269, 277, 437, 471, 472, 573, 648, 649, 692 thru 704, 706, 707, 720, 738, 740, 805 thru 828, 830, 843 thru 846, 848, 870, 873, 906 thru 914, 924, 925, 940, 946, 1003, 1033, 1091, 1180, 1188, 1189, 1287, 1289, 1413, 1436, 1447, 1466, 1467, 1468, 1472b, 1482, 1483, 1485, 1517 thru 1522, 1524, 1530, 1531, 1532, 1535, 1536, 1539, 1541, 1581, 1582, 1583, 1584 thru 1589, 1599b, 1602, 1603, 1607, 1621, 1628, 1629 thru 1632, 1634 thru 1644, 1649, 1686, 1687, 1707, 1708, 1725 thru 1727, 1740, 1812, 1813, 1815, 1841 thru 1854, 1954 thru 1956, 1960, 1998, 2044, 2045, 2056, 2057, 2058, 2092, 2099, 2101 thru 2105, 2114 thru 2119, 2204 thru 2310, 2321 thru 2323, 2341, 2349 thru 2353, 2358, 2361, 2449 thru 2453, 2471, 2482, 2483, 2486, 2575, 2579, 2580 thru 2592, 2605 thru 2608, 2616, 2629, 2632, 2635 thru 2640, 2643 thru 2650, 2665 thru 2671, 2683 thru 2685, 2691, 2693 thru 2707, 2711, 2713 thru 2715, 2728, 2730, 2731, 2744, 2745, 2759 thru 2767, 2800, 2802 thru 2804, 9154(1), and 9454(1)]

5. REMAINING FUNDING IN CASH MANAGEMENT APPROPRIATION [LFB Paper 698]

	Funding	Positions
PR	- $196,500	- 1.96
SEG	56,400	0.46
Total	- $140,100	- 1.50

Joint Finance/Legislature: Delete the remaining funding and associated position authority left in the PR cash management general operations appropriation in 2004-05 by making the following adjustments: (a) reassign central overhead charges to this appropriation for portions of the Treasurer's, Deputy Treasurer's and Executive Assistant's positions from the cash management general operations appropriation to other appropriations provided to the Office by: (1) deleting $112,900 PR and 0.92 FTE from the cash management general operations appropriation in 2004-05; (2) increasing funding in the unclaimed property administrative appropriation by $56,500 PR and 0.46 FTE; and (3) increasing funding in the college savings program administrative appropriation by $56,400 SEG and 0.46 FTE; and (b) delete an additional $140,100 PR and 1.50 FTE from the cash management appropriation in 2004-05. The deleted positions would come from a total of 2.50 management support staff positions that are currently budgeted to various programs of the Office. The agency would determine which of those actual positions or portions of positions would be deleted.

The combination of these two actions would reduce funding in the cash management general operations appropriation to zero in 2004-05.

6. FUNDING FOR PROGRAMMING UPGRADES

PR	$30,000

Governor/Legislature: Provide one-time financing of $30,000 in 2003-04 for programming the Treasurer's Office operating systems for cash management functions to be compliant with the operating systems of the state's new working bank [US Bank] prior to the transfer of these functions to DOA.

7. GPR FUNDING FOR EDVEST PROGRAMS [LFB Paper 700]

GPR	- $93,400
SEG	93,400
Total	$0

Governor: Delete adjusted base level funding of $46,700 GPR annually provided for start-up funding for the college tuition and expenses program, also known as EdVest I. Provide increases of $46,700 annually in administrative expenses funded from SEG revenues, but add these increases to the administrative expenses appropriation for the EdVest II program – the college savings program. The same staff in the Treasurer's Office manages both programs. The two existing GPR appropriations for start-up costs of both EdVest programs would also be repealed.

Joint Finance/Legislature: Include funding provision. In addition, shift 1.10 SEG existing positions from the college tuition and expense program to the college savings program.

[Act 33 Sections: 72, 650, and 651]

8. COLLEGE SAVINGS PROGRAM ADMINISTRATIVE FUNDING INCREASE

SEG	$145,000

Governor/Legislature: Provide increased base funding of $72,500 annually for program administration of the college savings program. Funding would consist of: (a) $65,000 for an outside annual audit of Strong Capital Management, Inc., the outside service provided for the program; and (b) $7,500 for increased program marketing activities.

9. COLLEGE SAVINGS PROGRAM BUDGET REDUCTION

	Funding	Positions
SEG	- $79,800	- 1.00

Governor/Legislature: Delete $39,900 annually and 1.0 position from the administrative expenses appropriation for the college savings program (EdVest II).

10. COLLEGE SAVINGS PROGRAM APPROPRIATION [LFB Paper 701]

Governor: Modify the current language of the appropriation that funds the administrative expenses for the college savings program to include authorization for expenditures from this appropriation for the purpose of promoting the program.

Joint Finance/Legislature: Include provision and, in addition, change the status of the appropriation from its current continuing appropriation status to a sum certain, annual appropriation.

[Act 33 Section: 652b]

11. REPORTING REQUIREMENTS FOR UNCLAIMED INSURANCE COMPANY DEMUTUALIZATION PROCEEDS

Joint Finance: Amend the unclaimed property statute (Chapter 177 of the statutes) to create special reporting requirements for unclaimed property resulting from the demutualization, rehabilitation or related reorganization of insurances companies. Newly provide that:

a. For property distributable in the course of a demutualization, rehabilitation or related reorganization of an insurance company, abandoned property of presumed owners located in this state is to be reported as unclaimed property to the State Treasurer two years after the date that the property was first distributable;

b. Such property is to be deemed abandoned if: (1) at the time of the first distribution the last known address of the owner is known to be incorrect; or (2) the distribution or statement is returned by the post office as undeliverable; and if the owner has not communicated with the holder of property regarding the person's interest in the property;

c. Property otherwise distributable as a result of the demutualization, rehabilitation or related reorganization of a mutual insurance company but that would not be required to be reported under this special provision would be reportable under the current law unclaimed reporting statutes; and

d. In addition, include a session law provision stipulating that unclaimed property that would be reportable under this special insurance company demutualization proceeds provision would be required to be reported under this new provision to the State Treasurer no later than May 1, 2004, for all property determined to be unclaimed under this special provision as of December 31, 2003.

Senate/Legislature: Include provisions but with the modifications that these new special reporting requirements would apply only to: (a) intangible property distributions occurring as a result of insurance company demutualizations; and (b) such intangible property distributions that were distributable before January 1, 2003.

[Act 33 Sections: 2120n, 2120p, 2120s, and 9154(2q)]

SUPREME COURT

Budget Summary							
Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$22,198,800	$23,628,200	$23,558,400	$23,558,400	$23,558,400	$1,359,600	6.1%
FED	806,400	801,200	801,200	801,200	801,200	- 5,200	- 0.6
PR	23,552,600	23,750,000	23,750,000	23,750,000	23,750,000	197,400	0.8
SEG	1,418,200	1,429,800	1,426,600	1,426,600	1,426,600	8,400	0.6
TOTAL	$47,976,000	$49,609,200	$49,536,200	$49,536,200	$49,536,200	$1,560,200	3.3%

FTE Position Summary						
Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	111.50	111.50	111.50	111.50	111.50	0.00
FED	1.00	1.00	1.00	1.00	1.00	0.00
PR	93.00	93.00	93.00	93.00	93.00	0.00
SEG	5.00	5.00	5.00	5.00	5.00	0.00
TOTAL	210.50	210.50	210.50	210.50	210.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$0	$3,200	$3,200
GPR	$1,429,400	- $69,800	$1,359,600
FED	- 5,200	0	- 5,200
PR	156,400	0	156,400
SEG	11,600	- 3,200	8,400
Total	$1,592,200	- $73,000	$1,519,200

Governor: Provide $714,700 GPR, -$2,600 FED, $78,200 PR and $5,800 SEG annually for: (a) removal of non-continuing elements from the base (-$127,600 GPR annually and -$500,000 PR annually); (b) full funding of salaries and fringe benefits ($807,400 GPR, -$2,600 FED,

$578,200 PR, and $4,200 SEG annually); and (c) fifth week vacation as cash for non-judicial long-term employees ($34,900 GPR and $1,600 SEG annually). Full funding of salaries and fringe benefits includes 2000-01 judicial pay plan costs, and 2001-02 and 2002-03 judicial and nonjudicial pay plan costs ($109,500 GPR annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash ($34,900 GPR and $1,600 SEG annually). Require the agency to lapse to the general fund $1,600 annually from the SEG accounts or funds from which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $1,600 annually.

[Act 33 Section: 9160(3f)]

2. APPROPRIATION LAPSES AND REESTIMATES [LFB Paper 705]

GPR-Lapse	$1,500,000

Governor/Legislature: Specify that the Chief Justice of the Supreme Court, acting as the administrative head of the judicial system, take actions during the 2003-05 fiscal biennium to ensure that from GPR state operations appropriations for the Circuit Courts, Court of Appeals, and Supreme Court, $750,000 annually is lapsed from sum certain appropriations or is subtracted from expenditure estimates for any other type of appropriation, or both. The adjustment represents 1.1% of the adjusted base budget for state operations of the Circuit Courts, Court of Appeals, and the Supreme Court.

[Act 33 Section: 9248(1)]

3. INCREASE THE FILING FEE FOR THE SUPREME COURT [LFB Paper 210]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$38,200	$9,100	$47,300

Governor: Increase the fee for filing of an appeal, cross-appeal, petition to review, petition to bypass, or other proceeding by 30%, from $150 to $195. Specify that fee increase would first apply to actions commenced on the effective date of the bill. The filing fee is in addition to other court fees that may apply to these actions. The Governor estimates that the fee increase will generate additional revenue of $17,300 in 2003-04 and $20,900 in 2004-05, to be deposited to the general fund. In 2001-02, filing fees for cases reviewed by the Supreme Court generated $67,600 in revenue.

Joint Finance/Legislature: Reestimate revenues generated by the Governor's recommendation to increase by 30% the fee for filing an appeal, cross-appeal, petition to review, petition to bypass, or other appellate proceeding from $150 to $195. Total additional revenue for the Supreme Court filing fee increase would be $22,600 in 2003-04 and $24,700 in 2004-05.

[Act 33 Sections: 2690 and 9348(1)]

4. COURT INTERPRETER CERTIFICATION AND TRAINING PROGRAM

PR	$41,000

Governor/Legislature: Provide $23,400 in 2003-04 and $17,600 in 2004-05 to develop a court interpreter certification and training program. Create a continuing program revenue appropriation for court interpreter training and certification with revenue generated from fees imposed by the Supreme Court for the training and certification of interpreters. Specify that the Supreme Court establish procedures and policies for the fees imposed. The Executive Budget Book indicates that the administration recommends implementing a $125 interpreter orientation workshop fee and a $200 fee for interpreter certification examinations and advanced language training. Under current law, the Supreme Court is required to establish procedures and policies for recruitment, training and certification of persons to act as qualified interpreters in a court proceeding and for the coordination, discipline, retention, and training of interpreters.

[Act 33 Sections: 653 and 2722]

TECHNOLOGY FOR EDUCATIONAL ACHIEVEMENT IN WISCONSIN BOARD

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$85,088,600	$0	$0	$0	$0	- $85,088,600	- 100.0%
FED	7,088,000	0	0	0	0	- 7,088,000	- 100.0
PR	5,132,800	0	0	0	0	- 5,132,800	- 100.0
SEG	32,205,400	0	0	0	0	- 32,205,400	- 100.0
TOTAL	$129,514,800	$0	$0	$0	$0	- $129,514,800	- 100.0%
BR			- $12,500,000	- $12,500,000	- $12,500,000		

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	5.00	0.00	0.00	0.00	0.00	- 5.00
FED	2.00	0.00	0.00	0.00	0.00	- 2.00
PR	2.00	0.00	0.00	0.00	0.00	- 2.00
TOTAL	9.00	0.00	0.00	0.00	0.00	- 9.00

Budget Change Items

1. ELIMINATE EDUCATIONAL TECHNOLOGY BLOCK GRANTS [LFB Paper 710]

GPR	- $70,000,000

Governor/Legislature: Reduce funding by $35,000,000 annually and eliminate the educational technology block grant program under the TEACH Board.

Under current law, the TEACH Board annually awards block grants to school districts, Milwaukee charter schools, and secured juvenile correctional facilities for any purpose related to educational technology, except salaries and benefits of employees. Eligible uses include network upgrades, wiring loan payments, hardware, software, consulting services, professional development, and telecommunications access.

The Department of Corrections receives $5,000 per eligible facility, which include the Southern Oaks Girls School, the Ethan Allen School, and the Lincoln Hills School. Milwaukee charter schools receive $5,000 each, plus an amount distributed in proportion to their membership. School districts receive $5,000 each, plus an amount based on a formula that uses equalized value per member, which is the full value of the taxable property in the district as certified for the prior year, excluding value adjustments resulting from appeals. There is an adjustment for K-8 and union high school (UHS) districts. For UHS districts, equalized valuation is divided by three times membership. For K-8 districts, equalized valuation is divided by 1.5 times membership.

The block grant program is a categorical aid, and as such is not subject to school district revenue limits. In 2002-03, all 426 school districts, 11 Milwaukee charter schools, and three secured correctional facilities received block grants.

[Act 33 Sections: 367 and 1066]

2. ELIMINATE TRAINING AND TECHNICAL ASSISTANCE GRANTS [LFB Paper 710]

GPR	- $8,000,000

Governor/Legislature: Delete funding of $4,000,000 annually and eliminate the training and technical assistance grant program under the TEACH Board.

Under current law, TEACH awards grants to cooperative educational service agencies (CESAs), consortia of two or more school districts, charter school sponsors, secured correctional facilities, or CESAs, or one or more school districts, charter school sponsors, secured correctional facilities, or CESAs with one or more public library boards for training and technical assistance in the use of educational technology. The Board is required to ensure that at least one grant is awarded annually to an applicant located in the territory of each CESA. The grant program was implemented by the TEACH Board as a two-part process with the first part as a planning phase and the second as two-year implementation phase.

Of the $8,000,000 available in 2001-03, the TEACH Board awarded $3,000,000 to 15 consortia, including all 12 CESAs, Milwaukee Public Schools, the DeForest School District, and a consortium of the Beloit and Janesville School Districts, for model classroom demonstration sites. Staff from TEACH planned to use $1,000,000 to maintain and upgrade TEACH-owned used at model demonstration sites across the state. The remaining $4,000,000 is expected to be disbursed in implementation grants in 2002-03 for staff development models of the applicants' choosing.

[Act 33 Sections: 366 and 1065]

3. **SUNSET THE INFRASTRUCTURE FINANCIAL ASSISTANCE PROGRAM** [LFB Paper 711]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$0	- $4,300,000	- $4,300,000
PR	0	4,300,000	4,300,000
Total	$0	$0	$0
BR	$0	- $12,500,000	- $12,500,000

Governor: Sunset the infrastructure financial assistance program by specifying that no financial assistance could be provided under the program after the effective date of the bill. Eliminate eligibility for charter school sponsors. Allow municipalities to obtain loans under the program on behalf of public libraries. Provide that monies received by the federal E-rate aid appropriation, after paying administrative expenses relating the receipt and disbursement of those funds, would be used for loan forgiveness and debt service payments under this program, rather than offset educational technology block grants as under current law. Require that 50% of E-rate funds be used to forgive the repayment of loans provided to school districts and public library boards, or to municipalities on behalf of public library boards, and 50% be used for debt service payments. Require that if funds under this provision are insufficient to fully forgive loans, then loans would be forgiven on a prorated basis.

Under current law, school districts and public libraries may apply for loans and grants to fund the upgrading of electrical wiring in buildings already in existence when the TEACH program began, and installation and upgrading of computer network wiring. Schools and libraries are required to pay the debt service on the loans that represent 50% of the financial assistance, and the state pays the debt service for the grants, which represent the other half of the assistance. Bonding authorization for school districts under this program is $100 million, and as of this year $90.2 million has been approved for projects in 185 school districts. Originally, $10 million in bonding was authorized for libraries under the program, but that amount was lowered to $3 million under 2001 Act 16. As of this year, $277,700 has been approved for nine public libraries.

Joint Finance/Legislature: Modify the Governor's recommendation to also reduce bonding authorized for school districts by $9.8 million and for public libraries by $2.7 million. Require that all monies received by the federal E-rate appropriation, after paying administrative expenses relating to the receipt and disbursement of those funds, would be used to reduce state GPR debt service costs under this program. This would reduce state GPR debt service by $2,150,000 GPR annually, and would increase local debt service costs by $2,150,000 PR annually compared to the bill.

[Act 33 Sections: 238q, 378d, 688d, 689d, and 1069d thru 1072d]

4. DEBT SERVICE REESTIMATES [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$6,093,000	- $105,300	$5,987,700
PR	3,033,500	0	3,033,500
Total	$9,126,500	- $105,300	$9,021,200

Governor: Provide $2,368,400 GPR in 2003-04 and $3,724,600 GPR in 2004-05, and $833,900 PR in 2003-04 and $2,199,600 PR in 2004-05, as a reestimate of debt service costs for the following purposes:

a. *Public Library Boards.* Provide $49,000 GPR in 2003-04 and $134,600 GPR in 2004-05 above base level funding of $24,900 GPR for estimated debt service costs for public library boards under the infrastructure financial assistance program.

b. *School districts.* Provide $2,319,400 GPR in 2003-04 and $3,590,000 GPR in 2004-05 above base level funding of $2,877,800 GPR for estimated debt service costs for school districts under the infrastructure financial assistance program.

c. *School district payments.* Provide $785,000 PR in 2003-04 and $2,065,200 PR in 2004-05 above base level funding of $2,421,800 PR for estimated debt service payments by school districts under the infrastructure financial assistance program.

d. *Public library board payments.* Provide $48,900 PR in 2003-04 and $134,400 PR in 2004-05 above base level funding of $23,800 PR for estimated debt service payments by public library boards under the infrastructure financial assistance program.

Joint Finance/Legislature: Reestimate debt service by -$40,900 GPR in 2003-04 and -$13,900 GPR in 2004-05 for public library boards and by -$14,400 GPR in 2003-04 and -$36,100 GPR in 2004-05 for school districts.

5. E-RATE REESTIMATE [LFB Paper 711]

FED	$2,430,000

Governor/Legislature: Provide $1,215,000 annually above base level funding of $3,200,000 for estimated revenues from state administration of the federal E-rate program. The Education Rate, or E-rate program, was created by the Federal Telecommunications Act of 1996, and it is administered by the Schools and Libraries Division of the Universal Service Administrative Company, attached to the Federal Communications Commission. E-rate discounts on telecommunications services are provided according to a community's low-income population and rural or urban status.

6. TELECOMMUNICATIONS ACCESS REESTIMATE

SEG	$1,396,100

Governor/Legislature: Provide $375,400 in 2003-04 and $1,020,700 in 2004-05 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 when the TEACH Board was established. Clarify that the existing contracts grant portion of the telecommunications access program will sunset on December 31, 2005. The program is funded from the universal service fund that receives its revenues through pass-through assessments on intrastate telecommunications providers.

This funding would be utilized for the following purposes:

a. *School Districts, CESAs, and Charter School Sponsors.* $1,170,800 in 2003-04 and $1,601,600 in 2004-05 above base level funding of $9,613,700 for additional estimated costs of providing telecommunications access to school districts, CESAs, and charter school sponsors.

b. *Private Colleges, Technical Colleges, and Public Libraries.* -$47,000 in 2003-04 and $191,300 in 2004-05 from base level funding of $4,670,000 for the estimated costs of providing telecommunications access to private colleges, technical colleges, and public libraries.

c. *Private K-12 Schools.* -$632,500 in 2003-04 and -$639,300 in 2004-05 from base level funding of $1,340,600 for the estimated costs of providing telecommunications access to private K-12 schools.

d. *State Residential Schools.* $5,000 in 2003-04 and -$1,800 in 2004-05 from base level funding of $70,000 for the estimated costs of providing telecommunications access to state residential schools.

e. *Secured Juvenile Correctional Facilities.* -$120,900 in 2003-04 and -$131,100 in 2004-05 from base level funding of $233,400 for the additional estimated costs of providing telecommunications access to secured juvenile correctional facilities.

[Act 33 Section: 2316d]

7. ELIMINATE TEACH COMPUTER TRAINING GRANT

SEG	- $350,000

Governor/Legislature: Delete base funding of $175,000 annually for the Racine Unified School District to participate in the Pegasus Project, a public-private partnership which provides training to teachers and pupils in computers. This grant is currently funded by the universal service fund.

[Act 33 Sections: 379, 1067, and 2317]

8. PUBLIC MUSEUM ELIGIBILITY FOR TELECOMMUNICATIONS ACCESS PROGRAM

SEG	$317,200

Governor/Legislature: Provide $112,500 in 2003-04 and $204,700 in 2004-05 and specify that public museums would be eligible for the telecommunications access program. Specify that a public museum means a nonprofit or publicly owned museum located in Wisconsin that is accredited by the American Association of Museums or an educational center that is affiliated with such a museum.

Under this program, eligible entities receive subsidized access to data lines and video links. Currently, school districts, charter school sponsors, secured correctional facilities, private schools, CESAs, technical college districts, private colleges, public library systems, public library boards, and the Wisconsin Center for the Blind and Visually Impaired and the Wisconsin Program for the Deaf and Hard of Hearing are considered educational agencies that are eligible for this program. State costs for providing access are paid from the universal service fund, which receives its revenues through pass-through assessments on intrastate telecommunications providers.

[Act 33 Sections: 236d, 238n, and 1041d]

9. GOVERNOR'S WISCONSIN EDUCATIONAL TECHNOLOGY CONFERENCE

PR	$294,900

Governor/Legislature: Provide $136,200 in 2003-04 and $158,700 in 2004-05 above base level funding of $52,700 for estimated additional costs for the Governor's Wisconsin Educational Technology Conference. Program revenues are generated from conference fees for participants.

10. ELIMINATE WATF POSITION

	Funding	Positions
PR	- $136,200	- 1.00

Governor/Legislature: Delete base level funding of $68,100 annually and 1.0 position for administration of outstanding Wisconsin Advanced Telecommunications Foundation grants. These grants have been closed; therefore, the project position and related funding are no longer necessary.

11. ELIMINATE TEACH BOARD [LFB Paper 712]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $13,181,600	- 5.00	$4,405,300	0.00	- $8,776,300	- 5.00
FED	- 9,518,000	- 2.00	0	0.00	- 9,518,000	- 2.00
PR	- 8,325,000	- 1.00	- 4,300,000	0.00	- 12,625,000	- 1.00
SEG	- 33,568,700	0.00	0	0.00	- 33,568,700	0.00
Total	- $64,593,300	- 8.00	$105,300	0.00	- $64,488,000	- 8.00

Governor: Eliminate the Technology for Educational Achievement in Wisconsin (TEACH) Board. Delete base administrative funding of $641,600 GPR annually and 5.0 positions for general program operations for TEACH.

Telecommunications access. Transfer the telecommunications access program and associated funding to the Department of Public Instruction (DPI), as shown in the following table. In the appropriation for school districts, CESAs, and charter schools, $108,900 annually would be provided for administrative costs to DPI for this program, which is shown under DPI. This program is funded from the state universal service fund, a segregated (SEG) fund that receives revenues from pass-through assessments on intrastate telecommunications providers.

Purpose	2003-04	2004-05	Fund Source
School Districts, CESAs and Charter Schools	$10,784,500	$11,215,300	SEG
Private Colleges, Technical Colleges and Libraries	4,735,500	5,066,000	SEG
Private K-12 Schools	708,100	701,300	SEG
State Residential Schools	75,000	68,200	SEG
Secured Juvenile Corrections Facilities	112,500	102,300	SEG

Infrastructure financial assistance. Transfer the infrastructure financial assistance program and associated debt service funding to DPI, as shown in the following table.

Purpose	2003-04	2004-05	Fund Source
Debt Service for K-12 Schools	$5,197,200	$6,467,800	GPR
Debt Service for Public Libraries	73,900	159,500	GPR
Debt Service for K-12 Schools--Local Share	3,206,800	4,487,000	PR
Debt Service for Public Libraries--Local Share	72,700	158,200	PR

E-rate. Transfer state administration of the E-rate program and associated funding to DPI, with $4,415,000 FED annually. Delete a separate FED appropriation with funding of $344,000 FED annually and 2.0 positions.

GWETC. Transfer administration of the Governor's Wisconsin Educational Technology Conference (GWETC) and associated funding to DPI, with $188,900 PR in 2003-04 and $211,400 PR in 2004-05 and 0.5 position for administration of the GWETC.

WATF. Transfer the Wisconsin Advanced Telecommunications Foundation (WATF) assessments appropriation to DPI. Provide that monies received by the WATF assessments appropriation be used to promote the use of educational technology in the state, rather than to offset the block grants appropriation as under current law. Eliminate obsolete statutory references to WATF.

Eliminate obsolete appropriations under TEACH, as well as authorization for the TEACH executive director position.

Provide that the incumbent employees in 1.0 GPR position, 0.5 PR position, and 0.5 FED position, which are among those that would be deleted in the bill, would transfer from TEACH to DPI. These transferred employees would retain all employment rights and status that they held prior to the transfer, and no transferred employee who had attained permanent status in the classified service would be required to serve a new probationary period.

Transfer from TEACH to DPI all assets, liabilities, tangible personal property, and records that are primarily related to the functions of TEACH, as determined by the Secretary of DOA. Transfer all outstanding loans made under the infrastructure financial assistance program from TEACH to DPI. Provide that all contracts entered into by TEACH or DOA on behalf of TEACH that were in effect prior to the transfer would remain in effect until their specified expiration date or until they were rescinded or modified by DPI. Specify that all rules promulgated and orders issued by TEACH that were in effect would remain in effect until their specified expiration date or until they were amended or repealed by DPI. Provide that any pending matters would transfer to DPI and all materials submitted to TEACH or actions taken by TEACH concerning the pending matter would be considered as having been submitted to or been taken by DPI.

Delete the requirement that TEACH cooperate with DPI to support the development of courses for the instruction of professional employees who are licensed by the State Superintendent concerning the effective use of educational technology.

Joint Finance/Legislature: Modify the Governor's recommendation to transfer the remaining TEACH functions and related funding to DOA rather than to DPI, including the telecommunications access program, state administration of the E-rate program, the infrastructure financial assistance program, and the Governor's Wisconsin Educational Technology Conference. Modify provision to reflect changes in funding approved by the Legislature, which would affect the amounts transferred to DOA. Adjust the transfer amounts as follows: (a) -$2,150,000 GPR and $2,150,000 PR annually, relating to the infrastructure financial assistance program [Item 3]; and (b) -$55,300 GPR in 2003-04 and -$50,000 GPR in 2004-05, relating to debt service reestimates [Item 4].

Veto by Governor [A-14]: Delete the provision that would eliminate the requirement that DOA cooperate with DPI on the development of courses for the instruction of professional employees who are licensed by the State Superintendent concerning the effective use of educational technology, as required of TEACH under current law.

[Act 33 Sections: 95, 196d, 204d, 210d, 234d, 236d thru 238r, 360 thru 365d, 368 thru 384d, 587k, 588m thru 588r, 637d, 641d, 642d, 680, 688d, 689d, 728, 934d, 1034, 1035 thru 1088d, 1994d, 2032d, 2311d, 2312d thru 2314d, 2316d, 9101(10d), and 9150(1d)]

[Act 33 Vetoed Section: 1057d]

TOBACCO CONTROL BOARD

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
SEG	$30,690,200	$0	$0	$0	$0	- $30,690,200	- 100.0%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
SEG	4.00	0.00	0.00	0.00	0.00	- 4.00

Budget Change Item

1. ELIMINATE TOBACCO CONTROL BOARD [LFB Paper 720]

	Funding	Positions
SEG	- $30,690,200	- 4.00

Governor: Delete $15,345,100 annually and 4.0 positions, beginning in 2003-04, to reflect the Governor's proposal to eliminate the Tobacco Control Board and transfer the Board's responsibilities and administration of the tobacco control fund to the Department of Health and Family Services (DHFS).

Repeal current provisions that: (a) authorize and define the Board; and (b) authorize the Board to appoint an Executive Director and employ staff with appropriate programmatic and technical expertise. Transfer the Board's current appropriations for grants, operations and gifts and grants to DHFS and replace all current references to the Board with references to DHFS.

Provide for the transfer of $15,054,500 in 2003-04 and $15,062,000 in 2004-05 from the general fund to the tobacco control fund. These amounts represent the total amounts that would be budgeted for DHFS for grants ($15,000,000 annually) and operations ($54,500 in 2003-04 and $62,000 in 2004-05). Under current law, beginning in 2003-04, this transfer amount is $25,000,000.

Specify that: (a) the Board's assets and liabilities will become the assets and liabilities of DHFS; (b) the Board's contracts will be transferred to DHFS and remain in effect until DHFS modifies or rescinds the contracts to the extent allowed under the contract; (c) DHFS contracts relating to the Board's functions will remain in effect until DHFS modifies or rescinds the contract to the extent allowed under the contract; (d) all rules promulgated by the Board remain in effect until their specified expiration date or until DHFS amends or repeals them; and (e) all orders issued by the Board remain in effect until their specified expiration date or until DHFS modifies or rescinds them.

Joint Finance/Legislature: Adopt the Governor's recommendations. In addition, make additional funding and statutory changes, which are summarized under "Health and Family Services -- Health."

TOURISM

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$22,021,200	$17,545,200	$18,497,200	$18,497,200	$17,497,200	- $4,524,000	- 20.5%
PR	8,467,000	8,473,400	8,543,400	8,543,400	8,543,400	76,400	0.9
SEG	961,800	1,269,200	1,230,600	1,230,600	1,230,600	268,800	27.9
TOTAL	$31,450,000	$27,287,800	$28,271,200	$28,271,200	$27,271,200	- $4,178,800	- 13.3%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	55.25	47.45	48.45	48.45	48.45	- 6.80
PR	1.00	1.00	1.00	1.00	1.00	0.00
SEG	3.00	3.00	4.00	4.00	4.00	1.00
TOTAL	59.25	51.45	53.45	53.45	53.45	- 5.80

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR-REV	$0		$1,400		$1,400	
GPR	- $118,600	- 0.30	- $12,400	0.00	- $131,000	- 0.30
PR	6,400	0.00	0	0.00	6,400	0.00
SEG	22,200	0.00	- 1,400	0.00	21,500	0.00
Total	- $90,000	- 0.30	- $13,800	0.00	- $103,100	- 0.30

Governor: Delete $59,300 GPR and 0.3 GPR position, and provide $3,200 PR and $11,100 SEG annually for adjustments to the base budget for: (a) turnover reduction (-$65,500 GPR annually); (b) removal of noncontinuing items (-$184,300 GPR annually); (c) full funding of salaries and fringe benefits ($178,500 GPR, $3,200 PR and $10,400 SEG annually); (d) a December, 2002, s. 13.10 decision related to across-the-board budget reduction allocations (-0.3 GPR tourism information assistant position annually); (e) night and weekend differentials

($5,800 GPR annually); and (f) fifth vacation week as cash for certain long-term employees ($6,200 GPR and $700 SEG annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$6,200 GPR and -$700 SEG annually). Require the agency to lapse to the general fund $700 SEG annually from the SEG account from which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $700 in both 2003-04 and 2004-05.

[Act 33 Section: 9160(3f)]

2. BASE BUDGET REDUCTION

	Funding	Positions
GPR	- $1,157,400	- 6.50

Governor/Legislature: Reduce Tourism's general state operations appropriation by $578,700 and 6.5 positions annually. This represents a 13.7% reduction from base funding and could include the consolidation of two bureaus and the closure of the Chicago and Madison tourist information centers (which includes the elimination of 2.75 positions from the Chicago tourist information center).

3. TOURISM MARKETING [LFB Paper 725]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	- $3,200,000	$1,000,000	- $1,000,000	- $3,200,000

Governor: Delete $1,600,000 annually from the tourism marketing GPR appropriation. Tourism marketing would be provided approximately $9.2 million annually under the bill, a reduction to base-level marketing funds of almost 15%.

Joint Finance/Legislature: Modify the Governor's recommendation to delete $1,100,000 annually (instead of $1,600,000 annually) from the tourism marketing GPR appropriation. This would provide Tourism with $9,655,900 annually ($5,686,400 GPR and $3,969,500 tribal gaming PR) for tourism marketing. This reflects a 10% base reduction in tourism marketing funding, but an increase of 2% to actual funds available in 2002-03.

Further, require Tourism to expend at least $3,950,000 annually on out-of-state tourism promotion media campaign efforts. This would maintain the 2002-03 level of funding expended on out-of-state tourism marketing media campaign efforts.

Veto by Governor [B-31 and B-32]: Delete $500,000 GPR annually by striking the 2003-04 and 2004-05 appropriation amounts of $5,686,400 GPR and writing in a lower amount of $5,186,400 in each year. This yields a total base tourism marketing funding reduction of $1,600,000 million annually and provides Tourism with a total of $9,155,900 annually ($5,186,400 GPR and $3,969,500 tribal gaming PR) for its tourism marketing efforts.

Further, delete the provision that requires Tourism to expend at least $3,950,000 annually on out-of-state tourism promotion media campaign efforts.

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.380(1)(b)), 417h, and 417k]

4. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- 1.00	1.00	0.00

Governor: Delete 1.0 GPR position annually to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate $106,000 GPR in 2003-04 and $141,300 GPR in 2004-05 of base level salary and fringe benefits funding that currently supports 1.0 attorney position to the agency's supplies and services budget to pay for legal services supplied by DOA.

Joint Finance/Legislature: Delete provision. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin system, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position's deletion requirement is reflected under "Administration -- Transfers to the Department."

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

5. KICKAPOO VALLEY RESERVE VISITOR'S CENTER [LFB Paper 726]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$110,000	- $20,300	$89,700

Governor: Provide $55,000 annually from the forestry account of the conservation fund for operation and maintenance costs of a new office and visitor center in the Kickapoo Valley

Reserve that is expected to be completed in 2003 (including utilities, equipment, snow removal, custodial services and refuse pickup). The Kickapoo Valley Reserve refers to approximately 8,500 acres of land north of La Farge in Vernon County. The U.S. Army Corps of Engineers transferred ownership of approximately 7,300 acres to the State of Wisconsin in December, 2000. Additionally, 1,200 acres were transferred to the Bureau of Indian Affairs in trust for sites sacred to the Ho-Chunk tribe.

Joint Finance/Legislature: Delete $19,100 SEG in 2003-04 ($35,900 SEG would be provided) and $1,200 SEG in 2004-05 ($53,800 SEG would be provided) for operation and maintenance costs of a new office and visitor center, in order to reflect current rental payments and the facility's expected operation of eight months in 2003-04.

6. KICKAPOO VALLEY RESERVE PROPERTY MANAGEMENT [LFB Paper 727]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	$106,200	0.00	- $31,600	1.00	$74,600	1.00

Governor: Provide $45,500 in 2003-04 and $60,700 in 2004-05 from the forestry account of the conservation fund for property management costs at the Kickapoo Valley Reserve. These funds would be used to contract for the following services: sustainable timber harvest and timber stand improvement, tree planting, prescribed burns and mowing to maintain grassland habitat, oversight of agricultural leases on the property, recreational trail improvements and maintenance, environmental education programs, property management demonstrations and education, and grassland and riparian management.

Joint Finance/Legislature: Delete the Governor's recommendation. Rather, provide $27,500 SEG in 2003-04 and $47,100 SEG in 2004-05 from the forestry account for 1.0 SEG property manager position.

7. KICKAPOO VALLEY RESERVE AIDS IN LIEU OF TAXES [LFB Paper 728]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$62,400	- $20,900	$41,500

Governor: Provide an additional $20,200 in 2003-04 and $42,200 in 2004-05 from the forestry account of the conservation fund for aids in lieu of property taxes. Payments are estimated at $244,700 in 2003-04 and $266,700 in 2004-05.

Joint Finance/Legislature: Delete $10,000 SEG in 2003-04 and $10,900 SEG in 2004-05 to provide a nine percent annual increase over the actual 2002-03 payment. Payments are estimated at $234,700 in 2003-04 and $255,800 in 2004-05.

8. KICKAPOO VALLEY RESERVE TECHNOLOGY SUPPORT [LFB Paper 729]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$0	- $35,600	- $35,600
SEG	3,600	35,600	39,200
Total	$3,600	$0	$3,600

Governor: Provide the Kickapoo Valley Reserve with $1,800 annually from the forestry account of the conservation fund for increased technology support charges.

Joint Finance/Legislature: Delete the GPR information technology support appropriation for the Kickapoo Valley Reserve and transfer base level funding ($17,800 annually) from GPR to forestry account SEG.

[Act 33 Section: 417m]

9. KICKAPOO VALLEY RESERVE LAW ENFORCEMENT

SEG	$3,000

Governor/Legislature: Provide $1,000 in 2003-04 and $2,000 in 2004-05 from the forestry account of the conservation fund for a 3% annual increase for contract costs with the Vernon County Sheriff's Department for law enforcement services.

10. KICKAPOO PROGRAM REVENUE BASE [LFB Paper 727]

PR	$70,000

Joint Finance/Legislature: Estimate the Reserve's base level PR expenditures at $35,000 annually. The Reserve obtains program revenues from customers for certain trail use, camping and special event fees. Further, the Reserve also collects revenues from agricultural lease payments and timber harvests. These revenues are deposited into a program revenue continuing appropriation. While expenditures are expected to total $35,000 annually primarily for equipment purchases, trail maintenance and emergency repairs, no base level expenditures were reflected in SB 44.

TRANSPORTATION

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$119,400	$337,800	$37,788,100	$37,788,100	$237,600	$118,200	99.0%
FED	1,432,644,400	1,213,344,000	1,357,241,600	1,357,241,600	1,234,665,400	- 197,979,000	- 13.8
PR	9,822,200	8,856,800	9,879,200	7,679,200	7,679,200	- 2,143,000	- 21.8
SEG	2,539,892,400	2,113,155,700	2,132,927,000	2,132,927,000	2,001,478,600	- 538,413,800	- 21.2
SEG-L	144,412,400	146,723,200	141,734,700	143,934,700	143,934,700	- 477,700	- 0.3
SEG-S	328,762,200	770,432,900	350,213,800	350,213,800	350,213,800	21,451,600	6.5
TOTAL	$4,455,653,000	$4,252,850,400	$4,029,784,400	$4,029,784,400	$3,738,209,300	- $717,443,700	- 16.1%
BR		$1,170,835,500	$687,098,500	$687,098,500	$1,210,016,400		

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
FED	974.55	965.00	884.20	884.20	884.20	- 90.35
PR	16.00	20.00	16.00	16.00	16.00	0.00
SEG	2,935.78	2,626.83	2,715.63	2,715.63	2,715.63	- 220.15
SEG-S	16.00	24.00	24.00	24.00	24.00	8.00
TOTAL	3,942.33	3,635.83	3,639.83	3,639.83	3,639.83	- 302.50

Budget Change Items

Transportation Finance

1. **TRANSPORTATION FUND CONDITION STATEMENT** [LFB Paper 735]

The following fund condition statement is based on transportation fund revenues and appropriations under Act 33 and the estimate that motor fuel tax rates will increase under statutory indexing provisions from 28.5 cents per gallon currently to 29.1 cents per gallon on April 1, 2004, and 29.6 cents per gallon on April 1, 2005.

	2003-04	2004-05
Unappropriated Balance, July 1	$22,211,700	$1,431,900
Revenues		
Motor Fuel Tax	$926,000,600	$984,196,600
Vehicle Registration Fees	429,079,400	448,542,100
Less Revenue Bond Debt Service	-127,229,000	-141,067,800
Driver's License Fees	29,458,100	29,757,700
Miscellaneous Motor Vehicle Fees	21,830,000	22,229,500
Aeronautical Fees, Taxes, and General Fund Transfer	7,464,400	10,179,600
Railroad Property Taxes	12,863,300	13,573,800
Motor Carrier Fees	3,000,000	3,000,000
Investment Earnings	5,346,300	8,100,400
Miscellaneous Departmental Revenues	15,215,800	22,615,800
Total Annual Revenues	$1,323,028,900	$1,401,127,700
Total Available	$1,345,240,600	$1,402,559,600
Appropriations, Reserves, and Fund Transfers		
DOT Appropriations	$943,831,800	$1,056,881,200
Shared Revenue Payments	230,000,000	170,000,000
K-12 Equalization Aids	40,000,000	60,000,000
Other Agency Appropriations	20,594,300	21,357,800
Less Estimated Lapses	-1,000,000	-1,000,000
Transfer to the General Fund	100,135,000	75,135,000
Compensation and Other Reserves	10,247,600	19,813,700
Net Appropriations, Reserves, and Transfers	$1,343,808,700	$1,402,187,700
Unappropriated Balance, June 30	$1,431,900	$371,900

2. FEDERAL HIGHWAY FORMULA AID [LFB Paper 736]

Governor: Reestimate federal highway formula aid at $501,800,100 in 2003-04 and $527,100,100 in 2004-05. These amounts represent decreases of $65,199,900 in 2003-04 and $39,899,900 in 2004-05 from the total amount of formula aid reflected in DOT's 2002-03 federal appropriations by the 2001-03 biennial budget act. The following table shows, by appropriation, how the bill would allocate federal aid during 2003-05. The first column shows the base level for each appropriation, doubled to provide a biennial comparison. The base amounts for the state highway rehabilitation and southeast Wisconsin freeway rehabilitation appropriations reflect the action of the Joint Committee on Finance, pursuant to a provision of 2001 Act 109, to transfer base funds ($27,142,500) from the former to the latter in order to move funding that was allocated within the state highway rehabilitation appropriation for rehabilitation projects on southeast Wisconsin freeways to the southeast Wisconsin freeway rehabilitation appropriation. This appropriation has also been adjusted to remove one-time, interstate cost estimate (ICE) funds ($62,400,000) that had been provided in 2002-03 for the Marquette Interchange reconstruction project. The second and third columns show the funding recommended by the Governor and the change to the base doubled.

Appropriation	Appropriation Base Doubled	2003-05 Governor	Change to Base Doubled
Local Transportation Facility Improvement	$151,439,400	$137,403,900	-$14,035,500
Local Bridge Improvement	52,576,400	47,703,600	-4,872,800
Congestion Mitigation/Air Quality Improvement	24,997,000	22,680,300	-2,316,700
Transportation Enhancements Grants	13,460,400	12,212,900	-1,247,500
Surface Transportation Grants	5,440,000	4,935,800	-504,200
Railroad Crossing Improvements	7,098,600	6,440,800	-657,800
Major Highway Development	115,897,000	59,931,400	-55,965,600
State Highway Rehabilitation	608,090,600	544,578,300	-63,512,300
Southeast Wisconsin Freeway Rehabilitation	110,135,600	150,559,400	40,423,800
Highway Maintenance and Traffic Operations	2,388,000	2,118,700	-269,300
Highway Administration and Planning	8,110,000	7,195,400	-914,600
Departmental Management and Operations	20,496,200	18,184,800	-2,311,400
Rail Passenger Service	6,361,200	8,633,200	2,272,000
Motor Vehicle Emission Inspection and Maintenance	7,509,600	6,321,700	-1,187,900
Total	$1,134,000,000	$1,028,900,200	-$105,099,800

Total estimated federal highway aid would decrease, relative to the base, by 11.5% in 2003-04 and 7.0% in 2004-05. The bill would decrease the first six appropriations in the table, which are generally for programs that provide transportation grants for local governments, by these percentages. Two other appropriations that are used for the payment of contracts for specific services, the appropriations for rail passenger service and motor vehicle emission inspection and maintenance, would be adjusted to reflect changes in these contracts. The appropriations for departmental management and operations, highway administration and planning, and highway maintenance and traffic operations would each be decreased, relative to the base, by 14.9% in 2003-04 and 7.6% in 2004-05. The appropriations for state highway rehabilitation and major highway development would be reduced as part of a proposal to decrease overall funding for these programs. Some of the reductions in FED and SEG funds in these programs would be offset by increases in the use of transportation revenue bonds for these programs. The federal appropriation for southeast Wisconsin freeway rehabilitation would be increased to provide funding for the Marquette Interchange reconstruction project.

The actual appropriation amounts for departmental management and operations and highway administration and planning are higher than the amounts shown in the table because these appropriations receive federal funds other than federal highway formula funds.

Joint Finance/Legislature: Increase estimated federal highway formula aid by $66,879,900 in 2003-04 and $52,835,900 in 2004-05, based on the nationwide total level of formula aid contained in the Congressional budget resolution for federal fiscal years 2004 and 2005. The state's total federal highway formula aid would be estimated at $568,680,000 in 2003-04 and $579,936,000 in 2004-05.

The following table shows the biennial distribution of federal highway formula aid under the Joint Committee on Finance's substitute amendment and compares this allocation to the appropriation base (doubled for purposes of comparison) and the Governor's recommendations. The changes to the Governor's allocation reflect the following: (a) a decision to provide increases of $84,287,100 in 2003-04 and $55,520,700 in 2004-05 for the state highway rehabilitation appropriation as part of an initiative to restore funding that had been reduced under the Governor's bill for rehabilitation projects; (b) a decision to provide $8,843,800 in 2004-05 for the southeast Wisconsin freeway rehabilitation appropriation as part of an initiative to provide an additional $50,000,000 ($8,843,800 FED and $41,156,200 SEG) in funding for the Marquette Interchange reconstruction project; (c) a decision to replace federal formula funds in the amounts of $14,000,000 in 2003-04 and $8,000,000 in 2004-05 in the southeast Wisconsin freeway rehabilitation appropriation with equal amounts of estimated federal earmarks for the Marquette Interchange project (the earmarks are not shown in the table since only formula funds are shown); (d) a decision to eliminate funding ($2,407,200 in 2003-04 and $2,528,600 in 2004-05) for the surface transportation grant program; and (e) a decision to eliminate funding ($1,000,000 annually) for a program that transfers federal highway funds to DOA for making grants to local governments for preparing transportation plans as an element of their comprehensive plans. The appropriation for highway administration and planning was also reduced by $9,100 annually to reflect a decision to delete increases provided for the fifth week of vacation as cash standard budget adjustment. These amounts, however, were not reallocated to other appropriations, so the totals shown in the table are $18,200 below the total estimated federal formula aid amounts.

Non-formula funds were provided for the southeast Wisconsin freeway rehabilitation appropriation (for estimated Marquette Interchange earmarks) and for state highway rehabilitation (for estimated incentive grant funds under a federal program that provides funding in federal fiscal year 2003 to states that pass a 0.08 blood alcohol content law prior to July 15). These amounts are reflected in the Chapter 20 appropriations, but are not shown in the table.

Appropriation	Joint Finance	Joint Finance Change to Base Doubled	Joint Finance Change to Governor
Local Transportation Facility Improvement	$137,403,900	-$14,035,500	$0
Local Bridge Improvement	47,703,600	-4,872,800	0
Congestion Mitigation/Air Quality Improvement	22,680,300	-2,316,700	0
Transportation Enhancements Grants	12,212,900	-1,247,500	0
Surface Transportation Grants	0	-5,440,000	-4,935,800
Railroad Crossing Improvements	6,440,800	-657,800	0
Major Highway Development	59,931,400	-55,965,600	0
State Highway Rehabilitation	684,386,100	76,295,500	139,807,800
Southeast Wisconsin Freeway Rehabilitation	137,403,200	27,267,600	-13,156,200
Highway Maintenance and Traffic Operations	2,118,700	-269,300	0
Highway Administration and Planning	7,177,200	-932,800	-18,200
Departmental Management and Operations	16,184,800	-4,311,400	-2,000,000
Rail Passenger Service	8,633,200	2,272,000	0
Motor Vehicle Emission Inspection and Maintenance	6,321,700	-1,187,900	0
Total	$1,148,597,800	$14,597,800	$119,697,600

Veto by Governor [B-33]: Delete $74,799,600 in 2003-04 and $47,776,600 in 2004-05 in the appropriation for state highway rehabilitation by deleting the FED amounts provided for the program ($351,826,500 in 2003-04 and $334,759,600 in 2004-05) and writing in smaller amounts ($277,026,900 in 2003-04 and $286,983,000 in 2004-05). In his veto message, the Governor indicates that he will, under "existing administrative authority," direct the DOT Secretary to reallocate the amounts reduced from the state highway rehabilitation program to the major highway development program. The fiscal effect of this veto is summarized under "State Highway Rehabilitation" in the State Highway Program section.

Although the write-down veto of the FED appropriation for the state highway rehabilitation program is reflected in the appropriations schedule, the reallocation of these funds to the major highway development program at the direction of the Governor is not. Consequently, although the total amount of federal formula aid to be received by the state remains $568,680,000 in 2003-04 and $579,936,000 in 2004-05, the amount reflected in the appropriations schedule in Act 33 is $493,871,300 in 2003-04 and $532,150,300 in 2004-05. These totals are a reflection of the write-down veto and a decision of the Joint Committee on Finance to reduce the appropriation for highway administration and planning by $9,100 annually to reflect a decision to delete increases provided for the fifth week of vacation as cash standard budget adjustment.

3. REGISTRATION FEES FOR AUTOMOBILES [LFB Paper 737]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	$53,163,300	$7,348,400	$60,511,700

Governor: Increase the annual registration fee for automobiles by $10, from $45 currently, to $55 (this would also apply to human service vehicles and certain school buses, which have their registration fees set at the same level as that for automobiles). Increase estimated transportation fund revenues by $17,437,000 in 2003-04 and $35,726,300 in 2004-05 to reflect this increase. These revenue estimates assume an effective date of January 1, 2004, although there is no delayed effective date specified in the bill.

Joint Finance/Legislature: Specify that the $10 fee increase would first apply to applications submitted for registration periods that begin on October 1, 2003. Increase estimated transportation fund revenues by $8,150,200 in 2003-04 and decrease estimated transportation fund revenues by $801,800 in 2004-05 to reflect the net effect of a revenue reestimate under the bill (-$378,900 in 2003-04 and -$801,800 in 2004-05) and the October 1, 2003, effective date ($8,529,100 in 2003-04). Total revenue increases from the fee increase are estimated at $25,587,200 in 2003-04 and $34,924,500 in 2004-05.

[Act 33 Sections: 2516 and 9353(4q)]

4. VEHICLE TITLE FEE [LFB Paper 737]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	$22,500,000	$3,750,000	$26,250,000

Governor: Increase the fee for the issuance of a new vehicle title and the fee for a vehicle title transfer by $10, from $8.50 currently, to $18.50. Increase estimated transportation fund revenues by $7,500,000 in 2003-04 and $15,000,000 in 2004-05 to reflect these increases. These revenue estimates assume an effective date of January 1, 2004, although there is no delayed effective date specified in the bill.

For most new title and title transfer transactions, current law requires the applicant to pay, in addition to the regular title fee that would be increased by this item, an additional $7.50 supplemental title fee, which is also deposited in the transportation fund, and a $9 environmental impact fee, which is deposited in the environmental fund. A separate item, which is summarized under the Department of Natural Resources, would increase the environmental impact fee to $10.50. Consequently, under current law, most title transactions require a total fee of $25 ($8.50 regular title fee, $7.50 supplemental title fee, and $9 environmental impact fee). Under the bill, the total fee would increase to $36.50 ($18.50 regular title fee, $7.50 supplemental title fee, and $10.50 environmental impact fee).

Joint Finance/Legislature: Specify that the $10 fee increase would first apply to applications submitted on October 1, 2003. Increase estimated transportation fund revenues by $3,750,000 in 2003-04 to reflect the October 1, 2003, effective date.

[Act 33 Sections: 2518, 2520, and 9353(4r)]

5. TRANSFER FROM TRANSPORTATION FUND TO GENERAL FUND

	Governor/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR-REV	$30,000,000	$145,000,000	$175,000,000
SEG-Transfer	$30,000,000	$145,000,000	$175,000,000

Governor: Transfer $15,000,000 annually from the transportation fund to the general fund. According to the administration, this transfer is accomplished through reductions to various DOT appropriations reflecting a set of measures that are summarized separately under the respective programmatic areas. The following table provides a summary of the funding reductions associated with these measures.

Reduction Item	2003-04	2004-05
Highway Program Consultant Budget Reduction	$3,993,100	$4,624,900
Department-Wide Position Reductions	3,175,700	4,505,600
LTE Budget Reduction in Various Divisions	2,360,900	2,360,900
Freight Rail Infrastructure Improvement SEG Reduction	2,079,800	2,079,800
DMV and State Patrol Recruit Class Elimination	1,961,700	0
Space Renovation Budget Elimination	535,000	535,000
License Plate Replacement Budget Elimination	513,200	513,200
Department-Wide Out-of-State Travel Budget Reduction	200,500	200,500
State Patrol Aerial Enforcement Elimination	180,100	180,100
Total	$15,000,000	$15,000,000

In addition to the transfer of funds summarized under this item, the bill would create three new, transportation fund appropriations in other agencies (summarized in the respective agencies) to support functions that are currently funded with general fund revenues. The following table summarizes this item and the amounts under these new appropriations.

	2003-04	2004-05	Biennial Total
Transfer to General Fund	$15,000,000	$15,000,000	$30,000,000
Shared Revenue Payments	230,000,000	170,000,000	400,000,000
K-12 Equalization Aid Payments	40,000,000	60,000,000	100,000,000
Car-Kill Deer (DNR)	402,100	414,600	816,700
Total	$285,402,100	$245,414,600	$530,816,700

Joint Finance/Legislature: Modify the provision to transfer $30,000,000 in 2004-05 only, instead of $15,000,000 annually.

In addition to making this change, the Joint Committee on Finance deleted the proposed use of transportation funds for the DNR car-kill deer program and required the lapse to the general fund of SEG amounts related to deleting funding for the fifth week of vacation as cash adjustment. The following table summarizes the uses of transportation funds to assist the general fund under the Committee's substitute amendment.

	2003-04	2004-05	Biennial Total
Transfer to General Fund	$0	$30,000,000	$30,000,000
Shared Revenue Payments	230,000,000	170,000,000	400,000,000
K-12 Equalization Aid Payments	40,000,000	60,000,000	100,000,000
Fifth Week of Vacation Lapse	135,000	135,000	270,000
Total	$270,135,000	$260,135,000	$530,270,000

Veto by Governor [B-33]: Increase the amount of the transfer over the biennium by $145,000,000. The Governor accomplishes this change by deleting selective words from the transfer provision, as well as selected digits from an adjacent, separate provision that would have required the DOT Secretary to lapse a total of $175,000 annually from certain DOT administrative appropriations to the transportation fund, to create a total transfer figure of $175,000,000. As vetoed, the transfer provision does not specify in which fiscal year the transfer will be made, although the Governor indicates, in his veto address, that $100,000,000 will be transferred in 2003-04 and $75,000,000 will be transferred in 2004-05.

The following table summarizes the uses of transportation funds to assist the general fund under Act 33.

	2003-04	2004-05	Biennial Total
Transfer to General Fund	$100,000,000	$75,000,000	$175,000,000
Shared Revenue Payments	230,000,000	170,000,000	400,000,000
K-12 Equalization Aid Payments	40,000,000	60,000,000	100,000,000
Fifth Week of Vacation Lapse	135,000	135,000	270,000
Total	$370,135,000	$305,135,000	$675,270,000

[Act 33 Section: 9253(1)]

[Act 33 Vetoed Sections: 9253(1)&(1x)]

6. REVENUE BONDING INCREASES [LFB Paper 738]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	$1,163,335,500	- $820,819,100	$342,516,400

Governor: Provide increased revenue bonding authority of $1,163,335,500 for state highway rehabilitation, the Marquette Interchange reconstruction project, major highway development, and administrative facilities. Under the bill, the state highway rehabilitation program and the Marquette Interchange project, which are currently funded with SEG and FED funds, would also be funded with revenue bonding proceeds. The increase in bonding authority, therefore, reflects the creation of bonding appropriations for these two programs (funded at $147,708,000 in 2003-04 and $128,135,700 in 2004-05 for the state highway rehabilitation program and $85,500,000 in 2004-05 for the Marquette Interchange project), an increase in bonding for major highway development (funded at $173,295,400 in 2003-04 and $158,221,200 in 2004-05), and a continuation of the base level of bonding for administrative facilities ($6,000,000 annually).

The amount of bonding authority provided in the bill, when combined with existing, unused authority of $109,704,500, is the estimated amount needed during the 2003-05 biennium, plus additional amounts that are anticipated to be needed during the 2005-07 biennium. Of the total amount: (a) $277,920,000 would be associated with bonding in the state highway rehabilitation program during the 2003-05 biennium; (b) $483,820,000 would be associated with bonding for the Marquette Interchange project in 2004-05, as well as anticipated bonding for the project in 2005-06; and (c) $511,300,000 would be associated with bonding for the major highway development program and administrative facilities over the 2003-05 and 2005-07 biennia (these amounts are not estimated separately, although the amount associated with administrative facilities is a relatively small part of the total). Typically, the Department requests enough bonding authority for anticipated bond issuance in the biennium, plus additional amounts to partially fund anticipated bonding usage in the following biennium.

Joint Finance/Legislature: Reduce the amount of additional revenue bonding authority by $820,819,100. This amount reflects the following: (a) a decision to eliminate the use of transportation revenue bonds provided for the Marquette Interchange and, instead, use additional SEG and FED funds and existing transportation fund-supported, general obligation bonds for the project (summarized below under "Transportation Fund-Supported, General Obligation Bonding " and under "Marquette Interchange Reconstruction" in the State Highway Program section); (b) a decision to replace the transportation revenue bonds provided for the state highway rehabilitation program and the above-base increase for the major highway development program with general fund-supported, general obligation bonds (summarized below under "General Fund-Supported, General Obligation Bonding for State Highways"); and (c) a decision to provide transportation revenue bond authorization sufficient to allow for above-base increases in the use of revenue bonding in the major highway development program of $6,028,300 SEG-S in 2003-04 and $6,665,300 SEG-S in 2004-05 (summarized under "Major Highway Development -- Funding Level" in the State Highway Program section).

The following table summarizes the changes to revenue bond authorization, by highway program. The remaining, additional transportation revenue bonding under the Committee's substitute amendment would be for the base level of bonding in the major highway development program, plus the increase noted in item "(c)" above.

	Governor	Joint Finance Change to Governor	Joint Finance Total Rev. Bond Authorization
Total Needed Bonds			
Major Highway Development*	$511,300,000	-$59,079,100	$452,220,900
State Highway Rehabilitation	277,920,000	-277,920,000	0
Marquette Interchange Reconstruction	483,820,000	-483,820,000	0
Total	$1,273,040,000	-$820,819,100	$452,220,900
Less Existing, Unused Authorization	-$109,704,500	$0	-$109,704,500
Total New Authorization	$1,163,335,500	-$820,819,100	$342,516,400

*Includes authorization for base-level usage of $6,000,000 annually in bonds for administrative facilities.

[Act 33 Section: 1699]

7. GENERAL FUND-SUPPORTED, GENERAL OBLIGATION BONDING FOR STATE HIGHWAYS

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
BR	$377,082,100	- $377,082,100	$0

Joint Finance: Provide a total of $377,082,100 in general fund-supported, general obligation bonds, as follows: (a) $275,843,700 for state highway rehabilitation to replace the transportation revenue bonds provided by the bill with equal amounts of general obligation bonds; and (b) $101,238,400 for major highway development to replace the above-base increases in transportation revenue bonds provided by the bill with equal amounts of general obligation bonds, plus an additional $30,000,000, an amount equal to the biennial transfer in the bill from the transportation fund to the general fund. Modify the current GPR appropriation in DOT for the payment of debt service on bonds issued under the local roads for job preservation program to also pay the debt service on the bonds issued under this item. The GPR debt service on these bonds is summarized below under "General Fund Debt Service for Transportation Programs".

Require DOT to include, in its agency budget request for the 2005-07 biennium, a recommendation for statutory changes to the Department's current SEG debt service appropriation to pay the debt service on general obligation bonds provided for the state highway rehabilitation and major highway development programs by this item from the transportation fund (estimated at about $44.5 million on an annual basis once all of the bonds have been issued). This requirement was included in conjunction with an item that would transfer 20% of the sales and use tax on new motor vehicles from the general fund to the transportation fund, beginning in 2005-06.

Senate/Legislature: Modify the provision to remove references to the Department of Transportation and to renumber the statutory section in Chapter 84 of the statutes governing the use of these bonds.

Veto by Governor [B-33]: Delete provision. (A portion of this provision [Section 1699q] was partially vetoed to become part of a separate provision that provides transportation fund-supported, general obligation bonding for highway projects, summarized in the following item.)

[Act 33 Vetoed Sections: 8, 285ag, 286 (as it relates to s. 20.395(6)(af)), 435m, 683g, 683h, 1670m, 1671, 1699q, and 9153(2p)]

8. TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BONDING

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
BR	- $40,000,000	$900,000,000	$860,000,000

Joint Finance/Legislature: Delete $40,000,000 of bonding authorization out of a total of $140,000,000 of existing bonding authorization that was provided by 2001 Act 109 (but not yet used) to compensate for any unanticipated reductions in federal aid. A separate item (summarized under "Marquette Interchange Reconstruction" in the State Highway Program section) would modify the conditions under which the remaining $100,000,000 in bonding authorization may be issued, in order to allow the bonds, subject to certain conditions, to be used on the Marquette Interchange reconstruction project.

Veto by Governor [B-33]: Increase the amount of transportation fund-supported, general obligation bonding authority by $900,000,000, from $100,000,000 to $1,000,000,000. This veto is accomplished by selectively striking digits in the strikethrough of the $140,000,000, which was the prior amount of the bonding authorization, and the inserted $100,000,000, which was the new amount included by the Legislature. Specifically, the Governor deleted the strikethrough of the dollar sign, the digit "1," and one of the "0" digits from the stricken $140,000,000 figure and deleted the dollar sign and the digit "1" from the adjacent inserted (underlined) $100,000,000. The effect of the veto of stricken digits is to retain those digits (in this case "$10"), which, when combined with the retained inserted text ("00,000,000), results in the authorization of $1,000,000,000 of transportation-fund supported, general obligation bonds ("$10 00,000,000" in the text of the act).

The veto also modified the conditions under which the bonding can be used and the purposes for which it may be used, to allow the bonds to be issued for southeast Wisconsin freeway rehabilitation and state highway rehabilitation projects. These changes are summarized under "Marquette Interchange Reconstruction" in the State Highway Program section. Of the $1,000,000,000 total, the Governor indicates in his veto message that the following amounts will be used during the 2003-05 biennium: (a) $253,900,000 in 2003-04 and $230,000,000 in 2004-05 for state highway rehabilitation; and (b) $15,924,200 in 2003-04 and $65,656,200 in 2004-05 for southeast Wisconsin freeway rehabilitation. According to the veto message, the remaining $434,519,600 will not be used during the biennium.

[Act 33 Section: 683d]

[Act 33 Vetoed Section: 683d]

9. TOTAL HIGHWAY BONDING

The following two tables show the changes in bonding authorization for highways, by program, under the enrolled bill, as passed by the Legislature, and in Act 33, as signed by the Governor. Through vetoes, the Governor increased the total amount of new bonding authorization by $522,917,900 (from $679,598,500 to $1,202,516,400). The Legislature would have reduced the amount of transportation fund-supported, general obligation bonds available for highway programs, which is why this is shown as a negative amount in the first table.

New Bonding Authorization for Highway Programs Under Enrolled Bill

	Enrolled Bill			
Program	Trans. Revenue Bonds	GPR Gen. Ob. Bonds	Trans. Gen. Ob. Bonds	Total Bonding
Major Highway Development*	$342,516,400	$101,238,400	$0	$443,754,800
State Highway Rehabilitation	0	275,843,700	0	275,843,700
Marquette Interchange	0	0	-40,000,000	-40,000,000
Total Authorization	$342,516,400	$377,082,100	-$40,000,000	$679,598,500

New Bonding Authorization for Highway Programs Under Act 33

	Act 33			
Program	Trans. Revenue Bonds	GPR Gen. Ob. Bonds	Trans. Gen. Ob. Bonds	Total Bonding
Major Highway Development*	$342,516,400	$0	$0	$342,516,400
State Highway Rehabilitation**	0	0	860,000,000	860,000,000
Marquette Interchange/SE Freeways	0	0	0	0
Total Authorization	$342,516,400	$0	$860,000,000	$1,202,516,400

*Amounts shown for transportation revenue bonds include authorization for base-level usage of $6,000,000 annually in bonds for administrative facilities.

**This bonding authorization can also be used for southeast Wisconsin freeway rehabilitation.

10. TRANSPORTATION FUND DEBT SERVICE REESTIMATE [LFB Paper 738]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG-REV	- $101,342,700	$40,845,900	$0	- $60,496,800
SEG	-$1,719,900	$0	$41,063,700	$39,343,800

Governor: Decrease funding by $876,300 in 2003-04 and $843,600 in 2004-05 to reflect a reestimate of the level of funding needed for payment of principal and interest on existing, transportation-related, general obligation bonds at $4,308,600 in 2003-04 and $4,341,300 in 2004-05.

In addition, estimate that gross vehicle registration revenue will be reduced by $135,113,200 in 2003-04 and $174,029,500 in 2004-05 in order to repay principal and interest on revenue bonds and associated short-term debt. These amounts represent increases of $31,213,200 in 2003-04 and $70,129,500 in 2004-05 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. The revenue bond debt service estimates are based on the use of revenue bonding for the major highway development program, administrative facilities (capital projects), the state highway rehabilitation program, and the Marquette Interchange reconstruction project. Currently, the state highway rehabilitation program and the Marquette Interchange reconstruction project are funded only with SEG and FED appropriations, but the bill would use bonding for these programs. The following table shows the proposed use of revenue bonds by program, and the amount of debt service during the 2003-05 biennium associated with these amounts. The bonding increases for the major highway development program, and the associated increases in debt service, are shown separately from the base level of bonding in this program. The base level of revenue bonding combines the base levels for the major highway development and administrative facilities programs.

	Proposed Bond Funding		Associated Debt Service	
	2003-04	2004-05	2003-04	2004-05
State Highway Rehabilitation	$147,708,000	$128,135,700	$7,441,000	$25,726,000
Marquette Interchange	0	85,500,000	0	4,953,100
Major Highway Development Increase	43,156,300	28,082,100	515,200	2,691,300
Major Highway Development and Administrative Facilities Base*	136,139,100	136,139,100	127,157,000	140,659,100
Totals	$327,003,400	$377,856,900	$135,113,200	$174,029,500

*The base appropriation includes $130,139,100 for major highway development and $6,000,000 for administrative facilities. The debt service amounts, which are not tracked separately for the two programs, represent estimated debt service on outstanding bonds for the two programs, plus amounts associated with a continuation of the base level of bonding in each program.

Joint Finance/Legislature: Increase estimated transportation fund revenue by $7,884,200 in 2003-04 and $32,961,700 in 2004-05 to reflect a reduction in transportation revenue bond debt service on bonds used in the state highway program and for administrative facilities. The reduction in debt service reflects the following decisions on the amount and type of bonding provided for the state highway programs: (a) a decision to replace transportation revenue bonds provided in the Governor's bill for state highway rehabilitation ($275,843,700) and the above-base portion of transportation revenue bonding provided for major highway development ($71,238,400) with general fund-supported, general obligation bonds, resulting in an estimated reduction in revenue bond debt service of $7,956,200 in 2003-04 and $28,417,300 in 2004-05; (b) a decision to eliminate the transportation revenue bonds provided for the Marquette Interchange reconstruction project ($85,500,000) and utilize, instead, existing transportation fund-supported, general obligation bonds for the project, resulting in an estimated reduction in revenue bond debt service of $4,953,100 in 2004-05; and (c) a decision to provide an above-base increase in bonding for the major highway development program of $6,028,300 in 2003-04 and $6,665,300 in 2004-05, resulting in an increase in revenue bond debt service of $72,000 in 2003-04 and $408,700 in 2004-05. The GPR debt service associated with the use of general fund-supported bonding in place of transportation revenue bonding is summarized below under "General Fund Debt Service for Transportation Programs".

Debt service on bonds issued to meet expenditure obligations for the Marquette Interchange project is estimated at $82,300 SEG in 2004-05. Under the Joint Finance substitute amendment, DOT would be required to transfer this amount from the appropriation for southeast Wisconsin freeway rehabilitation to the appropriation for the payment of debt service on those bonds. The use of these bonds on the Marquette Interchange project is summarized under "Marquette Interchange Reconstruction" in the State Highway Program section.

Veto by Governor [B-33]: Increase funding by $3,317,000 SEG in 2003-04 and $37,746,700 SEG in 2004-05 to reflect an estimate of debt service payments on the amount of transportation fund-supported, general obligation bonding that the Governor indicated in his veto message would be used during the biennium, out of a total of $1,000,000,000 made available through the Governor's veto of the bonding authorization provision (summarized above under "Transportation Fund-Supported, General Obligation Bonding"). The Governor indicated in his veto message that a total of $565,480,400 in these bonds would be issued during the 2003-05 biennium for state highway rehabilitation and southeast Wisconsin freeway rehabilitation projects. Once the $565,480,400 has all been issued, the annual debt service is estimated to increase to $69,169,800.

11. PLEDGE OF REVENUES FOR THE PAYMENT OF REVENUE BOND DEBT SERVICE [LFB Paper 739]

Governor: Modify the DOT's authority under the Department's revenue bonding program by authorizing the Department to deposit, in a separate and distinct special fund outside the state treasury, in an account maintained by a trustee for the purposes of the payment of special fund obligations, the revenue derived from the following vehicle registration-related fees: (a) the regular registration fees for vehicles registered on an annual basis, including automobiles, motor trucks, trailers and semitrailers, recreational vehicles, motor buses, and motor homes, and the biennial registration fees for motorcycles and mopeds; (b) the special registration fees for special mobile equipment, publicly-owned vehicles, agricultural vehicles, forest product vehicles, grading, ditching, and hauling vehicles, and tour trains; (c) the fee for the permanent registration of a semitrailer; (d) registration fees and plate issuance and processing fees for antique vehicles, collector vehicles, or reconstructed, replica, street modified, or homemade vehicles; (e) quarterly and consecutive monthly registration fees for certain types of trucks; (f) the five-dollar registration fee for vehicles registering for a period of five years, such as school buses and driver education vehicles; (g) the fees for the optional registration of small trailers in a fleet that are used for rent or for hire; (h) the issuance and reissuance fees for special license plates (this excludes additional, revenue-raising fees for certain special license plates, such as the endangered resources and UW plates) and personalized license plates and fees for the replacement of lost, stolen, or illegible plates; (i) the late renewal registration fee; (j) fees for temporary registration plates, temporary operation permits, and temporary school bus vehicle operation permits; (k) registration and title counter service fees and special handling fees for fast registration service; and (L) vehicle title transaction fees, except for the environmental impact title fee, which is deposited in the environmental fund.

Specify that the revenues derived from these fees that are pledged for the payment of special fund obligations would be excluded from the transportation fund. Specify that these revenues are the trustee's revenues in accordance with the agreement between the state and the trustee or in accordance with the resolution pledging the revenues to the payment of revenue obligations issued under the Department's revenue bond program. Specify that revenue obligations deposited in accordance with these provisions are considered special fund obligations and are issued for special fund programs, as these terms are currently defined. This authority would be provided in addition to the Department's current law authority to establish a fund with the revenue derived from regular registration fees (part "a" in the above list) for the payment of obligations in an enterprise or special fund bonding program. The fund authorized under this item would be only for special fund obligations, as opposed to enterprise obligations.

This item has the effect of increasing the amount of revenue collected for vehicle registration and titling fees that may be pledged to pay the debt service on revenue bonds. The Department estimates that under the current law fees for vehicle registration and titling, this item would increase the amount of potentially pledged revenue by approximately $55 million per year. If the bill's provision that would increase title fees by $10 is approved, the additional pledged revenue would be increased by approximately $70 million on an annualized basis.

Joint Finance/Legislature: Approve the provision with a modification to include the following registration-related fees that were inadvertently excluded from the list of fees that may be deposited in the fund: (a) the statutory vehicle registration records search fee and related fees established by rule; (b) heavy vehicle registration telephone authorization fee; (c) financial institution registration processing fee; (d) municipality license plate transfer fee; (e) registration reinstatement of revoked or suspended registration fees; and (f) vehicle dealer, distributor, or manufacturer plate fee. Modify the provision that specifies that revenue obligations issued for the purposes for which the transportation revenue bonds are authorized and deposited in the newly-created fund are special fund obligations issued for special fund programs to clarify that this applies to the obligations for the repayment of which the listed fees are deposited in the fund.

[Act 33 Sections: 436, 847, and 1696 thru 1698]

12. GENERAL FUND DEBT SERVICE FOR TRANSPORTATION PROGRAMS [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	$218,400	$37,450,300	- $37,550,500	$118,200

Governor: Increase funding by $109,200 annually to reflect a reestimate of the level of funding needed for payment of principal and interest on existing, general fund-supported, general obligation bonds under the local roads for job preservation program at $168,900 annually. The Department provided grants totaling $2,000,000 in 2002-03 using the remainder of the bonding authorization for the program.

Joint Finance/Legislature: Decrease funding by $87,900 in 2003-04 and $12,300 in 2004-05 to reflect a reestimate of the debt service on bonds issued under the local roads for job preservation program. Total debt service payments on bonds in this program would be estimated at $81,000 in 2003-04 and $156,600 in 2004-05.

Increase funding by $8,135,300 in 2003-04 and $29,415,200 in 2004-05 to reflect GPR debt service on general fund-supported, general obligation bonds provided for the state highway rehabilitation and major highway development programs to replace transportation revenue bonds provided in the Governor's bill for those programs (summarized above under "General Fund-Supported, General Obligation Bonding for State Highways"). Modify the current GPR appropriation for the payment of debt service on bonds issued under the local roads for job preservation program to also pay the debt service on general-fund supported bonds issued for the state highway rehabilitation and major highway development programs. The total, annualized GPR debt service on the bonds provided for these two programs (the amount that would be paid after all of the bonds are issued, which would not occur until after the 2003-05 biennium) is estimated at $44.5 million.

Veto by Governor [B-33]: Decrease funding by $8,135,300 in 2003-04 and $29,415,200 in 2004-05 to reflect the veto of the general fund-supported bonds that the Legislature had provided for highway programs.

13. TRANSFER OF SALES TAX ON MOTOR VEHICLE SALES TO THE TRANSPORTATION FUND

Joint Finance: Require DOR, beginning on July 1, 2005, and on each July 1 thereafter, to determine the amount of revenue generated by the tax on the sale and use of new motor vehicles in the preceding calendar year. Specify that 20% of that amount shall be transferred to the transportation fund in each year, beginning in 2005-06. Create a sum sufficient, GPR appropriation for transferring the amounts computed by DOR to the transportation fund. It is estimated that the transfer under this item would be $48.2 million in 2005-06 and $51.3 million in 2006-07.

Senate/Legislature: Modify the provision to change the percentage of sales tax revenue that would be deposited in the transportation fund from 20% to 10%.

Veto by Governor [B-35]: Delete provision.

[Act 33 Vetoed Sections: 670g and 1650m]

14. SURPLUS LAND SALES

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG-REV	$4,000,000	- $4,000,000	$0

Joint Finance/Legislature: Require DOT to sell enough surplus land each year of the biennium to deposit not less than $4,000,000 in the transportation fund in each fiscal year of the biennium from such sales. Increase estimated transportation fund revenues by $2,000,000 annually to reflect this requirement. The revenue estimates under the Governor's bill assumed $2,000,000 in surplus property sales per year.

Veto by Governor [B-36]: Delete provision.

[Act 33 Vetoed Section: 9153(1z)]

Local Transportation Aid

1. GENERAL TRANSPORTATION AIDS [LFB Paper 745]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$33,142,600	- $18,783,600	$14,359,000

Governor: Provide increased funding for general transportation aids as follows:

County Aid. Provide $2,857,200 in 2003-04 and $5,136,400 in 2004-05 to provide a total of $91,170,200 in 2003-04 and $93,449,400 in 2004-05. Set the calendar-year distribution at $92,295,700 for calendar year 2004 and $94,603,100 for calendar year 2005 and thereafter. This represents a 2.5% annual calendar-year increase.

Municipal Aid. Provide $8,989,100 in 2003-04 and $16,159,900 in 2004-05 to provide a total of $286,832,300 in 2003-04 and $294,003,100 in 2004-05. Set the calendar-year distribution at $290,373,400 for calendar year 2004 and $297,632,700 for calendar year 2005 and thereafter. This represents a 2.5% annual calendar-year increase.

Establish the mileage aid rate at $1,871 for calendar year 2004 and $1,917 for calendar year 2005 and thereafter, which represents a 2.5% annual increase. Repeal obsolete statutory references to the 2001 calendar-year mileage aid rate amount, the 2000 and 2001 calendar year total county and municipal distributions, and the 2001 aid calculation.

Joint Finance/Legislature: Delete $4,666,800 in 2003-04 and $14,116,800 in 2004-05 to fully fund the 2003 calendar year distributions for both counties and municipalities with no increases for calendar years 2004 and 2005. Distribution amounts would be $90,044,600 for 2003 and thereafter for counties and $283,291,100 for 2003 and thereafter for municipalities. Retain the mileage aid rate at $1,825 for calendar year 2003 and thereafter.

[Act 33 Sections: 1719 thru 1723]

2. MASS TRANSIT OPERATING ASSISTANCE [LFB Paper 745]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$6,617,100	- $3,715,300	$2,901,800

Governor: Provide $2,067,600 in 2003-04 and $4,549,500 in 2004-05 in order to increase funding for mass transit operating assistance. The funding would be distributed as follows: (a) $1,180,600 in 2003-04 and $2,560,900 in 2004-05 to fund a 2.43% increase in 2004 and a 2.37% increase in 2005 for Tier A-1 (Milwaukee); (b) $315,400 in 2003-04 and $685,600 in 2004-05 to fund a 2.44% increase in 2004 and a 2.39% increase in 2005 for Tier A-2 (Madison); (c) $445,700 in 2003-04 and $1,000,500 in 2004-05 to fund a 2.60% increase in 2004 and a 2.68% increase in 2005 for Tier B transit systems; and (d) $125,900 in 2003-04 and $302,500 in 2004-05 to fund a 2.99% increase in 2004 and a 3.38% increase in 2005 for Tier C transit systems. In total, mass transit operating assistance would increase by 2.5% annually in 2004 and 2005.

Set the calendar-year distribution amounts at $58,192,000 for 2004 and $59,572,900 for 2005 and thereafter for Tier A-1, $15,536,600 for 2004 and $15,908,200 for 2005 and thereafter for Tier A-2, $21,555,300 for 2004 and $22,133,700 for 2005 and thereafter for Tier B, and $5,844,100 for 2004 and $6,041,400 for 2005 and thereafter for Tier C. Repeal obsolete statutory references relating to aid payments for each tier of systems for calendar years 2000 and 2001.

Joint Finance/Legislature: Decrease funding by $616,700 in 2003-04 and $3,098,600 in 2004-05 to fully fund the calendar year 2003 distribution amount for each tier of transit systems with no increases for calendar years 2004 and 2005. Increase the statutory distribution level for Tier B by $749,300 in calendar year 2004 and thereafter and decrease the statutory distribution level for Tier C by $749,300 in calendar year 2004 and thereafter to reflect the change in the composition of transit systems within these tiers due to the 2000 federal decennial census. In addition, increase the Tier B appropriation by $187,300 in 2003-04 and $749,300 in 2004-05 and make corresponding annual decreases in the Tier C appropriation to reflect the transfer of base level funding among the two tiers.

Distribution amounts would be established as follows: $56,811,800 for 2003 and thereafter for Tier A-1; $15,166,900 for 2003 and thereafter for Tier A-2; $21,757,600 for 2004 and thereafter for Tier B systems; and $4,925,100 for 2004 and thereafter for Tier C systems. (Total funding for Tiers B and C would equal the total calendar 2003 amount for those two tiers).

[Act 33 Sections: 1709 thru 1714]

3. ELDERLY AND DISABLED TRANSPORTATION AIDS [LFB Paper 745]

SEG	$669,100

Governor/Legislature: Provide $221,200 in 2003-04 and $447,900 in 2004-05 for county assistance in the provision of elderly and disabled specialized transportation services. Total state funding would equal $8,146,300 in 2003-04 and $8,373,000 in 2004-05. This would provide a 2.5% annual increase in 2003-04 and 2004-05 for elderly and disabled transportation, based on the combined SEG funding for county assistance and capital aids, but would provide the total increase in the appropriation for county assistance.

4. COMMUTER RAIL TRANSIT SYSTEM DEVELOPMENT GRANT PROGRAM [LFB Paper 746]

SEG	$400,000

Governor: Provide $400,000 in 2004-05 to provide grants for commuter rail system development. Create an annual, SEG appropriation and continuing FED and SEG-L appropriations to fund grants for commuter rail transit system development. Require DOT to administer a commuter rail transit system development grant program. Provide the Department the authority to award grants from the newly-created appropriations to political subdivisions for preliminary engineering, property acquisition, equipment acquisition, and infrastructure construction projects related to the development or extension of commuter rail transit systems in this state. Define political subdivision as any city, village, town, county, transit commission organized or recognized under state statutes, or a regional transportation authority within this state that is organized under state statute.

Specify that upon completion of a planning study to the satisfaction of the Department, any political subdivision may apply to DOT for a grant. Require DOT to prescribe the form, nature, and extent of information that shall be contained in applications for grants and to establish criteria for evaluating applications and determining eligibility for the award of grants. Specify that no grant may be awarded for a project unless the project meets these eligibility criteria. Specify that the grant amount would be limited to the lesser of 50% of the non-federal portion of the project cost or 25% of the total project cost. Further specify that no grant may be awarded for a project involving the acquisition of property or equipment or infrastructure construction unless the political subdivision contributes funds for the project that at least equal 20% of the total project cost.

Define commuter rail as rail passenger service, operating primarily on a dedicated right-of-way on existing railroad tracks used for rail freight service or intercity rail passenger service between and within metropolitan and suburban areas, connecting these areas with large business or urban centers in this state or another. Specify that commuter rail systems usually operate during peak travel times with limited stops and in conjunction with other transit modes as part of a regional transit system.

Include the initial construction or expansion of a commuter rail transit system under the current law definition for major transit capital improvement projects if the project has a total cost in excess of $5 million. Under current law, such major projects may not be funded with transportation fund revenues unless the project is enumerated in a statutory list.

Joint Finance: Specify that the $400,000 would be provided in 2003-04 in a biennial appropriation rather than in 2004-05 in an annual appropriation. (The funding would not become base level funding for the 2005-07 biennium.) Delete the acquisition of property and equipment and the construction of commuter rail capital projects as eligible costs that could be funded from the grant program. (Grant funding would be limited to preliminary engineering of commuter rail development projects.) Specify that commuter rail does not include rail passenger service provided by a light rail transit system and that no commuter rail development grant could be awarded for any project related to the planning, initial construction, or expansion of a light rail transit system.

Senate/Legislature: Delete the newly-created SEG, SEG-L, and FED appropriations for the commuter rail transit system development grant program and, instead, modify the existing, biennial SEG appropriation and the SEG-L appropriation for passenger railroad station improvement grants and the FED appropriation for rail passenger service so that the commuter rail transit system development grants would be administered through these existing appropriations. Transfer $400,000 SEG in 2003-04 from the deleted commuter rail system development appropriation to the modified passenger railroad station improvement and commuter rail transit system grants appropriation.

Veto by Governor [B-37]: Modify the purposes for which commuter rail development grants could be awarded by deleting the term "preliminary engineering," which was the only allowable purpose for which a commuter rail development grants could have been awarded. As a result of this partial veto, the eligible purposes for which grants may be awarded are broadened to include any purpose related to the development or extension of commuter rail transit systems in the state. Delete the provisions that would have restricted grants from being provided for rail passenger service provided by a light rail transit system, or for the development of any project related to the planning, initial construction, or expansion of a light rail transit system. In addition, delete the provision that would have allowed commuter rail transit system development grants to be made from the existing passenger rail service FED appropriation.

[Act 33 Sections: 420c, 420d, 1702, and 1703]

[Act 33 Vetoed Sections: 286 (as it relates to 20.395(2)(cx)), 420e, and 1703]

Local Transportation Projects

1. LOCAL ROADS IMPROVEMENT PROGRAM [LFB Paper 755]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$1,810,800	- $4,361,800	- $2,551,000
SEG-L	1,810,800	- 4,361,800	- 2,551,000
Total	$3,621,600	- $8,723,600	- $5,102,000

Governor: Provide $598,600 SEG and $598,600 SEG-L in 2003-04 and $1,212,200 SEG and $1,212,200 SEG-L in 2004-05 for the local roads improvement program. The requested funding would provide increases of 2.5% annually for the program. The increases would go to the basic component of the program, rather than any of the discretionary components. Total SEG funding for the program would be $24,543,900 in 2003-04 and $25,157,500 in 2004-05.

Joint Finance/Legislature: Reduce funding by $1,874,100 SEG and $1,874,100 SEG-L in 2003-04 and $2,487,700 SEG and $2,487,700 SEG-L in 2004-05. This reduction would eliminate the increase provided for the program by the Governor's bill and reduce funding by an additional $1,275,500 annually. The 2001-03 biennial budget act required the Department to deduct a total of $2,500,000 from the local roads improvement program SEG appropriation for making a grant to the City of Milwaukee for the West Canal Street reconstruction project. If this deduction is taken proportionately from both years of the 2001-03 biennium, then the deduction in 2002-03 would reduce the amount available for distribution under the regular program by $1,275,500 in that year. The Joint Committee on Finance's substitute amendment, therefore, reduces the amount of funding provided to the level that was available for distribution in the base year, following the deduction for the West Canal Street project.

Raise the project cost threshold below which DOT cannot require that the design and construction of the local road improvement be certified by a registered professional engineer from $50,000 to $65,000.

[Act 33 Section: 1723m]

2. CHICAGO-MILWAUKEE PASSENGER RAIL SERVICE

SEG	$568,000
FED	2,272,000
Total	$2,840,000

Governor/Legislature: Provide $220,000 SEG and $880,000 FED in 2003-04 and $348,000 SEG and $1,392,000 FED in 2004-05 in the rail passenger service appropriations to support higher costs associated with a new contract with Amtrak for the provision of the Hiawatha train route between Chicago and Milwaukee. The new, three-year contract is expected to continue the previous arrangement whereby Wisconsin pays 75%, and Illinois 25%, of the portion of the cost that Amtrak assigns to the two states. Under the new contract, however, the states would pay a larger share of the total cost than is currently the case, and Amtrak would pay less. Under the existing contract, which expires in 2003, Wisconsin's share of the cost is $3,975,800. Although negotiations on the new contract are not complete, at the time the bill was introduced it was expected that this share would increase to $5,075,800 in 2003-04 and $5,715,800 in 2004-05. The Department indicates that, beginning in 2004, trains are expected to make stops at a new station at General Mitchell International Airport.

3. ELIMINATION OF THE OFFICE OF THE COMMISSIONER OF RAILROADS

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$1,177,600	4.00	- $1,177,600	- 4.00	$0	0.00

Governor: Eliminate the Office of the Commissioner of Railroads (OCR) on the effective date of the bill and transfer certain functions of OCR to other agencies, including DOT. In addition, transfer, from OCR to DOT, 4.0 positions and the incumbent employees. Increase funding for DOT by $588,800 each year to pay for these provisions.

Transfer Railroad Regulatory Functions to DOT. Provide that DOT shall be responsible for railroad regulatory matters with respect to the following general statutory provisions: Chapter 191 (railroad construction activity); Chapter 192 (railroad regulations and liabilities); Chapter 195 (railroad regulation); and other statutory provisions relating to harbor railroads (Chapter 30), railroad grade crossing improvements (Chapters 84 and 86), authority of turnpike corporations to relocate railroads (Chapter 182), the allocation of costs of railroad industrial spur tracks (Chapter 190), sole, rather than joint, involvement in certain determinations related to discharge into nonfederal wetlands (Chapter 281), and snowmobile rail crossings (Chapter

350). In general, these changes would be accomplished by replacing all references to OCR's duties and responsibilities with corresponding references to DOT.

In addition to the responsibilities transferred from OCR to DOT, reassign the approval of route maps for proposed railroads to DOT from the Department of Financial Institutions.

Modify Railroad Regulatory Authority. In transferring certain railroad regulatory functions to DOT, make the following changes to the current level of railroad regulation:

Repeal the requirement that, before any railroad track construction may proceed in the state, the railroad must have a certificate that is issued only after a public hearing and upon a finding of "public convenience and necessity." Under the bill, a certificate authorizing construction would be issued by DOT, but a hearing would be discretionary, and there would be no public convenience and necessity standard required. Also, repeal that standard for issuance of certificates of authority for ferry operations.

Repeal current law specifications with respect to railroad grade crossing and safety signage. Provide, instead, that such signs would have to be consistent with DOT's required uniform system of signs manual. Allow the use of existing signs until they are replaced or relocated.

Provide that DOT may issue orders on the following matters without holding a public hearing: (a) the installation of protective devices, signs, or safety improvements at railroad crossings; (b) the determination of the type of grade crossing to be used where a railroad intersects a street or another railroad; (c) the granting of an exemption for vehicles otherwise required to stop at railroad crossings from stopping at a specified crossing; (d) the elimination of existing highway grade crossings associated with highway relocation, improvement, or new construction; and (e) the safety and adequacy of railroad bridges and drawbridges. Provide that DOT shall issue orders based on its investigation and criteria promulgated by rule with respect to such issues (however, specific rule authority is not provided with respect to "(c)"), and that DOA's Division of Hearings and Appeals (Division) shall hear related appeals. Under current law, a public hearing must be held on all of these matters. Specify that the rule related to the installment of protective devices at railroad crossings may include programming criteria relating to prioritizing those crossings needing protection. Specify that the rule related to highway grade crossings shall include criteria to apportion expenses.

Require DOT to pay the costs for hearing examiners related to railroad regulation in accordance with a schedule of fees developed by the Division. Provide $200,000 PR-S annually to the Division for hearing examiner services, to be paid for by DOT through charges assessed to railroad companies.

Create a requirement that the Department, notwithstanding its other duties related to grade crossings, must monitor and investigate all such crossings and determine, for each crossing, whether any warning devices, advance warning signs, or other warning measures are required to protect and promote public safety. Specify that DOT may make this determination without a hearing, but also provide that any order may be appealed to the Division. Provide that any device, sign, or other measure at a crossing that conforms to a DOT determination, or, if DOT has not made a determination, that was approved by OCR or the Office of the Commissioner of Transportation, is considered adequate and appropriate warning for the crossing.

Railroad Assessments. On the effective date of the transfer, create a new, PR appropriation under DOT to support the transferred railroad regulation activities. Also, authorize the use of the existing segregated appropriation for railroad crossing improvement and protection maintenance, funded from the transportation fund, for purposes of the transferred railroad regulation activities.

Authorize DOT, rather than OCR, to collect direct and remainder assessments from railroads sufficient to support railroad regulatory activities. Specify that 10% of the total amounts collected be deposited in the general fund for the costs of state government operations and the remaining 90% be deposited in the general fund and credited to the new, PR appropriation described above. Clarify that, although collected by DOT, the funds collected from direct and remainder assessments to support railroad regulatory activities would not be deposited in the transportation fund. Delete the provision that specifies that federal funds received for the regulation of railroads are credited to OCR's FED appropriation, rather than being part of the transportation fund.

The bill estimates GPR-Earned receipts from the portion of the assessments described above for state government operations at $70,600 in 2003-04 and $71,800 in 2004-05, for a biennial total of $142,400. The bill reflects these receipts as GPR-Earned by the PSC. However, the administration has indicated that the estimated receipts should be reflected under DOT, rather than the PSC.

Transition Provisions. On the effective date of the bill:

Transfer, from OCR to DOT, 4.0 PR positions and the incumbent employees, as identified by the Secretary of DOT. These positions include one program assistant position and three regulation compliance investigator positions.

Specify that: (a) all persons transferred would retain the same rights and employee status they held prior to the transfer; and (b) no employee 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 from OCR to DOT. Provide that in the event of any disagreements between the Commissioner and the Secretary of DOT with respect to tangible personal property, contracts, rules and orders, and pending matters, the Secretary of DOA would be required to determine the matter and develop a plan for an orderly transfer.

All of the provisions related to the proposed elimination of OCR are described in their entirety in this document under the Public Service Commission, to which OCR is currently attached for limited purposes.

Joint Finance/Legislature: Delete provision.

4. FEDERAL FUNDS REDUCTION FOR LOCAL TRANSPORTATION ASSISTANCE PROGRAMS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- $23,634,500	- $4,935,800	- $28,570,300
SEG-L	0	- 1,360,000	- 1,360,000
Total	- $23,634,500	- $6,295,800	- $29,930,300

Governor: Reduce funding by a total of $14,662,000 in 2003-04 and $8,972,500 in 2004-05 for local transportation assistance programs funded with federal funds to reflect an estimated reduction in the amount of federal highway aid that the state will receive during the 2003-05 biennium. Under the bill, total federal highway aid will decrease from $567,000,000 in the base year to $501,800,100 in 2003-04 and $527,100,100 in 2004-05, or reductions, from the base, of 11.5% and 7.0%, respectively. The bill would reduce the federal appropriations for local transportation assistance programs by 11.5% in 2003-04 and 7.0% in 2004-05 to reflect this reduction. In total, all other appropriations funded with federal highway aid would be reduced by 11.5% in 2003-04 and 7.0% in 2004-05, but the percentage changes for these other appropriations vary. Changes to these other appropriations are summarized separately in their respective program areas. The following table shows the federal funding changes for local transportation assistance appropriations under the bill.

	Funding Changes		New Funding Level	
Appropriation	2003-04	2004-05	2003-04	2004-05
Local Transportation Facility Improvement	-$8,707,100	-$5,328,400	$67,012,600	$70,391,300
Local Bridge Improvement Assistance	-3,022,900	-1,849,900	23,265,300	24,438,300
Congestion Mitigation/Air Quality Improvement	-1,437,200	-879,500	11,061,300	11,619,000
Transportation Enhancement Grants	-773,900	-473,600	5,956,300	6,256,600
Railroad Crossing Improvement	-408,100	-249,700	3,141,200	3,299,600
Surface Transportation Grants	-312,800	-191,400	2,407,200	2,528,600
Totals	-$14,662,000	-$8,972,500	$112,843,900	$118,533,400

Joint Finance/Legislature: Reduce funding for surface transportation grants by $2,407,200 FED in 2003-04 and $2,528,600 FED in 2004-05 to eliminate funding for the program and reduce funding in the local match appropriation for the program by $680,000 SEG-L annually to reflect the elimination of the grant funding.

5. FREIGHT RAIL INFRASTRUCTURE IMPROVEMENT PROGRAM

SEG	- $4,159,600
SEG-L	500,000
Total	- $3,659,600

Governor/Legislature: Reduce funding for the freight rail infrastructure improvement program by $2,079,800 SEG annually to eliminate SEG funding for the program. Increase funding for the program by $500,000 SEG-L in 2004-05 to reflect anticipated loan repayments under the program, which 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. The SEG-L funding would be the sole source of funding for the program in the 2003-05 biennium under this item and would equal $3,500,000 in 2003-04 and $4,000,000 in 2004-05. This is a reduction from $5,579,800 ($2,079,800 SEG and $3,500,000 SEG-L) in 2002-03. The reduction in SEG funding for this program is one of several measures identified by the administration to generate savings of $15,000,000 annually from DOT appropriations for the purpose of transferring this amount to the general fund.

6. FREIGHT RAIL PRESERVATION PROGRAM

BR	$4,500,000
SEG	472,500
Total	$4,972,500

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 $32,500,000. In addition, provide an increase of $135,000 SEG in 2003-04 and $337,500 SEG in 2004-05 for the payment of principal and interest on the additional general obligation bonds. Bonding in this program may be used to acquire rail property and fund grants and loans for rehabilitation and construction on state-owned railroad property. The $4,500,000 increase in bonding authority would provide the same level of funding that was provided during the past several biennia.

[Act 33 Section: 685]

7. HARBOR ASSISTANCE PROGRAM

BR	$3,000,000
SEG	315,000
Total	$3,315,000

Governor/Legislature: Provide an increase in general obligation bonding authority of $3,000,000 for the harbor assistance program to provide total bonding authority of $28,000,000. In addition, provide $90,000 SEG in 2003-04 and $225,000 SEG in 2004-05 for the payment of principal and interest on the additional general obligation bonds. Total funding available for the harbor assistance grant program in 2003-05 would be $4,000,000 ($3,000,000 in bonding authority and $500,000 SEG annually), which is the same amount provided in 2001-03.

[Act 33 Section: 684]

8. TRANSPORTATION INFRASTRUCTURE LOAN FUND INTEREST EARNINGS

SEG	$181,000

Governor/Legislature: Provide $176,000 in 2003-04 and $5,000 in 2004-05 in the appropriation for transportation infrastructure loans to allow the Department to spend accumulated interest from the transportation infrastructure loan fund on making new loans under the program. The funding provided in 2003-04 is the amount of accumulated interest in the infrastructure loan fund, while the amount provided in 2004-05 represents the estimated level of ongoing interest accruing to the fund. The transportation infrastructure loan fund is a segregated fund separate from the transportation fund. Under current law, interest on the fund balance accrues to the fund, but there is no expenditure authority for these amounts since the SEG appropriation for the program is established at $0. The infrastructure loan program provides low-interest loans to local governments for highway or transit projects. Loan repayments may be used for making new loans under the program.

9. TRAFFIC MARKING ENHANCEMENTS FOR ELDERLY DRIVERS GRANT PROGRAM

	Jt. Finance (Chg. to Base)	Senate/Leg. (Chg. to JFC)	Net Change
FED	$2,200,000	$0	$2,200,000
PR	2,200,000	- 2,200,000	0
SEG-L	733,300	2,200,000	2,933,300
Total	$5,133,300	$0	$5,133,300

Joint Finance: Require DOT to administer a grant program in 2003-04 and in 2004-05 to provide grants to local units of government for the installation of traffic marking enhancements with the intent of improving visibility for elderly drivers and pedestrians, subject to the following conditions: (a) in 2003-04, only if the state receives a federal incentive grant in federal fiscal year 2003 for enacting a 0.08 blood alcohol level intoxicated driving law; and (b) in 2004-05, only if the state receives more federal formula highway aid than is included in the Chapter 20 appropriations schedule for that year. Specify that if the state receives a federal 0.08 incentive grant in federal fiscal year 2003 that the Department shall credit the grant amount or $2,200,000, whichever is less, to the FED appropriation for state highway rehabilitation and transfer an equal amount of funding from the SEG appropriation for state highway rehabilitation to a newly-created PR-S appropriation for the grant program. Specify that if the state receives more federal formula highway aid than is reflected in the 2004-05 appropriation schedule for that year, the Department shall credit the excess amount, or $3,800,000, whichever is less, to the FED appropriation for state highway rehabilitation and transfer an equal amount of funding from the SEG appropriation for state highway rehabilitation to the PR-S appropriation for the grant program.

Specify that the enhancements for which grants are provided under the program may include pavement markings for center lines, lane lines, edge lines, lane-use arrows, and crosswalks that are brighter or more reflective than markings that are typically used, redundant street name signs in advance of intersections, traffic signs with enhanced reflectivity and with larger letters than are typically used, and overhead mounted street name signs at major intersections. Require the Department to consider the following in awarding grants: (a) the crash history of the proposed project area; (b) the prevalence of older drivers and pedestrians in the area of the proposed project; (c) the extent to which the proposed improvements would produce demonstrable benefits; (d) the extent to which a proposed project involves the cooperation by more than one local unit of government and coordinates improvements on highways in more than one jurisdiction, providing favorable consideration for such projects; and (e) the geographic distribution of all projects that are awarded grants such that grants are distributed throughout the state. Require DOT to award grants in each year to at least one project in each of the following: (a) an urban area; (b) a suburban area; and (c) a rural area. Specify that the local unit of government shall contribute matching funds equal to at least 25% of the total estimated cost of the project for which moneys are awarded under the program.

Increase funding in the state highway rehabilitation program by $2,200,000 FED in 2003-04 to reflect an estimate of the amount of 0.08 incentive funds received and provide $2,200,000 PR in 2003-04 to reflect a transfer of funds from the SEG appropriation for state highway rehabilitation to the grant program appropriation. Increase funding by $733,300 SEG-L in 2003-04 in the local match appropriation for local transportation facility improvement assistance to reflect the local match for the program. In order to receive federal 0.08 incentive grant funds in federal fiscal year 2003, the state must have a law enacted by July 15, 2003, that takes effect prior to October 1, 2003. The Committee removed from the bill the 0.08 provision that had been included by the Governor. However, this item would estimate an incentive grant payment of $2,200,000, based upon the assumption that a separate bill containing the 0.08 provision will be enacted prior to July 15.

Senate/Legislature: Modify the provision to eliminate the newly-created appropriation for the program and, instead, fund the grants from the SEG-L appropriation for local bridge improvement assistance. Delete $2,200,000 PR in 2003-04 and increase the SEG-L appropriation by $2,200,000 in 2003-04 to reflect this change.

[Act 33 Sections: 420f, 420p, 424, 427m, 1701m, and 9153(4q)]

10. MULTIMODAL TRANSPORTATION STUDIES

SEG	- $1,500,000

Joint Finance/Legislature: Reduce funding by $750,000 annually in the appropriation for multimodal transportation studies to eliminate funding for the program. The Department had tentatively planned to use the base funding in the multimodal transportation studies appropriation in the 2003-05 biennium primarily to update the state's long-range transportation plan and to help the state's metropolitan planning organizations fund traffic modeling studies, which are used to update long-range transportation plans for metropolitan regions.

State Highway Program

1. STATE HIGHWAY REHABILITATION [LFB Paper 760]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG	- $369,423,000	$17,283,800	- $82,360,600	- $434,499,800
FED	- 63,512,300	139,807,800	- 122,576,200	- 46,280,700
SEG-S	275,843,700	- 275,843,700	0	0
Total	- $157,091,600	- $118,752,100	- $204,936,800	- $480,780,500

Governor: Reduce funding for the state highway rehabilitation program by a total of $97,054,700 in 2003-04 and $60,036,900 in 2004-05, which is the net effect of the following funding changes: (a) a reduction of $206,056,800 SEG in 2003-04 and $163,366,200 SEG in 2004-05; (b) a reduction of $38,705,900 FED in 2003-04 and $24,806,400 FED in 2004-05; and (c) the provision of transportation revenue bond proceeds in a newly-created bond appropriation for state highway rehabilitation of $147,708,000 SEG-S in 2003-04 and $128,135,700 SEG-S in 2004-05.

Create a continuing appropriation for the expenditure of revenue bond proceeds for state highway rehabilitation projects. Specify that revenue bond proceeds may be used for state highway rehabilitation projects and include such projects in a list of purposes for which the Building Commission may issue revenue obligations. Modify appropriations for the temporary financing (prior to reimbursement with bond proceeds) and revenue obligation funding of major highway development projects and transportation administrative facilities to specify that these appropriations also apply to the management of revenue bond financing for state highway rehabilitation projects. Include the appropriation for revenue obligation funding in a list of appropriations from which the reconditioning, reconstruction, and resurfacing of highways shall be funded.

Under the bill, total funding for the state highway rehabilitation program would decline, relative to the base, by 18.4% in 2003-04 and 11.8% in 2004-05. A portion of the decrease in SEG and FED funds would be offset by the use of revenue bonding in the program. The Department indicates that the bonds used for the program would be 10-year bonds, instead of the 20-year bonds that are typically issued for major highway development projects. Bonding would provide 32.5% of the total funding for the program in 2003-04 and 26.1% of the total funding in 2004-05. Federal funds used in the program would decrease, relative to the base, by 12.7% in 2003-04 and 8.2% in 2004-05. Under the bill, total federal highway aid is estimated to decrease from $567,000,000 in the base year to $501,800,100 in 2003-04 and to $527,100,100 in 2004-05, or reductions, from the base, of 11.5% and 7.0%, respectively.

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 ($398,400 SEG in 2003-04 and $375,300 SEG in 2004-05); (b) a reduction in the program's budget for limited-term employees and for consultant contracts (-$3,995,400 SEG in 2003-04 and -$4,416,600 SEG in 2004-05); (c) a reduction in funding associated with the elimination of certain positions in the Divisions of Transportation Districts and Transportation Infrastructure Development (-$1,233,400 SEG in 2003-04 and -$1,405,100 SEG in 2004-05); and (d) a transfer of funding that currently supports 1.0 attorney position and 4.0 State Patrol dispatch positions to the appropriations for departmental management and operations and the State Patrol, respectively (-$283,000 SEG annually).

		Governor	
Fund	2002-03 Base*	2003-04	2004-05
SEG	$251,979,800	$40,809,600	$82,884,200
FED	304,045,300	265,339,400	279,238,900
Bonding	0	147,708,000	128,135,700
Total	$556,025,100	$453,857,000	$490,258,800

*The 2002-03 base includes the transfer of a total of $49,350,000 ($22,207,500 SEG and $27,142,500 FED) in base funds from the state highway rehabilitation program to the southeast Wisconsin freeway rehabilitation program by the Joint Committee on Finance in 2002-03 to provide funding, under a provision of 2001 Act 109, for rehabilitation projects, other than the Marquette Interchange reconstruction project, on southeast Wisconsin freeways.

Joint Finance/Legislature: Provide increases of $12,767,600 SEG and $84,287,100 FED in 2003-04 and $4,516,200 SEG and $55,520,700 FED in 2004-05 to restore the base level of funding for highway rehabilitation projects. Delete $147,708,000 SEG-S in 2003-04 and $128,135,700 SEG-S in 2004-05 to eliminate the revenue bonding provided for the program and eliminate the provisions in the bill related to the use and issuance of revenue bonding for state highway rehabilitation projects, including the SEG-S revenue bond appropriation. In place of transportation revenue bonds, the Joint Committee on Finance's substitute amendment would authorize $275,843,700 in general fund-supported, general obligation bonds for the program. These changes in bonding authorization and the associated effect on general fund and transportation debt service payments are summarized in the Transportation Finance section.

The following table compares the total funding for the program under the bill and under the Joint Committee on Finance's substitute amendment. The SEG, FED, and SEG-S amounts shown under Joint Finance reflect the effect of this item, a decision to restore the base level of funding for limited term employee staff and engineering consultants (a total of $3,995,400 SEG in 2003-04 and $4,416,600 SEG in 2004-05), a decision to delete funding for the fifth week of vacation as cash standard budget adjustment (-$18,200 SEG annually), and a decision to transfer $11,120,500 SEG in 2004-05 (along with $4,833,000 from the SEG appropriation for the major highway development program) to the Joint Committee on Finance's SEG appropriation for program supplements, pending a review of costs under the highway program (summarized below under "Highway Program Cost Review"). The table shows the general fund-supported, general obligation bonds in a separate line. Since these amounts are made available through a general obligation bonding authorization, they are not reflected in the Chapter 20 appropriation schedule. The figures in the table assume, however, that the bonds will be used in the same amounts by year as the transportation revenue bonding under the Governor's bill. The full amount of the Joint Finance cost review program supplement is shown in a separate line, although the Committee could provide a smaller supplement (or no supplement) under the provision. Not shown in this table is the effect on the program of a provision that would utilize any additional federal funds received by the state, subject to certain limits, in the state highway rehabilitation program in order to transfer an equal amount of SEG funds to a newly-created grant program for traffic marking enhancements (summarized in the Local Transportation Assistance section under "Traffic Marking Enhancements for Elderly Drivers Grant Program"). This item may have the effect of increasing the FED appropriation (estimated at $2,200,000 in 2003-04, which is the estimated federal 0.08 blood alcohol level incentive grant for federal fiscal year 2003), and reducing the amount of SEG available in that year by the same amount. This amount is not shown, however, since it would only affect the mix of SEG and FED funds available for the program, not the overall funding available, and would only occur if the state receives additional federal funds.

	Governor		Joint Finance	
Fund	2003-04	2004-05	2003-04	2004-05
SEG	$40,809,600	$82,884,200	$57,554,400	$80,678,300
FED	265,339,400	279,238,900	349,626,500	334,759,600
SEG-S (Trans. Revenue Bonds)	147,708,000	128,135,700	0	0
GPR-Supported Bonds	0	0	147,708,000	128,135,700
Subtotal	$453,857,000	$490,258,800	$554,888,900	$543,573,600
Cost Review Program Supplement*	N.A.	N.A.	$0	$11,120,500
Total with Maximum Supplement	$453,857,000	$490,258,800	$554,888,900	$554,694,100

*Contingent upon the review and approval of the Joint Committee on Finance of the Department's report on highway program cost control measures.

As shown in the table, the Committee's action would increase the total funding for the program to $554,888,900 in 2003-04 and, with the maximum program supplement, to $554,694,100 in 2004-05. These amounts are slightly lower than the total appropriation base of $556,025,100, due to the effect of: (a) standard budget adjustments; (b) funding shifts, in the Governor's bill and approved by the Committee, associated with moving the funding source of certain positions; and (c) an item, also in the Governor's bill and approved by the Joint Committee on Finance, that would eliminate positions in the Department.

Veto by Governor [B-33]: Delete $43,777,200 SEG and $74,799,600 FED in 2003-04 and $38,583,400 SEG and $47,776,600 FED in 2004-05 by deleting the amounts provided for the program in the appropriations schedule ($57,554,400 SEG and $351,826,500 FED in 2003-04 and $80,678,300 SEG and $334,759,600 FED in 2004-05) and writing in smaller amounts ($9,781,800 SEG and $277,026,900 FED in 2003-04 and $37,678,300 SEG and $286,983,000 FED in 2004-05). The new SEG amounts that the Governor wrote in the appropriations schedule for the program include the effect of this item plus a separate part of the veto, summarized under "Highway Program Project Delivery Base Budget Reductions" later in the State Highway Program section, that deletes $3,995,400 SEG in 2003-04 and $4,416,600 SEG in 2004-05 for the program's budget for limited term employee staff and engineering consultants. In his veto message, the Governor indicates that the FED reductions for the program would be reallocated to the major highway development program.

Modify a provision that would have made existing transportation fund-supported, general obligation bonding available for the Marquette Interchange reconstruction project to allow the bonding to be used for state highway rehabilitation projects. A separate part of this veto, summarized under "Transportation Fund-Supported, General Obligation Bonding" in the Transportation Finance section, increased the available amount of this bonding from $100,000,000 to $1,000,000,000. In his veto address, the Governor indicated that of the $1,000,000,000 in bonding, $253,900,000 in 2003-04 and $230,000,000 in 2004-05 would be used for the state highway rehabilitation program. Another part of the veto, summarized under "General Fund-Supported, General Obligation Bonding for State Highways" in the Transportation Finance section, eliminated the $275,843,700 in general fund-supported, general obligation bonds that the Legislature had provided for the program.

The following table compares the total funding for the state highway rehabilitation program under the enrolled bill, as passed by the Legislature, and under Act 33. The table reflects the effect of this item plus the effect of the veto of funding for LTE employees and engineering consultants. A separate veto eliminated funding in the Joint Committee on Finance supplemental SEG appropriation that may have been provided for the program, pending a review of the cost of delivering construction projects in the highway program. This item is summarized under "Highway Program Cost Review" later in the State Highway Program section. As with the table shown above under "Joint Finance/Legislature," this table excludes the $2,200,000 FED in 2003-04 from the federal 0.08 blood alcohol incentive grant since this amount does not have a net impact on the funding available for the program.

	Legislature		Act 33	
Fund	2003-04	2004-05	2003-04	2004-05
SEG	$57,554,400	$80,678,300	$9,781,800	$37,678,300
FED	349,626,500	334,759,600	274,826,900	286,983,000
GPR-Supported Bonds	147,708,000	128,135,700	0	0
SEG-Supported Bonds	0	0	253,900,000	230,000,000
Subtotal	$554,888,900	$543,573,600	$538,508,700	$554,661,300
Cost Review Program Supplement*	$0	$11,120,500	N.A.	N.A
Total with Maximum Supplement	$554,888,900	$554,694,100	$538,508,700	$554,661,300

*Contingent upon the review and approval of the Joint Committee on Finance of the Department's report on highway program cost control measures.

[Act 33 Sections: 1694f and 1699q]

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.395(3)(cq)&(cx)), 1694f, and 1699q]

2. MARQUETTE INTERCHANGE RECONSTRUCTION [LFB Paper 761]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG	- $72,529,000	$73,261,400	- $61,184,800	- $60,452,400
FED	40,423,800	8,843,800	0	49,267,600
SEG-S	85,500,000	- 85,500,000	0	0
Total	$53,394,800	- $3,394,800	- $61,184,800	- $11,184,800

Governor: Reduce funding for the current law appropriations for southeast Wisconsin freeway rehabilitation by $16,052,600 annually, which is the net effect of reductions of $32,302,400 SEG in 2003-04 and $40,226,600 SEG in 2004-05 and increases of $16,249,800 FED in 2003-04 and $24,174,000 FED in 2004-05. Provide $85,500,000 SEG-S in 2004-05 in a newly-created, continuing appropriation for the expenditure of revenue bond proceeds for the Marquette Interchange reconstruction project, which, when combined with the changes in SEG and FED funds in that year for southeast Wisconsin freeway rehabilitation, would result in a net increase in funding for the three appropriations of $69,447,400 in 2004-05.

Specify that revenue bond proceeds may be used for the Marquette Interchange reconstruction project and include the project in a list of purposes for which the Building Commission may issue revenue obligations. Modify appropriations for the temporary financing (prior to reimbursement with bond proceeds) and revenue obligation funding of major highway development projects and transportation administrative facilities to specify that these appropriations also apply to the management of revenue bond financing for the Marquette Interchange reconstruction project. Include the appropriation for revenue obligation funding in an exclusive list of appropriations from which southeast Wisconsin freeway rehabilitation projects, including projects that involve adding one of more lanes five miles or more in length, may be funded.

The Department indicates that, under the bill, the start of the reconstruction of the Marquette Interchange would be delayed by about one year from what had previously been planned, from the fall of 2003 to the fall of 2004. The project would, as had previously been planned, take four years to complete, but would be completed in the fall of 2008 instead of the fall of 2007. The major contract lettings for the project would occur in 2004-05 and 2005-06, instead of the two fiscal years of the 2003-05 biennium. The Department estimates the cost of the project at $890 million. Of this amount, $160.6 million has been provided in the 2001-03 biennial budget, which reduces the amount of additional funding required to $729.4 million. The bill would provide a total of $244 million over the biennium, which would leave $485.4 million to be provided in 2005-07.

The following table shows the total proposed funding for the southeast Wisconsin freeway rehabilitation appropriations during the biennium, plus the Marquette Interchange bonding appropriation. The totals reflect the effect of this item, plus standard budget adjustment increases of $18,700 SEG annually. The 2002-03 base includes the following: (a) funding that had been provided by the 2001-03 biennial budget act for the Marquette

Interchange project in 2002-03 ($18,000,400 SEG and $27,925,300 FED, for a total of $45,925,700, which excludes one-time federal funds of $62,400,000 and includes adjustments for base reconciliation); and (b) base funds transferred to the southeast Wisconsin freeway rehabilitation appropriations by the Joint Committee on Finance, at its December, 2002, meeting, from the appropriations for state highway rehabilitation in order to establish a base for non-Marquette Interchange projects on the southeast Wisconsin freeways using funds that had been allocated for those projects ($22,207,500 SEG and $27,142,500 FED, for a total of $49,350,000). The administration indicates, however, that all funding in the southeast Wisconsin freeway rehabilitation appropriations during the 2003-05 biennium would be allocated to the Marquette Interchange project, leaving no funding for other southeast Wisconsin freeway rehabilitation projects (funding for non-freeway rehabilitation projects in southeast Wisconsin would continue to be provided through the state highway rehabilitation appropriations).

		Governor	
Fund	2002-03 Base	2003-04	2004-05
SEG	$40,207,900	$7,924,200	$0
FED	55,067,800	71,317,600	79,241,800
Bonding	0	0	85,500,000
Total	$95,275,700	$79,241,800	$164,741,800

Joint Finance/Legislature: Increase funding by $16,052,600 SEG in 2003-04 and $57,208,800 SEG and $8,843,800 FED in 2004-05 in the southeast Wisconsin freeway rehabilitation appropriations, which is the net effect of: (a) a decision to restore the net reduction in the Governor's bill to the SEG and FED funds in these appropriations ($16,052,600 SEG annually); and (b) a decision to provide an additional $50,000,000 in 2004-05 ($41,156,200 SEG and $8,843,800 FED) for the Marquette Interchange reconstruction project. Replace $6,000,000 in federal highway formula aid funds provided in 2003-04 for the Marquette Interchange project with $6,000,000 in federal funds received through a congressional earmark for the project in the federal fiscal year 2003 appropriations act. Replace $8,000,000 in formula funds annually with additional, estimated congressional earmarks of $8,000,000 annually from subsequent appropriations acts. Delete $85,500,000 SEG-S in 2004-05 to eliminate the revenue bonding provided for the Marquette Interchange project and eliminate the provisions in the bill related to the use and issuance of revenue bonding for the project, including the SEG-S revenue bond appropriation. (The fiscal effect of the elimination of $483,820,000 in bonding authorization for the Marquette Interchange, which the bill would have provided for the project in the 2003-05 biennium and the 2005-07 biennium, is summarized under "Revenue Bonding Increases" and the associated reduction in transportation revenue bond debt service is summarized under "Transportation Fund Debt Service Reestimate", both of which are in the Transportation Finance section.)

Delete $40,000,000 of bonding authorization out of a total of $140,000,000 of existing bonding authorization that was provided by 2001 Act 109 (but not yet used) to compensate for any unanticipated reductions in federal highway aid (the fiscal effect of this reduction in existing bonding authorization is summarized under "Transportation Fund-Supported, General Obligation Bonding" in the Transportation Finance section). Specify that the remaining $100,000,000 in existing authority may be used for the Marquette Interchange reconstruction project in any fiscal year, notwithstanding the current law provisions that allow it to be used only if the amount of federal highway aid received by the state falls below 95% of the amount estimated to be received and the Joint Committee on Finance approves the use, if all of the following apply: (a) the SEG and FED funds in the southeast Wisconsin freeway rehabilitation appropriations that that are allocated to the Marquette Interchange and are not transferred to the SEG appropriation for the payment of debt service on previously issued bonds (see the following paragraph for a summary of this procedure) are not sufficient to meet expenditure obligations for the project in that year; (b) the bond issuance results in an amount of bond proceeds in that fiscal year that does not exceed the difference between the expenditure obligations for the project in that fiscal year and the amount of SEG and FED funds allocated, and not transferred for the payment of debt service on previously issued bonds, for the Marquette Interchange project in that fiscal year; (c) no payment of principal and interest on the bonds is required after June 30, 2009; and (d) the Department has expended, encumbered, or transferred for the payment of debt service, all funds allocated in the southeast Wisconsin freeway rehabilitation appropriations for the Marquette Interchange for the fiscal year in which the bonds are issued, has maximized the use of any other SEG or FED funds available for the project in that fiscal year, and has exhausted other viable options for funding expenditure obligations for the project in that fiscal year by means other than the issuance of bonds.

Require DOT, if the general obligation bonds authorized for the project are issued, to transfer SEG funds, to the maximum extent possible, from the appropriation for southeast Wisconsin freeway rehabilitation and allocated to the Marquette Interchange project to the existing appropriation for the payment of debt service on these bonds. Specify that, beginning in 2003-04 and in each fiscal year thereafter until the end of 2010-11 (the year in which the southeast Wisconsin freeway rehabilitation appropriations are sunset), DOT may submit a request to the Joint Committee on Finance under a 14-day passive review process, to transfer FED funds in the appropriation for southeast Wisconsin freeway rehabilitation that are allocated to the Marquette Interchange project, other than congressional earmarks for the project, to the FED appropriations for state highway rehabilitation or major highway development and transfer an equal amount of SEG funds from those programs to the debt service appropriation for bonds issued for the Marquette Interchange reconstruction project. Specify that if DOT submits such a request and the Co-Chairs do not notify the Department within 14 working days after the date of the submittal that the Committee has scheduled a meeting for the purpose of reviewing the request, the Department may take the action specified in the request. Specify that if, within 14 working days after the date of the submittal, the Co-Chairs notify the Department that the Committee has scheduled a meeting for the purpose of reviewing the request, the Department may not take the action specified in the request until it is approved by the Committee, as submitted or as modified.

Debt service payments on bonds issued for the Marquette Interchange reconstruction project are estimated at $82,300 SEG in 2004-05. Since this amount would be transferred from the SEG appropriation for southeast Wisconsin freeway rehabilitation to the existing debt service appropriation, there would be no additional SEG fiscal effect associated with this debt service. The estimate is based upon the minimum issuance of bonds necessary to meet the expected expenditure requirements for the project in 2004-05.

Require DOT, in submitting its agency budget request for the 2005-07 biennium, to include a funding plan for the remainder of the Marquette Interchange reconstruction project, including specification of all expenditure amounts anticipated to be necessary from the southeast Wisconsin freeway rehabilitation appropriations and the amount of bonding authorization anticipated to be necessary. Specify that the plan shall maximize the use of SEG and FED funds and minimize the use of bond proceeds, to the extent possible, in meeting expenditure obligations for the project, and shall not include issuance of bonds requiring debt service payments after June 30, 2009.

The following table shows the total amount of funds in the southeast Wisconsin freeway rehabilitation appropriations under the Joint Committee on Finance substitute amendment. A separate item (summarized below) would require the Department to allocate $49,350,000 on an annual basis from the SEG and FED amounts appropriated for southeast Wisconsin freeway rehabilitation appropriations for southeast Wisconsin freeway rehabilitation projects other than the Marquette interchange. Therefore, although the total amounts available for southeast Wisconsin freeway rehabilitation projects, including the $100,000,000 in existing bonding authority, equals $95,294,000 in 2003-04 and $245,294,000 in 2004-05, the amount that would be available for the Marquette Interchange would be $45,944,000 in 2003-04 and $195,944,000 in 2004-05, for a biennial total of $241,888,000. Under the Department's construction plan for the interchange, a total of $235.9 million would be encumbered for the interchange over the biennium.

	Governor		Joint Finance	
	2003-04	2004-05	2003-04	2004-05
SEG	$7,924,200	$0	$23,976,400	$57,208,400
FED--Formula Funds	71,317,600	79,241,800	57,317,600	80,085,600
FED--Congressional Earmarks	0	0	14,000,000	8,000,000
SEG-S (Trans. Revenue Bonds)	0	85,500,000	0	0
Existing SEG-Supported Bonds	0	0	0	100,000,000
Total	$79,241,800	$164,741,800	$95,294,000	$245,294,000
Minus Allocation for Other Southeast Freeway Projects	$0	$0	-$49,350,000	-$49,350,000
Total Amount Available for Marquette Interchange	$79,241,800	$164,741,800	$45,944,000	$195,944,000

Veto by Governor [B-33]: Delete $23,976,400 SEG in 2003-04 and $37,208,400 SEG in 2004-05 for the southeast Wisconsin freeway rehabilitation program by deleting the amounts provided for the program in the SEG appropriation ($23,976,400 in 2003-04 and $57,208,400 in 2004-05) and retaining $0 in 2003-04 and writing in a smaller amount ($20,000,000) in 2004-05.

Delete the provisions that place restrictions on the use of the transportation fund-supported, general obligation bonds for the Marquette Interchange project, including: (a) the requirement that these bonds be used for the project only if the SEG and FED funds provided for the project in a given year are insufficient to meet expenditure obligations on the project in that year; and (b) the requirement that the bonds be structured so that no debt service payments on the bonds extend beyond June 30, 2009. Modify the provision governing the use of the transportation fund-supported, general obligation bonds to allow them to be used in the state highway rehabilitation and southeast Wisconsin freeway rehabilitation programs, instead of just the Marquette Interchange project. A separate part of the veto, summarized under "Transportation Fund-Supported, General Obligation Bonding" in the Transportation Finance section, increased the available amount of these bonds from $100,000,000 to $1,000,000,000. In his veto address, the Governor indicates that of this amount of bonding, $15,924,200 in 2003-04 and $65,656,200 in 2004-05 will be used for the southeast Wisconsin freeway rehabilitation program.

Delete the requirement that DOT transfer funds from the SEG appropriation for southeast Wisconsin freeway rehabilitation that are allocated to the Marquette Interchange project to the debt service appropriation for the bonds issued for the Marquette Interchange project. Delete a similar provision allowing DOT to transfer funds from the FED appropriation, subject to the approval of the Joint Committee on Finance under a 14-day passive review process, to the FED appropriation for other highway improvement programs so that these funds can be exchanged for SEG funds in those programs to be used for debt service payments.

Delete the provision requiring DOT to include a funding plan for the remainder of the Marquette Interchange reconstruction project in its agency budget request for the 2005-07 biennium.

The following table compares the funding in the southeast Wisconsin freeway rehabilitation appropriations in the enrolled bill, as passed by the Legislature, and in Act 33. A separate veto deleted a requirement that DOT allocate $49,350,000 annually from these appropriations for projects on the southeast Wisconsin freeway system other than the Marquette Interchange. As a result, the full amount of funding provided in southeast Wisconsin freeway rehabilitation appropriations by the act could be used on the Marquette Interchange project. Under the columns showing the funding provided by the Legislature, the allocation for non-Marquette Interchange projects is deducted to show the amount available for the Marquette Interchange project. Over the biennium, the amount that is available for the Marquette Interchange project under the act is $260,983,600, compared with $241,888,000 in the enrolled bill.

	Legislature		Act 33	
	2003-04	2004-05	2003-04	2004-05
SEG	$23,976,400	$57,208,400	$0	$20,000,000
FED--Formula Funds	57,317,600	80,085,600	57,317,600	80,085,600
FED--Congressional Earmarks	14,000,000	8,000,000	14,000,000	8,000,000
SEG-Supported Bonds	0	100,000,000	15,924,200	65,656,200
Total	$95,294,000	$245,294,000	$87,241,800	$173,741,800
Minus Allocation for Other Southeast Freeway Projects	-$49,350,000	-$49,350,000	N.A.	N.A.
Total Amount Available for Marquette Interchange	$45,944,000	$195,944,000	$87,241,800	$173,741,800

[Act 33 Sections: 683d and 1694f]

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.395(3)(cr)), 683d, 1672g, 1672h, 1672i, 1694f, and 9153(3r)]

3. ALLOCATION OF FUNDS FOR SOUTHEAST WISCONSIN FREEWAY REHABILITATION PROJECTS OTHER THAN THE MARQUETTE INTERCHANGE [LFB Paper 761]

Joint Finance/Legislature: Require DOT, beginning in 2003-04 and in each fiscal year thereafter until the end of 2010-11 (the final year before the southeast Wisconsin freeway rehabilitation appropriations are sunset under current law), to allocate at least $49,350,000 in each year from the SEG and FED appropriations for southeast Wisconsin freeway rehabilitation, or the total unencumbered balance in those appropriations, whichever is less, for southeast Wisconsin freeway rehabilitation projects other than the Marquette Interchange project. Specify that any amounts that are not encumbered out of the annual allocation in one fiscal year for these projects shall be added to the allocation for such projects in the subsequent fiscal year, and shall not otherwise affect the subsequent fiscal year's allocation.

Specify that the Department may, in any fiscal year, reallocate funds allocated to southeast Wisconsin freeway rehabilitation other than the Marquette Interchange to the Marquette Interchange project if both of the following apply: (a) the non-Marquette Interchange allocation was not reduced in the previous year; and (b) the reallocation is approved, or modified and approved, by the Joint Committee on Finance under a 14-day passive review process. Specify that if funds are reallocated as outlined above, DOT shall, in the subsequent fiscal year, allocate funds that otherwise would have been allocated to the Marquette Interchange reconstruction project to other southeast Wisconsin freeway rehabilitation projects, such that the allocation for these other projects is increased in that year by the amount that was reallocated to the Marquette Interchange in the previous year.

Specify, under the 14-day passive review process for the reallocation of funds to the Marquette Interchange, that if the Co-Chairs do not notify the Department within 14 working days after the date of the submittal that the Committee has scheduled a meeting for the purpose of reviewing the request, the request is considered approved and the Department may take the action specified in the request. Specify that if, within 14 working days after the date of the submittal, the Co-Chairs notify the Department that the Committee has scheduled a meeting for the purpose of reviewing the request, the Department may not take the action specified in the request until it is approved by the Committee, as submitted or as modified.

Veto by Governor [B-33]: Delete provision.

[Act 33 Vetoed Section: 1672c]

4. MAJOR HIGHWAY DEVELOPMENT -- FUNDING LEVEL [LFB Paper 760]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG	- $52,720,500	- $5,245,900	- $16,348,700	- $74,315,100
FED	- 55,965,600	0	0	- 55,965,600
SEG-S	71,238,400	- 58,544,800	0	12,693,600
Total	- $37,447,700	- $63,790,700	- $16,348,700	- $117,587,100

Governor: Reduce funding for the major highway development program by a total of $20,707,300 in 2003-04 and $16,740,400 in 2004-05, which is the net effect of the following funding changes: (a) a reduction of $34,648,100 SEG in 2003-04 and $18,072,400 SEG in 2004-05; (b) a reduction of $29,215,500 FED in 2003-04 and $26,750,100 FED in 2004-05; and (c) an increase in the use of revenue bond proceeds of $43,156,300 SEG-S in 2003-04 and $28,082,100 in 2004-05. Under the bill, the use of revenue bond proceeds would be increased to partially offset the decreases in SEG and FED funding for the program. Bonds would provide 79.2% of the total funding for the program in 2003-04 and 71.2% in 2004-05, compared to 53.9% in the base year. Federal funds used in the program would decrease, relative to the base, by 50.4% in 2003-04 and 46.2% in 2004-05. Under the bill, total federal highway aid is estimated to decrease from $567,000,000 in the base year to $501,800,100 in 2003-04 and to $527,100,100 in 2004-05, or reductions, from the base, of 11.5% and 7.0%, respectively. Total funding for the major highway development program would decline, relative to the base, by 9.5% in 2003-04 and 8.0% in 2004-05.

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 ($89,400 SEG annually); (b) a reduction in the program's budget for limited-term employees and for consultant contracts (-$1,997,700 SEG in 2003-04 and -$2,208,300 SEG in 2004-05); and (c) a reduction of funding associated with the elimination of certain positions in the Division of Transportation Districts (-$335,400 SEG in 2003-04 and -$421,200 SEG in 2004-05).

Fund	2002-03 Base	Governor 2003-04	2004-05
SEG	$53,563,400	$16,671,600	$32,950,900
FED	57,948,500	28,733,000	31,198,400
Bonding	130,139,100	173,295,400	158,221,200
Total	$241,651,000	$218,700,000	$222,370,500

Joint Finance/Legislature: Provide funding increases such that, with the use of general fund-supported, general obligation bonds for the program, the base level of funding for projects would be restored. These amounts, which total $20,707,300 in 2003-04 and $16,740,400 in 2004-05, are the net effect of the following: (a) a decision to replace the above-base increases in transportation revenue bonding provided in the Governor's bill ($43,156,300 SEG-S in 2003-04 and $28,082,100 SEG-S in 2004-05) with an equal amount of general fund-supported, general obligation bonds; (b) a decision to provide an additional $30,000,000 (assumed to be split evenly between the fiscal years) in general fund-supported, general obligation bonding for the program; (c) an above-base increase in transportation revenue bonding of $6,028,300 SEG-S in 2003-04 and $6,665,300 SEG-S in 2004-05; and (d) a decrease of $321,000 SEG in 2003-04 and $4,924,900 SEG in 2004-05. The fiscal effect of the SEG and SEG-S changes (transportation revenue bonding) are reflected in this item, while the provision of general fund-supported, general obligation bond authorization and the associated debt service are summarized in the Transportation Finance section under "General Fund-Supported, General Obligation Bonding for State Highways" and "General Fund Debt Service for Transportation Programs," respectively.

The following table compares the total funding for the program under the bill and under the Joint Committee on Finance's substitute amendment. The SEG, FED, and SEG-S amounts shown under Joint Finance reflect the effect of this item, a decision to restore the base level of funding for limited term employee staff and engineering consultants (a total of $1,997,700 SEG in 2003-04 and $2,208,300 SEG in 2004-05), a decision to delete funding for the fifth week of vacation as cash standard budget adjustment (-$1,900 SEG annually), and a decision to transfer $4,833,000 SEG in 2004-05 (along with $11,120,500 from the SEG appropriation for the state highway rehabilitation program) to the Joint Committee on Finance's SEG appropriation for program supplements, pending a review of costs under the highway program (summarized below under "Highway Program Cost Review"). The table shows the general fund-supported, general obligation bonds in a separate line. Since these amounts are made available through a general obligation bonding authorization, they are not reflected in the Chapter 20 appropriation schedule. The figures in the table assume, however, that the GPR-supported bonds that are provided to replace the above-base increases in transportation revenue bonds in the Governor's bill would be used in the same amounts that the Governor's bill provided the revenue bonds and that the additional $30,000,000 in GPR-supported bonds would be used in the amount of $15,000,000 annually. The full amount of the Joint Finance cost review program supplement is shown in a separate line, although the Committee could provide a smaller supplement (or no supplement) under the provision.

Fund	Governor 2003-04	Governor 2004-05	Joint Finance 2003-04	Joint Finance 2004-05
SEG	$16,671,600	$32,950,900	$18,346,400	$25,399,400
FED	28,733,000	31,198,400	28,733,000	31,198,400
SEG-S (Trans. Revenue Bonds)	173,295,400	158,221,200	136,167,400	136,804,400
GPR-Supported Bonds	0	0	58,156,300	43,082,100
Subtotal	$218,700,000	$222,370,500	$241,403,100	$236,484,300
Cost Review Program Supplement*	N.A.	N.A.	0	$4,833,000
Total with Maximum Supplement	$218,700,000	$222,370,500	$241,403,100	$241,317,300

*Contingent upon the review and approval of the Joint Committee on Finance of the Department's report on highway program cost control measures.

As shown in the table, the Committee's action would increase the total funding for the program to $241,403,100 in 2003-04 and, with the maximum supplement, to $241,317,300 in 2004-05. These amounts are slightly lower than the total appropriation base of $241,651,000 due to the effect of standard budget adjustments and an item, included in the Governor's bill and approved by the Committee, that would eliminate positions in the Department.

Veto by Governor [B-33]: Delete $16,348,700 SEG in 2003-04 by deleting the amount provided in the appropriation in that year to leave $0. In addition to this change, other vetoes affect the funding for the program. First, a separate part of the veto, summarized under "Highway Program Project Delivery Base Budget Reductions" later in the State Highway Program section, deletes an additional $1,997,700 SEG in 2003-04 and $2,208,300 SEG in 2004-05 from the program's budget for limited term employee staff and engineering consultants. Second, in his veto message, the Governor indicates that the major highway development program would be supplemented with federal funds that were deleted from the FED appropriation for state highway rehabilitation. The amount of this reallocation of funds is $74,799,600 FED in 2003-04 and $47,776,600 FED in 2004-05, although these amounts are not reflected in the appropriations schedule. Third, the Governor deleted the general fund-supported, general obligation bonds that the Legislature had made available for the program ($58,156,300 in 2003-04 and $43,082,100 in 2004-05). Finally, a separate veto eliminated funding in the Joint Committee on Finance supplemental SEG appropriation that may have been provided for the program, pending a review of the cost of delivering construction projects in the highway program. This item is summarized under "Highway Program Cost Review" later in the State Highway Program section. The following table compares the total funding level for the program under the enrolled bill, as passed by the Legislature, and under Act 33, including all of these adjustments.

Fund	Legislature 2003-04	Legislature 2004-05	Act 33 2003-04	Act 33 2004-05
SEG	$18,346,400	$25,399,400	$0	$23,191,100
FED	28,733,000	31,198,400	103,532,600	78,975,000
SEG-S (Trans. Revenue Bonds)	136,167,400	136,804,400	136,167,400	136,804,400
GPR-Supported Bonds	58,156,300	43,082,100	0	0
Subtotal	$241,403,100	$236,484,300	$239,700,000	$238,970,500
Cost Review Program Supplement*	0	$4,833,000	N.A.	N.A.
Total with Maximum Supplement	$241,403,100	$241,317,300	$239,700,000	$238,970,500

*Contingent upon the review and approval of the Joint Committee on Finance of the Department's report on highway program cost control measures.

[Act 33 Vetoed Section: 286 (as it relates to s. 20.395(3)(bq))]

5. MAJOR HIGHWAY DEVELOPMENT -- PROJECT ENUMERATION [LFB Paper 760]

Joint Finance/Legislature: Enumerate the following four major highway development projects in the statutes: (a) USH 14 from approximately two miles west of Westby to 1.5 miles south of Viroqua in Vernon County; (b) USH 18 from Main Street in the City of Prairie du Chien to STH 60 in the Town of Bridgeport in Crawford County; (c) USH 41 from 0.5 miles south of STH 26 to 0.5 miles north of Breezewood Lane in the City of Neenah in Winnebago County; and (d) USH 41 from Orange Lane in the Town of Lawrence, one mile south of CTH F, to CTH M in Brown County.

The following table shows the four projects that would be enumerated, including the length of each project and the estimated cost, excluding design costs. Statutory enumeration is a prerequisite to construction for major highway development projects.

Highway	County	Segment	Project Length (In Miles)	Estimated Cost (In Millions)
USH 14	Vernon	Westby to Viroqua Bypass	13	$41.0
USH 18	Crawford	Prairie du Chien to STH 60	7	29.2
USH 41	Brown	CTH F to CTH M	14	205.0
USH 41	Winnebago	STH 26 to Breezewood Lane	17	225.0
	TOTAL			$500.2

[Act 33 Sections: 1671d thru 1671t]

6. FUNDING BASE FOR HIGHWAY PROGRAMS FOR 2005-07 BIENNIAL BUDGET

Joint Finance/Legislature: Direct DOT to add to its 2005–07 biennial budget request to DOA the amounts shown in the following table to the corresponding appropriations to establish its 2004-05 fiscal year appropriation base for state highway programs.

Appropriation	Amount
State Highway Rehabilitation SEG	$128,135,700
Major Highway Development SEG	64,210,200
Southeast Wisconsin Freeway Rehabilitation SEG	52,654,100
Major Highway Development SEG-S (Revenue Bonding)	28,871,900

The amounts shown in the table would be added to the amounts that would otherwise be established as the appropriation base for the highway programs. The total of the SEG amounts is $245,000,000, which equals the total of the transportation fund appropriations in 2004-05 for shared revenue ($170,000,000) and K-12 education aids ($60,000,000), plus the $15,000,000 transfer in 2004-05, included in the Governor's bill, from the transportation fund to the general fund. (Instead of a $15,000,000 annual transfer, the Joint Committee on Finance's substitute amendment would transfer $30,000,000 in 2004-05, but nothing in 2003-04.) Since both appropriations would be sunset at the end of 2004-05 and the transfer would not recur, $245,000,000 of SEG funds would otherwise be uncommitted going into the 2005-07 biennium. This item would direct the Department, in its budget request for the 2005-07 biennium, to allocate an amount to the appropriation base for state highway rehabilitation and major highway development to replace the general fund-supported, general obligation bonds used in those programs in 2004-05 ($128,135,700 and $43,082,100, respectively), plus allocate an additional $21,128,100 SEG for the major highway development program. The additional amount allocated for the major highway development program base, when combined with the increase of $28,871,900 SEG-S in the transportation revenue bonding base for the program, would increase the total base for the major highway development program by $50,000,000. The remaining $52,654,100 in unallocated SEG funds would be allocated to the base for the southeast Wisconsin freeway rehabilitation appropriation for use on the Marquette Interchange reconstruction project.

Veto by Governor [B-33]: Delete the required base adjustments for the SEG and SEG-S appropriations for the major highway development program.

[Act 33 Section: 9153(1r)]

[Act 33 Vetoed Section: 9153(1r)]

7. STATE HIGHWAY MAINTENANCE AND TRAFFIC OPERATIONS [LFB Paper 762]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$18,761,800	- $33,561,800	- $14,800,000

Governor: Provide $3,327,100 in 2003-04 and $15,434,700 in 2004-05 for the highway maintenance and traffic operations program. These amounts reflect the net effect of the following changes: (a) an increase of $3,729,200 in 2003-04 and $7,551,700 in 2004-05 to provide 2.5% annual inflationary increases, calculated on a base that excludes: (i) costs related to salaries and fringe benefits for state employees; and (ii) the $10,000,000 supplemental appropriation that was provided for the program in 2002-03 and made part of the appropriation base by the Joint Committee on Finance; (b) an additional increase of $8,297,600 in 2004-05 for the program, with the intent of compensating for increases in traffic volume and lane miles of state highways; and (c) a reduction of $402,100 in 2003-04 and $414,600 in 2004-05 to reflect a decision (summarized separately under the Department of Natural Resources) to fund 50% of DNR's car-kill deer program through a transportation fund appropriation and to reduce the budget for the maintenance and traffic operations program by a corresponding amount.

Joint Finance/Legislature: Reduce funding by $3,327,100 in 2003-04 and $15,434,700 in 2004-05 to eliminate the above-base increases provided by the Governor's bill and reduce funding by an additional $7,400,000 annually to eliminate funding that was included in the base of the program for installation of traffic signals, highway lighting, highway signs, pavement marking, and intelligent transportation systems. Convert the state highway maintenance and traffic operations SEG appropriation from a biennial appropriation to a continuing appropriation. The $7,400,000 annual reduction amounts to a 4.6% reduction to the program's non-salary base.

[Act 33 Section: 428m]

8. FUNDING OF HIGHWAY SIGNS, TRAFFIC SIGNALS, HIGHWAY LIGHTING, PAVEMENT MARKINGS, AND INTELLIGENT TRANSPORTATION SYSTEMS

Governor: Delete provisions, created by 2001 Act 16, that: (a) prohibited DOT from funding the installation, replacement, rehabilitation, or maintenance of highway signs, traffic control signals, highway lighting, pavement markings, or intelligent transportation systems, unless such projects are incidental to the improvement of existing state trunk and connecting highways, from the state highway rehabilitation and southeast Wisconsin freeway rehabilitation appropriations; and (b) excluded these activities from the definition of "improvement" or "highway improvement" as they relate to highway construction activities, and, instead, included these activities under the program description for the highway maintenance program. Move a provision that authorizes the Department to contract with a private entity for services or materials associated with these activities (also created by Act 16) from a statutory section related to the state highway maintenance program to a newly-created, stand-alone section. Other Act

16 changes that included these activities under the description of activities that may be funded from the appropriations for state highway maintenance and traffic operations would be retained. Therefore, under the bill, the Department would no longer be explicitly prohibited from funding these activities from the state highway rehabilitation and southeast Wisconsin freeway rehabilitation appropriations, but would continue to be able to fund these activities from the state highway maintenance and traffic operations appropriations.

In connection with the statutory changes made in Act 16, the act transferred $27,000,000 in 2001-02, which is the amount that DOT had indicated is spent on these activities on an annual basis, from the SEG appropriation for state highway rehabilitation to the SEG appropriation for state highway maintenance and traffic operations. No funding, however, was transferred in 2002-03. Instead, the Department was authorized to submit a request to the Joint Committee on Finance to transfer $10,000,000 in 2002-03 between these appropriations for these functions. Instead of requesting a transfer in 2002-03, the Department requested a supplemental appropriation of $10,000,000 for the highway maintenance and traffic operations appropriation, which was approved. In submitting the request, the Department indicated that some, but not all, of the requested supplement would be used for the functions that had been transferred to the maintenance program as a result of the Act 16 provision. The bill would not make adjustments to the base budgets of either the highway maintenance or rehabilitation programs to reflect the changes made by this item.

Joint Finance/Legislature: Delete provision.

9. HIGHWAY PROGRAM PROJECT DELIVERY BASE BUDGET REDUCTIONS [LFB Paper 760]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG	- $12,618,000	$12,618,000	- $12,618,000	- $12,618,000

Governor: Reduce funding in the state highway rehabilitation and major highway development programs by a total of $5,993,100 in 2003-04 and $6,624,900 in 2004-05 to reflect reductions in the budgets for hiring consultants, for services such as design engineering and project management, and for limited-term employee (LTE) staff. LTE staff are used for such activities as preliminary design, real estate transactions, signing and marking, assisting bridge inspectors, reviewing local projects, and clerical work. The LTE budget for the Division of Transportation Districts would be reduced by 29.8%. This item is one of several measures identified by the administration to generate savings of $15,000,000 annually from DOT appropriations for the purpose of transferring this amount to the general fund. The state highway program would also be affected by other initiatives (summarized separately) that would eliminate certain positions and reduce out-of-state travel on a Department-wide basis. The following table shows the proposed reductions by program and by budget item.

	2003-04	2004-05
State Highway Rehabilitation		
LTE Budget	-$1,333,300	-$1,333,300
Consultant Budget	-2,662,100	-3,083,300
Total State Highway Rehabilitation	-$3,995,400	-$4,416,600
Major Highway Development		
LTE Budget	-$666,700	-$666,700
Consultant Budget	-1,331,000	-1,541,600
Total Major Highway Development	-$1,997,700	-$2,208,300
Grand Total	-$5,993,100	-$6,624,900

Joint Finance/Legislature: Delete provision.

Veto by Governor [B-33]: Delete funding in both programs to restore the funding reductions contained in the Governor's original budget submission. In his veto address, the Governor indicates that the budget for LTE staff and engineering consultants for both programs is being reduced in both years, but the amount of this reduction in 2004-05 for the state highway rehabilitation program ($4,416,600) is being retained in the appropriation for use on state highway rehabilitation projects. The fiscal effect of that retention is included under the "State Highway Rehabilitation" item.

[Act 33 Vetoed Section: 286 (as it relates to s. 20.395(3)(bq)&(cq))]

10. HIGHWAY PROGRAM COST REVIEW [LFB Paper 760]

SEG	- $15,953,500

Joint Finance/Legislature: Transfer $11,120,500 SEG in 2004-05 from the appropriation for state highway rehabilitation and $4,833,000 SEG in 2004-05 from the appropriation for major highway development (equal to 2% of the total base funding for each program) to the Joint Committee on Finance's supplemental SEG appropriation. (This item shows the fiscal effect of a reduction in DOT's appropriations. A separate item under Program Supplements shows the increase to the Joint Finance appropriation.)

Require DOT to submit a report to the Joint Committee on Finance by January 1, 2004, that includes the following: (a) the Department's response to any recommendations included in the Legislative Audit Bureau's performance audit of the state highway program (scheduled for completion in the fall of 2003); (b) the Department's recommendations of steps that may be taken or legislation that could be considered that could reduce costs in the state highway program; (c) information on current environmental requirements, highway improvement standards, and the degree of competitiveness in the construction industry, and how these factors contribute to the cost of highway projects; (d) the Department's recommendation on whether additional positions should be provided in the Division of Transportation Districts to replace the work done by engineering consultants to reduce project design costs; and (e) the

Department's recommendation on how to allocate any cost savings produced by either process modifications or the addition of DOT staff back to the Department's appropriations.

Specify that if the Co-Chairs do not notify DOT within 14 working days after the date of the submittal that the Committee has scheduled a meeting to review the report, the funding placed in the Committee's appropriation by this alternative would be transferred back to the corresponding appropriations for state highway rehabilitation and major highway development, with any modifications the Department recommends under "(e)". Specify that if, within 14 working days after the submittal, the Co-Chairs notify DOT that the Committee has scheduled a meeting to review the report, the funding shall remain in the Committee's supplemental appropriation until the Committee takes action to release the funding. Specify that the Committee may take action with respect to the report that it considers necessary, including releasing a portion of the funds and asking the Department to submit additional information to the Committee before additional funding for the state highway rehabilitation and major highway development programs is restored. Specify that the supplement provided for the state highway rehabilitation appropriation may not exceed $11,120,500, the supplement provided for the major highway development appropriation may not exceed $4,833,000, and the total supplement provided to DOT appropriations under this item may not exceed $15,953,500.

Veto by Governor [B-34]: Delete provision. The Governor's veto deletes the funding in the Committee's appropriation, but does not restore this funding for the highway programs.

[Act 33 Vetoed Section: 9153(2x)]

11. FEDERAL FUNDS REDUCTION FOR STATE HIGHWAY MAINTENANCE AND TRAFFIC OPERATIONS

FED	- $269,300

Governor/Legislature: Reduce funding by $178,200 in 2003-04 and $91,100 in 2004-05 for the federal funds appropriation for state highway maintenance and traffic operations to reflect an estimated reduction in the amount of federal highway aid that the state will receive during the 2003-05 biennium. Under the bill, total federal highway aid will decrease from $567,000,000 in the base year to $501,800,100 in 2003-04 and $527,100,100 in 2004-05, or reductions, from the base, of 11.5% and 7.0%, respectively. The federal funds appropriation for state highway maintenance and traffic operations, which funds the operations of the Milwaukee freeway traffic operations center, would be reduced, relative to the base, by 14.9% in 2003-04 and 7.6% in 2004-05, which would establish this appropriation at $1,015,800 in 2003-04 and $1,102,900 in 2004-05.

12. WEST CANAL STREET PROJECT IN THE CITY OF MILWAUKEE

Governor/Legislature: Modify provisions created in 2001 Act 16 to provide financial assistance to the City of Milwaukee for the reconstruction of West Canal Street, for the purpose of mitigating traffic associated with the reconstruction of the Marquette Interchange, to specify that the funding may be used for the extension of the street to USH 41 at Miller Park, in addition to reconstruction.

Act 16 provided a total of $10 million in funds from various sources to the City for the project on the condition that the City would contribute $10 million towards the cost of the project. The proposed project involves the reconstruction of the existing West Canal Street, plus the extension of the street to USH 41 near Miller Park. However, the provision that authorized the state assistance did not provide for the extension of the street. This item would broaden the purposes for which the funding could be provided by including the extension of the street, but would not provide additional funding for the project. The Department has already entered into a grant agreement for the entire $10 million with the City on the project that limits the state's role to the portion of the project that involves the reconstruction of the existing street.

[Act 33 Section: 423, 1674, 1724, and 2814]

13. OUTDOOR ADVERTISING SIGNS ON DESIGNATED SCENIC BYWAYS [LFB Paper 763]

Governor: Specify that provisions that allow certain types of signs to be erected and maintained along interstate and federal-aid highways (as exceptions to a general prohibition against the erection and maintenance of signs along such highways) do not apply to the following types of signs in an area adjoining a portion of the highway that is designated by the Department as a scenic byway: (a) signs located in business areas; (b) signs on farm buildings that are utilized by owners of the building for agricultural purposes, if the signs promote a Wisconsin agricultural product; and (c) signs erected prior to October 14, 1997, by the Crime Stoppers organization. The effect of this provision would be to prohibit the erection or maintenance of these signs along highways designated as scenic byways. Modify the definition of the term "primary highway" to conform with current federal law by including highways designated by DOT and approved by the appropriate authority of the federal government as: (a) a part of the federal-aid primary system in existence on June 1, 1991; or (b) a part of the national highway system under federal law. Modify the provision that generally prohibits the erection and maintenance of signs to conform with this definitional change, by replacing the term "federal-aid highways" with the term "primary highways."

Specify that DOT must provide just compensation for signs that are removed or relocated, are not in conformity with advertising sign provisions, and that were lawfully in existence on land adjoining that portion of an interstate or primary highway that was designated by the Department as a scenic byway after the effective date of the bill.

Current federal law requires any state that administers a state scenic byways program to prohibit advertising signs, with certain exceptions, along interstate and primary highways that are designated by the state as scenic byways. Current federal law also requires the Federal Highway Administration (FHWA) to withhold 10% of certain categories of the state's federal highway aid from any state that FHWA determines "has not made provision for effective control of the erection and maintenance" of signs along the Interstate system and the primary system, which would result in an annual loss to Wisconsin of about $45 million to $50 million in federal highway aid. This item is intended to bring state law into compliance with the specific restrictions related to scenic byways. However, DOT indicates that the bill may need to be modified to comply fully with federal law and may also be more restrictive than necessary in certain of its provisions.

States can receive federal discretionary grants under the scenic byways program to fund a variety of types of projects on highways that the state designates as scenic byways. The 1999-01 biennial budget established a state scenic byways program, although the only highway in the state that has been designated as a scenic byway to date is the Great River Road in western Wisconsin.

Joint Finance/Legislature: Delete provision.

14. TRAFFIC SIGNALS IN ROCK COUNTY

Joint Finance/Legislature: Require DOT to install traffic control signals at the intersection of Inman Parkway and USH 51 in the Town of Beloit in Rock County by June 30, 2004.

Veto by Governor [B-39]: Delete provision.

[Act 33 Vetoed Section: 9153(1j)]

Motor Vehicles

1. VEHICLE EMISSION INSPECTION PROGRAM

	Governor (Chg. to Base)	Senate/Leg. (Chg. to Gov)	Net Change
SEG-REV	$0	$6,321,700	$6,321,700
SEG	$6,321,700	$0	$6,321,700
FED	- 1,187,900	0	- 1,187,900
Total	$5,133,800	$0	$5,133,800

Governor: Provide increased funding of $2,566,900 FED in 2003-04 and $6,321,700 SEG from the petroleum inspection fund in 2004-05 for increased contract costs to administer vehicle emissions tests under the vehicle inspection and maintenance program. Decrease funding by $3,754,800 FED in 2004-05 to eliminate base federal funds for the program in that year. Create a new, annual appropriation from the petroleum inspection fund for the vehicle inspection and maintenance program.

The Department has recently entered into a new contract covering a period slightly over five years. Under the contract, the state's payment is established at $14,203,344 in each of the five years, which is $2,566,844 more than the amount of base funding for contract costs. This item would provide an increase sufficient to pay the additional contract costs using federal congestion mitigation and air quality improvement (CMAQ) funds in 2003-04. In 2004-05, however, these federal funds can no longer be used for the program, so the bill would use a new appropriation of petroleum inspection funds to provide the increase and to replace base FED funds of $3,754,800. In 2004-05, therefore, the contract would be funded with an appropriation of $6,321,700 SEG from the petroleum inspection fund and an appropriation of $7,881,700 SEG from the transportation fund.

Senate/Legislature: Delete the petroleum inspection fund appropriation for the program and, instead, create an appropriation from the petroleum inspection fund for making a transfer to the transportation fund. Provide $6,321,700 in 2004-05 in this transfer appropriation (the fiscal effect is shown under Miscellaneous Appropriations) and provide an increase of $6,321,700 in 2004-05 in the existing transportation fund appropriation for the emission inspection program. Increase estimated transportation fund revenue by $6,321,700 in 2004-05 to reflect the transfer from the petroleum inspection fund.

[Act 33 Sections: 670r and 848j]

2. DIVISION OF MOTOR VEHICLES BASE BUDGET REDUCTIONS [LFB Paper 770]

SEG	- $2,065,300

Governor/Legislature: Reduce funding for the Division of Motor Vehicles by: (a) $838,900 in 2003-04 to reflect the elimination of the Division's new-employee recruit class training in that year; (b) $513,200 annually to reflect the elimination of funding for the replacement of red-lettered license plates with new, black-lettered plates; and (c) $100,000 annually to reflect a 26.5% reduction in the Division's budget for limited-term employee (LTE) staff. LTE staff are used by the Division primarily to handle periodic or seasonal increases in workload. This item is one of several measures identified by the administration to generate savings of $15,000,000 annually from DOT appropriations for the purpose of transferring this amount to the general fund. The Division of Motor Vehicles would also be affected by other initiatives (summarized separately) that would eliminate certain positions and reduce out-of-state travel on a Department-wide basis. The Division would not hold a new employee training course in 2003-04, in part, because the bill would eliminate a total of 66.5 vacant Division positions during the biennium.

3. CONVENIENCE FEES FOR CREDIT CARD PAYMENTS [LFB Paper 771]

Governor: Authorize DOT, if the Department permits the payment of single trip oversize and overweight permit fees by telephone or the internet using a credit card, to charge an additional fee for each transaction. Specify that the additional fee shall be established by rule and shall approximate the cost to the Department of providing the service. Authorize DOT to require any applicant for an annual, consecutive monthly, or multiple trip oversize and overweight permit to pay the cost of any special investigation undertaken to determine whether a permit should be approved or denied and to pay an additional fee of $5 per permit if a telephone call-in procedure is used for the permit. This currently applies only to applicants for a single trip permit.

Modify DOT's PR appropriation for the collection of credit card transaction fees on vehicle registration renewals conducted by telephone to: (a) increase the type of revenues that are credited to the appropriation to include internet and telephone credit card transaction fees associated with any motor vehicle or driver licensing fee and any money received for convenience fees; and (b) specify that the appropriation is for the purpose of paying vendor and internet charges, instead of, under current law, for the administration of registration renewals conducted by telephone.

DOT indicates that the intent of this provision is to allow the Department to charge a fee for credit card transactions involving single trip and annual, consecutive monthly, and multiple trip oversize and overweight permits in order to cover administrative costs, such as the credit card charges. Technical modifications to the bill would be required to accomplish this intent.

Joint Finance/Legislature: Make technical modifications to the bill to accomplish the intent of the provision. Modify the provision to allow DOT to establish by rule the fee for the use of the telephone call-in procedure for permits, in addition to the credit card convenience fee.

[Act 33 Sections: 434 and 2604]

4. OVERSIZE/OVERWEIGHT VEHICLE PERMIT SURCHARGE [LFB Paper 772]

SEG-REV	$807,400

Governor/Legislature: Extend the sunset date of a 10% surcharge on oversize/overweight permit fees from June 30, 2003, to June 30, 2005. Increase estimated transportation fund revenue by $403,700 annually to reflect a continuation of this fee during the biennium. The 10% surcharge was created by 1999 Act 9 in conjunction with a provision that provided funding for an automated electronic permit issuance system. The intent of the surcharge was to recover the cost of the system. However, the cost of the system was higher than anticipated, meaning that the full cost will not be recovered by the original surcharge. In passing the 2001-03 biennial budget bill, the Legislature increased the surcharge to 15% and extended the sunset to March 1, 2009, but the Governor vetoed these changes.

[Act 33 Sections: 2594 thru 2603]

5. 0.08 PROHIBITED ALCOHOL CONCENTRATION LAW [LFB Paper 773]

Governor: Modify the state's operating while intoxicated (OWI) law to reduce the prohibited alcohol concentration for persons who have one prior OWI conviction or no prior convictions from 0.10 to 0.08. Current law prohibited blood alcohol concentrations for persons who have two or more prior OWI convictions (0.08 for persons who have two prior convictions and 0.02 for persons who have three or more prior convictions) would remain unchanged. Modify provisions related to the separate offenses of operating a commercial motor vehicle with a blood alcohol concentration of between 0.04 and 0.10 (including related offenses of causing injury, great bodily harm, and death) and related to the operation of a motor vehicle by a person who has not reached the legal drinking age with a blood alcohol concentration of between 0.0 and 0.10, by lowering the maximum blood alcohol level range applying to these offenses from 0.10 to 0.08. Modify statutory provisions related to the prima facie effect in a legal proceeding of alcohol concentration analysis to conform with the reduction in the prohibited blood alcohol concentration. Specify that these provisions would first apply to offenses and alcohol level test refusals committed on September 30, 2003, but do not preclude the counting of other convictions, suspensions, or revocations as prior convictions, suspensions, or revocations for purposes of administrative action by DOT, sentencing by a court, or revocation or suspension of motor vehicle operating privileges.

Changes in federal law require the Federal Highway Administration to withhold a certain percentage of federal highway aid from states that do not adopt a 0.08 OWI standard by October 1, 2003. In federal fiscal year 2004, 2% would be withheld from states that are not in compliance and this amount would be increased by two percentage points annually until reaching 8% in federal fiscal year 2007 and annually thereafter. These percentages would be applied to a portion of the total federal highway aid, that, while not the whole aid amount, encompasses the major categories of aid. Based on the level of federal highway aid estimated in the bill, it is estimated that the state would lose $8.7 million in 2004 (corresponding to state fiscal year 2003-04) and $18.4 million in 2005 (corresponding to 2004-05). Under the federal law, any aid that is withheld may be restored in a subsequent federal fiscal year if the state enacts a 0.08 law prior to the start of that year. Withheld amounts for a given year are permanently lost, however, after a period of four years has elapsed without the state enacting a 0.08 law.

Joint Finance/Legislature: Delete provision. At the time of the Committee's action on this item a separate bill (Assembly Bill 88) that would enact the federal 0.08 requirements had passed the Assembly and had been messaged to the Senate. The Committee did not reduce FED appropriations to reflect a reduction in federal highway aid, based on the assumption that AB 88 would be passed and signed by the Governor. The bill was passed by the Legislature and signed by the Governor as 2003 Wisconsin Act 30.

6. COMMERCIAL MOTOR VEHICLE LICENSING MODIFICATIONS [LFB Paper 774]

SEG	$201,200

Governor: Provide $201,200 in 2004-05 to match federal funds received for performing data processing necessary to implement several changes to the state's commercial motor vehicle licensing laws in order to conform with the federal Motor Carrier Safety Improvement Act of 1999. The Department indicates that it expects to receive $804,600 in federal funds to implement these changes, although the receipt of this amount is not reflected in bill. The federal act requires states to make these changes by September 30, 2005. Failure to adopt these changes would result in a loss of federal highway aid beginning in federal fiscal year 2006, estimated by the Department to be $27.4 million annually. However, the Department indicates that the bill may need to be amended to fully comply with the federal law and that other changes may be desired for clarity and ease of administration.

Modify provisions related to commercial motor vehicle licensing, as outlined below. Specify that these modifications first apply, unless otherwise noted, to licenses issued or renewed on September 30, 2005, or to violations committed on September 30, 2005, with respect to provisions related to actions required as the result of motor vehicle law violations.

A. Commercial Driver's License Disqualification

Modify a provision that requires a one-year disqualification of a person's commercial driver's license operating privilege for a conviction of certain offenses committed while driving or operating a commercial motor vehicle (including OWI and hit-and-run offenses), to require, instead, a one-year disqualification for a conviction of these offenses while driving or operating any vehicle. Add the following offenses to the list of offenses resulting in a one-year disqualification: (1) operating a commercial motor vehicle either: (a) when the person's commercial driver's license is revoked, suspended, or canceled based on the person's operation of a commercial motor vehicle; or (b) when the person is disqualified from operating a commercial motor vehicle based on the person's operation of a commercial motor vehicle; and (2) causing a fatality through negligent or criminal operation of a commercial motor vehicle.

Modify a provision that requires a lifetime disqualification from commercial motor vehicle operating privileges if the person uses a commercial motor vehicle, on or after July 1, 1987, in the commission of a felony involving certain violations of controlled substance laws, to require, instead, a lifetime disqualification for the commission of such a felony using any motor vehicle.

Modify a provision that requires a 60-day commercial driver's license disqualification for two "serious traffic violations" or a 120-day disqualification for three "serious traffic violations" committed within a three-year period, where "serious traffic violations" are defined as any one of several listed offenses committed while operating a commercial motor vehicle (including speeding, reckless driving, a traffic violation resulting in a fatal accident, and other offenses related to the safe control of the vehicle), to instead define "serious traffic violations" as any of the listed offenses committed while operating a commercial motor vehicle or any of the offenses committed while operating any motor vehicle if the offense results in the revocation, cancellation, or suspension of the person's driver's license or operating privilege. Add the following offenses that are specific to commercial motor vehicle operation to the list of offenses constituting a "serious traffic violation" for the purposes of this provision: (1) operating a commercial motor vehicle when the person has not obtained a commercial driver's license; (2) operating a commercial motor vehicle when the person does not have in his or her immediate possession the person's commercial driver's license document, including any special restriction cards, unless the person produces in court or in the office of the law enforcement officer that issued the citation, by the date that the person must appear in court or pay a fine or forfeiture with respect to the citation, a commercial driver's license document issued to the person prior to the date of the citation and valid at the time of the citation; and (3) operating a commercial motor vehicle without the proper class of commercial driver's license or endorsements for the specific vehicle group being operated or for the passengers or type of cargo being transported. Modify the offense considered a serious traffic violation for the purposes of this provision that is related to the violation of a law resulting in a fatal accident to create an exception (in addition to the current-law exceptions of parking, vehicle weight, or vehicle defect violations) for violations related to the operation of a commercial motor vehicle while the person's commercial driver's license is revoked, suspended, canceled, or disqualified. (These offenses would be covered under the provision requiring a one-year disqualification.)

Specify that a person is disqualified from operating a commercial motor vehicle under Wisconsin law if the person is disqualified by federal authorities under emergency disqualification procedures under federal law on the basis that the person's continued operation of a commercial motor vehicle would create an imminent hazard, as defined under federal law. Specify that the period of disqualification is the period determined by the federal authorities, and is effective upon receipt by the Department of a notice from federal authorities.

Modify the definition of disqualification to reflect changes that allow such disqualification for violations committed while operating any motor vehicle, instead of just those involving commercial motor vehicles.

B. Commercial Motor Vehicle Operating Privilege or Driver's License Revocation and Suspension.

Delete a provision that prohibits DOT from revoking the commercial motor vehicle operating privileges in Wisconsin of a nonresident for a conviction of an offense in another jurisdiction that is related to the operation of a vehicle while intoxicated and that, if committed in Wisconsin, would result in license revocation, thereby giving effect to a current law provision that requires the revocation of the nonresident's Wisconsin operating privileges in these cases. Delete a similar provision that prohibits DOT from suspending or revoking the commercial motor vehicle operating privileges in Wisconsin of a nonresident for a conviction in another state related to operating a vehicle with a suspended, revoked, or canceled license that, if committed in Wisconsin, would have permitted a court to suspend the person's license, thereby giving effect to a current law provision that permits DOT to suspend the person's license in these cases.

C. Fine for Operating a Commercial Motor Vehicle Under an Out-of-Service Order

Modify the fine for a violation of operating a commercial motor vehicle while under an out-of-service order (the temporary prohibition against operating a commercial motor vehicle) by establishing a minimum fine of $1,100 (there is currently no minimum) and increasing the maximum fine to $2,750, from the current law maximum fine of $2,500.

D. Issuance and Renewal of Commercial Driver's Licenses and Elimination of Occupational Licenses for Commercial Driver's Licenses

Prohibit the Department from issuing a commercial driver's license to any person whose operator's license or operating privilege is revoked, suspended, or canceled.

Require DOT, before renewing any driver's license, in addition to, as under current law, prior to issuing any license, to obtain driver record information from the national driver registry and commercial driver license information system to determine whether the applicant holds a commercial driver license, or a license that is revoked, suspended, or canceled, or is otherwise disqualified. Require the Department, prior to issuing or renewing a commercial driver's license, to request the complete driving record of the person from any other state that has issued an operator's license or commercial driver's license to the person within the previous 10 years. Specify that the request of records in the case of commercial driver's licenses must be conducted within the time frames established under federal law. Specify, however, that these record checks do not apply to a renewal of a person's commercial driver's license if the Department has previously issued a renewal of a commercial driver's license after September 30, 2005, and, in connection with the previous renewal, DOT recorded on the person's driving record the date on which the operator's record check was previously performed.

Prohibit the Department from issuing an occupational license (for the restricted operation of a vehicle during a period of suspension, revocation, or disqualification) for the operation of a commercial motor vehicle and modify statutory provisions to remove references to occupational licenses for commercial motor vehicles.

E. Requirements Related to Notification of Disqualifications and Traffic Convictions and Reporting of Driver Records Upon Request

Require DOT, within 10 days after the disqualification of the holder of a commercial driver's license from operating a commercial motor vehicle for at least 60 days, or within 10 days after the revocation, suspension, or cancellation of the commercial driver's license for at least 60 days, to notify the commercial driver's license information system and, if the license was not issued by the Department, the state that issued the license, of the disqualification, revocation, suspension, or cancellation, and of the violation that resulted in the disqualification, revocation, suspension, or cancellation.

Require DOT, within 30 days after a conviction of the holder of a commercial driver's license issued by another state for violating any state or local law of Wisconsin, or any law of a federally-recognized American Indian tribe or band of Wisconsin that is in conformity with any state law and that relates to traffic control, other than parking violations, to provide notice of the conviction to the driver licensing agency of the state that issued the license. Require DOT, within 30 days, to provide similar notice of the conviction of a person holding an operator's license issued by another state on a violation of operating a commercial motor vehicle without a commercial driver's license. Modify these notification requirements to require such notification within 10 days after conviction, effective September 30, 2008.

Require DOT, upon request and within federally-required time periods, to provide operating record file information related to traffic violations, other than parking violations, to any of the following requesters: (1) the person holding the commercial driver's license; (2) the U.S. Secretary of Transportation; (3) any employer or prospective employer of the person holding the commercial driver's license; (4) any driver licensing agency of another state or law enforcement agency; (5) any governmental entity having access to the commercial driver's license information system; or (6) any authorized agent of these requesters. Prohibit DOT from providing this operating record information to any requester other than these specified requesters.

Require DOT, upon request and within 30 days of receiving such a request, to provide to the driver licensing agencies of other states the complete driving record of any person currently or previously licensed in Wisconsin by the Department.

F. Requirements Related to the Maintenance of Driver Records

Specify that the driver record for a person holding a commercial driver's license issued by the Department shall include the following: (1) a record of any disqualification by another state or jurisdiction of the person from operating a commercial motor vehicle for at least 60 days or of the revocation, suspension, or cancellation by another state or jurisdiction of the person's commercial driver's license for at least 60 days, and the violation that resulted in the disqualification, revocation, suspension, or cancellation, as specified in any notice received from the state or other jurisdiction in conformity with federal notification requirements; and (2) a record of any violation in another state of any state or local law of that state or any law of a federally-recognized American Indian tribe or band in that state in conformity with any state law relating to motor vehicle traffic control, other than a parking violation, as specified in any notice received from the state in conformity with federal notification requirements. Require DOT to record the information relating to law violations in another jurisdiction within 10 days after receiving notice of this information. Prohibit the Department from concealing, withholding, or masking from the Department's file, or otherwise allowing in any way a person to avoid the Department's recording in the file, any information of which the Department has notice that is required to be recorded under these provisions, regardless of whether the person has obtained deferral of imposition of judgment, been allowed to enter a diversion program, or otherwise obtained delayed or suspended judgment or alternative sentencing from a court.

Specify that the driver record for a person holding a commercial driver's license issued by any state shall include a record of each violation, while operating any motor vehicle, of any state or local law of Wisconsin or any law of a federally-recognized American Indian tribe or band in Wisconsin that is in conformity with any state law relating to motor vehicle traffic control, other than a parking violation. Require DOT to record this information in the person's driver record within 10 days after the date of conviction.

Specify that the driver record for a person holding an operator's license, other than a commercial driver's license, issued by DOT, shall include a record of any violation in another state or jurisdiction of operating a commercial motor vehicle without a commercial driver's license, as specified in any notice received from the state or other jurisdiction in conformity with federal notification requirements.

Specify that these driver record requirements (enumerated in the previous three paragraphs) shall be maintained for at least three years. Specify that statutory provisions that allow a court to expunge from the record any information about certain misdemeanors in certain circumstances do not apply to information required to be recorded in driver records under the above provisions.

G. *School Bus Endorsements*

Specify that an endorsement allowing the operation of a school bus that is a commercial motor vehicle may be issued only if the applicant meets all of the following requirements: (1) holds a valid commercial driver's license; (2) qualifies for a "P" endorsement authorizing the person to operate a vehicle designed to carry 16 or more passengers, including passing the knowledge and driving skills tests required for obtaining such an endorsement; (3) passes a knowledge test in compliance with federal school bus knowledge test requirements; (4) passes a driving skills test in compliance with federal driving skills test requirements, except that no additional test is required if the current test administered by DOT for school bus endorsements meets these federal requirements; and (5) meets all the current law requirements to hold a school bus endorsement, including requirements related to age, holding a valid current license, driving and criminal record, and physical condition. Modify other statutory provisions related to school bus endorsements to reflect that the issuance of a school bus endorsement for the operation of a school bus that is a commercial motor vehicle would require an applicant to meet the additional qualifications outlined above. Specify that a nonresident may operate a school bus that is a commercial motor vehicle in Wisconsin only if the person has a commercial driver's license with an endorsement that allows such operation. Specify that: (1) an instructional permit limited to school bus instructional operation entitles the permittee to operate only a school bus that is not a commercial motor vehicle; (2) an instructional permit limited to commercial motor vehicle instructional operation entitles the permittee to operate only a commercial motor vehicle other than a school bus; and (3) a combination commercial motor vehicle and school bus instruction permit entitles the permittee to operate a school bus that is a commercial motor vehicle. Eliminate obsolete language related to the operation of a school bus in Wisconsin by residents of several surrounding states prior to December 20, 1991.

H. *Miscellaneous Modifications to References to Federal Law*

Include the federal Motor Carrier Safety Improvement Act of 1999 in a list of federal laws with which the Department must be in compliance in the administration of commercial motor vehicle regulations. Require the Department to comply with any other applicable provision of federal law in instituting a classified driver licensing system for commercial motor vehicles. Change a reference to the Federal Highway Administration in a statutory provision related to the enforcement of commercial motor vehicle laws to the Motor Carrier Safety Administration to reflect changes in the federal agency responsible for the administration of these laws and make other modifications to cross references to federal law in the state statutes to reflect modifications to the federal law.

Joint Finance/Legislature: Make the following modifications to the provision, which are changes that have been determined to be required to fully comply with the federal law or are deletions of provisions that were determined not to be needed to comply with the federal law:

Modify provisions in the bill that would require certain periods of commercial driver's license disqualification following certain listed offenses committed while operating any vehicle (instead of only in a commercial motor vehicle, as under current law), to specify that the changes with respect to offenses committed in non-commercial motor vehicles would apply only to such offenses committed on or after September 30, 2005.

Modify provisions in the bill related to driver's license records and the sharing of driver's records with other licensing jurisdictions to: (a) require DOT to keep a record of commercial driver's license disqualifications; (b) eliminate a provision of the bill that would require the Department to keep a record, for a person holding a non-commercial driver's license, of violations of the prohibition against operating a commercial motor vehicle without a commercial operator's license that are committed in another state or jurisdiction (this reflects a determination that the Department is required to keep records of such offenses under current law); (c) eliminate a provision of the bill that would prohibit DOT from releasing records upon request except to certain specified requesters, to reflect a determination that current law restrictions on the release of information are sufficient to comply with federal law; (d) replace the phrase "other state" with the phrase "other jurisdiction" in the driver record and driver record notification provisions to reflect a determination that these provisions apply to licenses issued or applied for, or offenses committed in, Canada and Mexico, as well as other states; (e) replace the term "local law" with the term "local ordinance" to more accurately reflect the correct terminology; (f) replace the term "complete record" with the term "record" in a provision related to the supply of records to other jurisdictions to reflect a determination that federal law may not require the Department to provide every piece of information that the Department currently collects, or may in the future collect; and (g) modify a provision in the bill that would prohibit the Department from concealing, withholding, or masking information in the driver record, to more closely conform to the wording of this prohibition in federal law.

Eliminate provisions in the bill that would delete a current law provision that prohibits DOT from suspending or revoking the commercial motor vehicle operating privileges in

Wisconsin of a nonresident for certain offenses, to reflect a determination that federal license reciprocity provisions make no allowance for the suspension or revocation of a non-resident's commercial motor vehicle operating privileges if the state that issued the license to the non-resident has not suspended or revoked his or her operating privileges.

Modify a provision in the bill that, in a list of offenses that result in a 60-day commercial driver's license disqualification for two offenses and a 120-day disqualification for three or more offenses, creates an exception within one of the listed offenses related to a violation that results in a fatal accident if the violation is related to the operation of a commercial motor vehicle while the person's license is revoked, suspended, cancelled, or disqualified, to instead, specify that the exception applies only in cases where the fatality resulted from the criminal or negligent operation of a commercial motor vehicle (in this case, a longer period of disqualification would apply).

Modify provisions in the bill that create a distinction between the endorsement requirements associated with operating a school bus that is a commercial motor vehicle and the requirements associated with operating a school bus that is not a commercial motor vehicle, to: (a) eliminate changes to school bus instructional permit provisions reflecting a determination that no changes are necessary to comply with federal law; and (b) reorganize the statutory organization of the changes made by the bill to improve clarity.

Modify a current law provision that prohibits the operation of a commercial motor vehicle while ordered out-of-service to clarify that this prohibition applies while the person or the commercial motor vehicle is ordered out-of-service.

Modify various citations to federal law in the bill, generally to increase the specificity of the citation, in order to clarify the intent of the commercial driver's license provisions and avoid unintended consequences of the changes. Make other modifications to the wording of provisions in the bill to improve clarity.

[Act 33 Sections: 2512, 2513, 2522 thru 2534, 2535, 2537 thru 2551, 2552, 2553, 2555 thru 2555m, 2556, 2557, 2558 thru 2564, 2565 thru 2570g, 2571 thru 2574, 2752, 2771, 9353(2), and 9453(2)]

7. COMMERCIAL DRIVER'S LICENSE -- HAZARDOUS MATERIALS ENDORSEMENT [LFB Paper 775]

Joint Finance/Legislature: Adopt the following modifications to current law provisions related to the issuance of a commercial driver's license endorsement for the operation of a vehicle carrying hazardous materials (an "H" endorsement) to comply with recent federal regulations promulgated under the federal USA PATRIOT Act of 2001:

Prohibit DOT from issuing or renewing an "H" endorsement to a commercial driver's license unless all of the following apply: (a) the applicant has submitted to the Department one of the following proofs that the applicant is a U.S. citizen or that the applicant's permanent presence in the U.S. is authorized under federal law: (1) a United States passport; (2) a birth certificate that bears an official seal or other mark of authentication and was issued by a state, county, municipal authority, or by a territory or possession of the United States; (3) a certification of birth abroad issued by the United States Department of State; (4) a certificate of naturalization; (5) a certificate of United States citizenship; (5) a permanent resident card or alien registration receipt card; or (6) other proof specified in 49 CFR 383.71 (a)(9); (b) if the applicant submits proof under numbers "(5)" or "(6)" above, the applicant also submits his or her Bureau of Citizenship and Immigration Services alien registration number; (c) the applicant has passed such knowledge test as the Department may require; and (d) the Department has received notice from the federal Transportation Security Administration of the Department of Homeland Security that the applicant does not pose a security threat warranting denial of an "H" endorsement, or that the applicant has received a waiver under federal provisions that allow for such a waiver. Specify, notwithstanding these provisions, that the Department may extend a commercial driver's license with an "H" endorsement until such time as the Department receives from the federal Transportation Security Administration a final notice of threat assessment or a notice of no security threat concerning the applicant, or until April 29, 2004, whichever is earlier.

Require DOT to do all of the following actions within 15 days after receiving, from the federal Transportation Security Administration, a notice associated with the corresponding action: (a) update the Department's records to reflect the notice, the issuance, denial, or cancellation of an "H" endorsement and the endorsement's expiration date; (b) notify the commercial driver's license information system of the notice and the Department's action; (c) issue the "H" endorsement, if the Department received notice that the applicant does not pose a security threat warranting denial of an "H" endorsement, or that the applicant has received an appropriate waiver; and (d) cancel or deny the "H" endorsement, if the notice is of a final administrative determination that the applicant or licensee poses a security threat warranting denial of an "H" endorsement. Require DOT to keep, in a person's driver record file, any notice from the federal Transportation Security Administration related to the person's eligibility for an "H" endorsement.

Specify that the current law provisions providing for the right to an administrative hearing on agency actions do not apply to actions resulting in the cancellation or denial of an "H" endorsement under the newly-created provisions, reflecting a requirement in the federal regulations that specifies that any such administrative hearings would be conducted by the Transportation Security Administration.

Specify that an "H" endorsement shall expire on the licensee's birthday four years after the date of issuance or renewal, except that the expiration date for an initial issuance of an "H" endorsement shall be determined as follows: (a) if the applicant's commercial driver's license expires in less than 12 months from the date that the endorsement is issued and the applicant does not renew his or her commercial driver's license at the time that the endorsement is issued, the period for which the endorsement is valid is from the date of issuance until the date that the applicant's commercial driver's license expires; (b) if the applicant's commercial driver's license expires in less than 12 months from the date that the endorsement is issued and the applicant renews his or her commercial driver's license at the time that the endorsement is issued, the period for which the endorsement is valid is from the date of issuance until the date four years before the date on which the applicant's commercial driver's license expires; and (c) if the applicant's commercial driver's license expires 12 months or more from the date of the issuance of the endorsement and the applicant does not renew his or her commercial driver's license at the time that the endorsement is issued, the period for which the endorsement is valid is from the date of issuance until the commercial driver's license expires or the date four years before the date that the commercial driver's license expires, whichever occurs first.

Specify that the Department shall provide notice, at least 180 days prior to the expiration of an "H" endorsement, that the licensee must pass a security threat assessment screening by the federal Transportation Security Administration as part of the application to renew the endorsement. Specify that the notice must: (a) inform the licensee that he or she may commence the federal security threat assessment screening at any time, but no later than 90 days before the expiration of the endorsement; and (b) be mailed to the last-known address of the licensee. Specify that the failure to receive such a notice shall not be a defense to a charge of operating a motor vehicle without a valid operator's license. Specify that, for an endorsement that expires before May 1, 2004, the Department shall provide as much advance notice as practicable to the holder of the endorsement [in recognition of the fact that the period of time between the effective date of the provision (November 1, 2003) and the expiration of the endorsement would be less than 180 days].

Specify that the Department may require any person who holds a valid "H" endorsement on November 1, 2003, to apply for renewal of that endorsement, if the endorsement expires after November 1, 2008 (to comply with a federal requirement that an existing "H" endorsement not be valid for a period longer than five years). Specify that, in such cases, the Department shall provide notice to the licensee of the security threat assessment requirement, as outlined above. Specify that the Department may cancel the "H" endorsement of any person who fails to renew within the period specified by the Department. Specify that these special provisions for the renewal of endorsements held on November 1, 2003, do not apply to endorsements that are issued or renewed after November 1, 2003.

Prohibit DOT from issuing or renewing an "X" endorsement (a combination of an "H" endorsement and a "N" endorsement for the operation of a tank container vehicle) after November 1, 2003.

Specify that the application form for an "H" endorsement shall include all of the information and statements required under 49 CFR 1572.5 (e), including the following: (a) the list of felony criminal offenses that result in the disqualification of the "H" endorsement that are listed under 49 CFR 1572.103 (b) [includes, in the interim federal rule, various violent crimes as well as other crimes, such as sedition, extortion, identity fraud, robbery, arson, bribery, smuggling, immigration crimes, and controlled substance crimes]; (b) a statement that all of the following apply to the individual signing the application: (1) has not been convicted, or found not guilty by reason of insanity, of any of the disqualifying felony criminal offenses listed on the application [under "(a)"] in any jurisdiction during the seven-year period preceding the date of the application; (2) has not been released from incarceration in any jurisdiction for committing any of the listed disqualifying felony criminal offenses within the five-year period preceding the date of the application; (3) is not wanted or under indictment for any of the listed disqualifying criminal offenses; and (4) is a U.S. citizen who has not renounced that citizenship, or is lawfully admitted for permanent residence to the United States; (c) a statement that the individual signing the application has been informed that state and federal law require an ongoing obligation to disclose to the Department within 24 hours if he or she is convicted, or found not guilty by reason of insanity, of any of the listed disqualifying felony criminal offenses, or has been adjudicated as a mental defective or committed to a mental institution, while he or she holds an "H" endorsement; and (d) space for the applicant's social security number. Specify that current law provisions that allow a license applicant to exclude his or her social security number from the application form for religious reasons do not apply in the case of the "H" endorsement application. Specify that if the applicant is not a U.S. citizen, but is lawfully admitted for permanent residence to the United States, the applicant shall provide the applicant's alien registration number issued by the federal Department of Homeland Security.

Require the holder of an "H" endorsement to notify the Department within 24 hours if he or she is convicted, or found not guilty by reason of insanity, of any of the disqualifying felony criminal offenses listed on the application form for an "H" endorsement, or if he or she was adjudicated as a mental defective or committed to a mental institution.

Require DOT, upon receiving a completed application form for an "H" endorsement, to immediately forward the application to the federal Transportation Security Administration. Require DOT to inform the applicant that he or she has a right to obtain a copy of his or her criminal history record by submitting a written request for that record to the federal Transportation Security Administration.

Require DOT to accept the voluntary surrender of an "H" endorsement and specify, upon accepting the surrender, that the Department shall immediately cancel the endorsement if the licensee is not eligible for the endorsement. Specify that, following such a cancellation, the Department shall update the Department's records to reflect the cancellation and notify the commercial driver's license information system of the cancellation. Specify that, following the voluntary surrender of an "H" endorsement from a person for whom the Department would not be prohibited from issuing an "H" endorsement, the Department may remove the "H" endorsement from the person's commercial driver's license as a temporary surrender, but prohibit DOT from then issuing an "H" endorsement to such a person unless the person applies for an initial issuance of an "H" endorsement.

Modify general provisions related to the transport of hazardous materials and "H" endorsements so that these provisions apply also to the transport of any quantity of material listed as a select agent or toxin under federal regulations related to potentially hazardous biological agents.

Prohibit the holder of a commercial driver's license instructional permit from transporting hazardous materials or any quantity of material listed as a select agent or toxin under federal regulations related to potentially hazardous biological agents.

Specify that these provisions take effect on November 1, 2003, or on the day after publication, whichever is later.

These changes to statutory provisions related to the transport of hazardous materials are required under interim rules, published on May 5, 2003, that were promulgated pursuant to the federal USA PATRIOT Act of 2001. States that fail to adopt these provisions are subject to the loss of federal highway aid. DOT estimates that the loss of federal highway aid under these provisions would be $19.6 million in federal fiscal year 2004 and $40.0 million in federal fiscal year 2005.

[Act 33 Sections: 2512m, 2521w, 2534g thru 2534k, 2536g, 2551c, 2551e, 2551j thru 2552i, 2553m thru 2554h, 2555x, 2557g thru 2557m, 2564m, 2570m, 2579m, 9153(2z), and 9453(2z)]

State Patrol

1. DIVISION OF STATE PATROL BASE BUDGET REDUCTIONS

SEG	- $1,483,000

Governor/Legislature: Reduce funding by $1,122,800 in 2003-04 to reflect the elimination of the State Patrol's new recruit training course in 2003-04 and by $180,100 annually to reflect the elimination of funding for aerial enforcement. This item is one of several measures identified by the administration to generate savings of $15,000,000 annually from DOT appropriations for the purpose of transferring this amount to the general fund. The Division of State Patrol would also be affected by other initiatives (summarized separately) that would eliminate certain positions and reduce out-of-state travel on a Department-wide basis. The Division would not hold a new recruit training course in 2003-04, in part, because the bill would eliminate a total of 34.0 sworn positions during the biennium, as well as 20.0 other Division positions.

2. TRANSFER OF POSITIONS TO DISPATCH CENTERS

Governor/Legislature: Transfer 4.0 SEG positions and $173,000 SEG annually from the appropriation for state highway rehabilitation to the State Patrol's appropriation and reclassify the positions as police communication officers (State Patrol dispatchers). The Department reallocated 4.0 vacant positions from the Divisions of Transportation Districts and Transportation Infrastructure Development in the fall of 2001 to meet increased workload in the dispatch centers, although the positions are still funded by those divisions. This item would formally transfer the positions and also transfer the funding to support the positions from the appropriation for state highway rehabilitation.

3. CHEMICAL TESTING SECTION

PR	$113,200

Governor/Legislature: Provide $56,600 annually for the 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 State Patrol owns 325 breath testing machines that are used by law enforcement agencies in the state. The funding would be used as follows: (a) $23,400 annually for hiring additional limited term employees to train law enforcement officers in the use of the breath testing equipment; (b) $15,200 annually to pay the cost of drawing blood, if a blood alcohol test is ordered for arrests made by State Patrol officers; (c) $10,000 annually for the maintenance of breath testing equipment, which had previously been covered by warranty; and (d) $8,000 annually for the maintenance of preliminary breath testing equipment used by State Patrol officers to determine whether there is probable cause to make an OWI arrest. The additional funding would increase the total budget for the chemical testing section to $1,115,600 PR annually.

The chemical testing section is funded by a portion of the revenue collected from the $355 OWI driver improvement surcharge, which is charged upon conviction for an OWI offense.

4. STATE PATROL TRAINING ACADEMY

PR	$200,000

Governor/Legislature: Provide $100,000 annually to reflect an estimated increase in tuition payments to the State Patrol training academy. The training academy is used primarily for the initial training of State Patrol recruits and the ongoing training of State Patrol personnel, but is also used to provide training to other law enforcement officers, such as DNR conservation wardens and local law enforcement officers, and for other state employees, such as Division of Motor Vehicles' employees. Non-State Patrol users of the training academy pay a tuition fee for the use of the facilities and instructors. This item would increase total tuition payments to $474,800 annually and reflects an increase in use of the facility by non-State Patrol users.

5. FEDERAL FUNDING ADJUSTMENT

FED	$8,390,200

Governor/Legislature: Increase funding in the State Patrol's federal funds appropriation by $4,195,100 annually to reflect current estimates of federal funding provided for State Patrol programs. The State Patrol receives federal funding from a variety of sources, including motor carrier safety funds, which are used to support the operations of the State Patrol's motor carrier inspectors, and the federal police corps program, which is used by the training academy to train local law enforcement officers to serve in high-crime areas.

Other Divisions

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base) Funding	Governor (Chg. to Base) Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Jt. Finance/Leg. (Chg. to Gov) Positions	Net Change Funding	Net Change Positions
GPR-REV	$0		$270,000		$270,000	
SEG	$30,525,500	- 1.50	- $270,000	0.00	$30,255,500	- 1.50
FED	- 121,855,400	- 8.55	- 18,200	0.00	- 121,873,600	- 8.55
SEG-S	52,000	0.00	0	0.00	52,000	0.00
PR	- 2,456,200	0.00	0	0.00	- 2,456,200	0.00
Total	- $93,734,100	- 10.05	- $288,200	0.00	- $94,022,300	- 10.05

Governor: Adjust the base budget for: (a) turnover reduction (-$3,482,400 SEG and -$70,300 FED annually); (b) removal of noncontinuing elements (-$28,600 SEG and -1.0 SEG position in 2003-04 and -$137,300 SEG and -1.45 SEG position in 2004-05, -$62,454,400 FED and -1.0 FED position in 2003-04 and -$62,654,200 FED and -8.55 FED positions in 2004-05, and-$1,250,000 PR annually); (c) full funding of continuing position salaries and fringe benefits ($5,565,800 SEG, $1,591,000 FED, $10,900 SEG-S, and -$152,500 PR annually); (d) full funding of ongoing s. 13.10 supplements (for state highway maintenance and traffic operations, $10,000,000 SEG annually); (e) overtime ($2,840,500 SEG, $91,000 FED, $14,800 SEG-S, and $174,400 PR annually); (f) night and weekend salary differentials ($268,200 SEG, $5,800 FED, and $300 SEG-S annually); (g) fifth week of vacation as cash ($135,000 SEG and $9,100 FED annually); and (h) full funding of lease costs and directed moves ($18,600 SEG annually). Of the FED reductions under the removal of noncontinuing elements, $62,400,000 annually is related to the removal of one-time federal funds earmarked for the Marquette Interchange reconstruction project and provided by 2001 Act 16 in the base year for that project.

Joint Finance/Legislature: Reduce funding by $135,000 SEG and $9,100 FED annually to reflect the deletion of funding for the fifth week of vacation as cash adjustment. Require DOT to lapse the SEG amounts in each year to the general fund. Increase estimated GPR-REV by $135,000 annually to reflect this lapse.

[Act 33 Section: 9160(3f)]

2. DEPARTMENT-WIDE POSITION REDUCTIONS [LFB Paper 785]

	Governor (Chg. to Base) Funding	Governor (Chg. to Base) Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Jt. Finance/Leg. (Chg. to Gov) Positions	Net Change Funding	Net Change Positions
SEG	- $7,681,300	- 300.50	$0	81.80	- $7,681,300	- 218.70
FED	0	0.00	0	- 81.80	0	- 81.80
Total	- $7,681,300	- 300.50	$0	0.00	- $7,681,300	- 300.50

Governor: Delete $3,175,700 and 142.5 positions in 2003-04 and $4,505,600 and 300.5 positions in 2004-05 to reflect the elimination of positions in each of the Department's six divisions and its executive offices. The position reductions for each division are roughly proportional to the current position authorization by division. This item is one of several measures identified by the administration to generate savings of $15,000,000 annually from DOT appropriations for the purpose of transferring this amount to the general fund.

In addition to eliminating deputy division administrators and deputy bureau directors (if applicable) throughout the agency, specific reductions would be made in all divisions. The Department indicates that some of the reductions would be met by eliminating vacant positions (either currently vacant or becoming vacant during the biennium), although some other reductions may require laying off employees. For positions eliminated in 2004-05, it was assumed that the positions would be eliminated in the final quarter of the fiscal year, and the savings were calculated accordingly. The following table shows the reductions and associated savings by division. Following the table is a brief description of the reductions by division.

Division	2003-04 Position Reductions	2003-04 Savings	2004-05 Position Reductions	2004-05 Savings
Business Management	14.00	$315,700	25.00	$542,900
Executive Offices	1.00	45,000	4.00	85,800
Motor Vehicles	20.00	490,600	70.50	828,700
State Patrol	16.50	620,800	54.00	993,800
Transportation Districts	54.00	1,006,200	108.00	1,334,400
Transportation Infrastructure Development	27.00	562,600	28.00	562,600
Transportation Investment Management	10.00	134,800	11.00	157,400
Total	142.50	$3,175,700	300.50	$4,505,600

Division of Business Management. Eliminate the deputy administrator, 50% of the training staff for information technology functions (5.0 positions), 50% of the general employee training staff (5.0 positions) in 2004-05, and 14.0 vacant positions annually.

Executive Offices. Eliminate one position each in 2004-05 in the Offices of General Counsel, Policy and Budget, and Public Affairs, and one vacant position in the Secretary's office annually.

Division of Motor Vehicles. Eliminate the deputy administrator and deputy bureau directors (3.0) in 2004-05, and a total of 20.0 vacant positions in 2003-04 and 46.5 additional vacant positions in 2004-05.

Division of State Patrol. Eliminate the deputy administrator and deputy bureau directors (2.0) in 2004-05, 10.0 sworn officer vacant positions in 2003-04 and 24.0 additional sworn positions in 2004-05, and 6.5 other vacant positions ("civilian" positions) in 2003-04 and 10.5 additional civilian positions in 2004-05.

Division of Transportation Districts. Eliminate district public information officers (5.0), the deputy division administrator, and 1.0 deputy district director in 2004-05, and 54.0 vacant positions in 2003-04 and 47.0 additional positions in 2004-05. Most of the eliminated positions in this Division are in engineering classifications. The funding and position reductions are allocated among state highway appropriations as follows: (a) $670,800 and 36.0 positions in 2003-04 and $842,500 and 67.33 positions in 2004-05 in the state highway rehabilitation appropriation; (b) $335,400 and 18.0 positions in 2003-04 and $421,200 and 33.67 positions in 2004-05 in the major highway development appropriation; and (c) $70,700 and 7.0 positions in 2004-05 in the highway administration and planning appropriation.

Division of Transportation Infrastructure Development. Eliminate the deputy division administrator in 2004-05 and 27.0 vacant positions annually. The funding reduction shown in the table for the Division of Transportation Infrastructure Development is based on the elimination of 28.0 vacant positions annually, although the deputy division administrator would not be eliminated until 2004-05. The Department indicates that additional reductions in the Division's salary budget would be taken in order to generate the savings shown in the table.

Division of Transportation Investment Management. Eliminate the deputy division administrator in 2004-05 and 10.0 vacant positions annually.

Joint Finance/Legislature: Modify the position reduction amounts by reducing FED position authority by 52.1 positions in 2003-04 and 81.8 positions in 2004-05 and restoring SEG position authority by corresponding amounts to reflect the split-funding nature of some of the eliminated positions.

Allow DOT to submit a plan for each fiscal year of the biennium to the Joint Committee on Finance, by the date specified by the Co-Chairs for submission of requests for the third quarterly meeting of the Committee under s. 13.10 of the statutes, that contains the Department's proposal for reallocating the position reductions and the associated funding adjustments. Specify that, for each position reduction, the plans shall identify, by division, the position type and the appropriation account from which the position is currently funded. Specify that the plans may include the transfer of funds between appropriation accounts, or the reallocation of funds between expenditure categories within an appropriation account, or both, if the funds to be transferred or reallocated are to be used for salary expenses and are available as a result of cost savings realized from implementation by the Department of increased operational efficiencies. Specify that any plan submitted for 2004-05 shall include a total reduction of 300.5 authorized FTE positions in the Department by June 30, 2005.

Specify that if the Department submits a position reallocation reduction plan to the Committee and if the Co-Chairs do not notify the Department within 14 working days after the date of the submittal that the Committee has scheduled a meeting for the purpose of reviewing the plan, the Department may implement the plan. Specify that if, within 14 working days after the date of the submittal, the Co-Chairs notify the Department that the Committee has scheduled a meeting for the purpose of reviewing the plan, the Department may not implement the plan until it is approved by the Committee, as submitted or as modified.

Veto by Governor [B-38]: Delete the provision allowing DOT to submit a position reduction reallocation plan to the Joint Committee on Finance.

[Act 33 Vetoed Section: 9153(1y)]

3. DIVISION OF BUSINESS MANAGEMENT BASE BUDGET REDUCTIONS

SEG	- $1,591,800

Governor/Legislature: Reduce funding for the Division of Business Management by $535,000 annually to reflect the elimination of the Department's base budget for office space renovation and by $260,900 annually to reflect a 50% reduction in the Division's budget for limited term employee (LTE) staff. The Division uses LTE staff to supplement the work of permanent staff in each of the Division's four bureaus. This item is one of several measures identified by the administration to generate savings of $15,000,000 annually from DOT appropriations for the purpose of transferring this amount to the general fund. The Division of Business Management would also be affected by other initiatives (summarized separately) that would eliminate certain positions and reduce out-of-state travel on a Department-wide basis.

4. FEDERAL FUNDS REDUCTION FOR DEPARTMENTAL MANAGEMENT AND OPERATIONS AND HIGHWAY ADMINISTRATION AND PLANNING [LFB Paper 764]

FED	- $3,961,400

Governor/Legislature: Reduce funding by a total of $2,502,700 in 2003-04 and $1,458,700 in 2004-05 for the Department's federal funds appropriations for departmental management and operations (a reduction of $1,632,400 in 2003-04 and $884,400 in 2004-05) and highway administration and planning (a reduction of $870,300 in 2003-04 and $574,300 in 2004-05) to reflect an estimated reduction in the amount of federal highway aid that the state will receive during the 2003-05 biennium. Under the bill, total federal highway aid will decrease from $567,000,000 in the base year to $501,800,100 in 2003-04 and $527,100,100 in 2004-05, or reductions, from the base, of 11.5% and 7.0%, respectively. The two appropriations affected by this item, which support a variety of activities related to transportation planning, research, and administration in the Divisions of Transportation Infrastructure Development and Transportation Investment Management, would both be reduced, relative to the base, by 14.9% in 2003-04 and 7.6% in 2004-05.

5. REDUCTIONS FOR OUT-OF-STATE TRAVEL

SEG	- $401,000

Governor/Legislature: Reduce funding by a total of $200,500 annually to reflect a 50% reduction in the out-of-state travel budgets of the Department's executive offices and six divisions. This reduction would be allocated among DOT's appropriations as follows: (a) $106,900 annually from the departmental management and operations appropriation [for the Divisions of Business Management ($51,300) and Transportation Investment Management ($24,100) and the Executive Offices ($31,500)]; (b) $60,700 annually from the highway administration and planning appropriation [for the Divisions of Transportation Districts ($22,100) and Transportation Infrastructure Development ($38,600)]; (c) $22,800 annually from the appropriation for the Division of Motor Vehicles; and (d) $10,100 annually from the appropriation for the Division of State Patrol. This item is one of several measures identified by the administration to generate savings of $15,000,000 annually from DOT appropriations for the purpose of transferring this amount to the general fund.

6. INFORMATION TECHNOLOGY POSITIONS [LFB Paper 786]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	- $330,600	0.00	$0	0.00	- $330,600	0.00
SEG-S	0	8.00	- 330,600	0.00	- 330,600	8.00
Total	- $330,600	8.00	- $330,600	0.00	- $661,200	8.00

Governor: Provide 8.0 SEG-S positions annually in DOT's data processing service center appropriation to perform departmental information technology tasks, replacing the work currently done with private computer consultants. Reduce funding by a total of $105,600 SEG in 2003-04 and $225,000 SEG in 2004-05 to reflect savings associated with the lower costs of hiring permanent employees to do the work now done by consultants. The reductions would be allocated among DOT's appropriations as follows: (a) $45,600 in 2003-04 and $97,200 in 2004-05 from the appropriation for highway administration and planning; (b) $27,100 in 2003-04 and $57,800 in 2004-05 from the appropriation for departmental management and operations; (c) $21,700 in 2003-04 and $46,200 in 2004-05 from the appropriation for the Division of Motor Vehicles; and (d) $11,200 in 2003-04 and $23,800 in 2004-05 from the appropriation for the State Patrol.

Joint Finance/Legislature: Reduce expenditure authority in the Department's service center appropriation for data processing by $105,600 SEG-S in 2003-04 and $225,000 SEG-S in 2004-05 to reflect savings associated with replacing computer consultants with permanent employees.

7. ATTORNEY POSITION FUNDING TRANSFER

Governor/Legislature: Transfer 1.0 SEG attorney position and $110,000 SEG annually from the appropriation for state highway rehabilitation to the appropriation for departmental management and operations to make the funding of this position consistent with other departmental attorney positions. This position was created in 2001-02 to work on legal issues associated with the highway program and is currently funded with highway program funds. This item would transfer the position and funding for the position to the appropriation for departmental management and operations. A separate item would eliminate 2.0 FED attorney positions in the Department and transfer 7.0 SEG positions to DOA as part of the administration's attorney consolidation proposal.

8. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- 7.00	7.00	0.00
FED	- 1.00	1.00	0.00
Total	- 8.00	8.00	0.00

Governor: Delete 7.0 SEG and 2.0 FED positions in 2003-04 and 7.0 SEG and 1.0 FED positions in 2004-05 to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate $661,700 SEG in 2003-04 and $882,300 SEG in 2004-05 of base salary and fringe benefits funding that currently supports the 7.0 SEG attorney positions to the supplies and services budget in DOT's departmental management and operations appropriation to pay for legal services supplied by DOA. The Department's chief legal counsel position would not be subject to transfer to DOA under the Governor's recommendation.

The 2.0 FED attorney positions would be eliminated, but the funding that supports these positions would not be reallocated, and, therefore, would remain available for expenditure in the federal highway administration and planning appropriation that supports them. One of the federal positions is a project position that expires in 2004-05, and, since it is removed from the base under the standard budget adjustment for the removal of noncontinuing elements (summarized under "standard budget adjustments"), is not reflected by this item as a deletion.

Joint Finance: Delete provision. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Senate/Legislature: Add the Department of Employee Trust Funds and the Investment Board to the executive branch agencies that would be exempted from the attorney position deletion requirement.

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Vetoed Section: 9101(9x)]

9. MOTORCYCLE SAFETY PROGRAM [LFB Paper 787]

Governor: Transfer $598,300 SEG annually from DOT's appropriation for departmental management and operations to a newly-created, annual appropriation for the motorcycle safety program. The program produces motorcycle safety educational materials and provides grants to technical colleges and private organizations to provide safety training courses for motorcyclists. The intent of this item is to transfer the base funding for the program, minus the salary and fringe benefits of the program manager, which would continue to be funded from the departmental management and operations appropriation. However, DOT indicates that the correct amount to be transferred is $589,300, instead of $598,300. Base funding for the program is $654,000, of which $64,700 is for salary and fringe benefits.

Joint Finance: Modify the provision to transfer $589,300 SEG annually, instead of $598,300 SEG annually. This modification, which corrects a transpositional error in the bill, would result in a reduction in the transfer to the new motorcycle safety program appropriation of $9,000 SEG annually.

Senate/Legislature: Delete provision. [The program would continue to be funded from the departmental management and operations appropriation.]

10. INTERNET SUPPORT POSITION

Governor/Legislature: Transfer 1.0 SEG position and $34,400 SEG annually to the departmental management and operations appropriation for the creation of an internet support position in the Division of Business Management, from other appropriations as follows: (a) 0.5 position and $17,100 annually from the State Patrol appropriation; (b) 0.25 position and $9,600 annually from the Division of Motor Vehicles appropriation; and (c) 0.25 position and $7,700 annually from the highway administration and planning appropriation. The Department reallocated a total of 1.0 position from vacancies in the other divisions in 2001-02, although the position is still funded by those divisions. This item would formally transfer the position and also transfer the funding to support it from the appropriations for the transferring divisions. The remainder of the salary and other costs for the position will be funded from the base budget of the Division of Business Management. The position will maintain the Department's web site and make modifications designed to increase the provision of information and services to the public over the internet.

11. POSTAGE SERVICE CENTER

SEG-S	$9,036,600

Governor/Legislature: Provide $4,564,200 in 2003-04 and $4,472,400 in 2004-05 of expenditure authority in DOT's service center appropriation for other department services and include postage in the list of services that may be provided using this appropriation. This item would establish service center accounting for DOT's postage expenditures, but would not provide additional SEG funding for these expenditures. Under service center accounting, postage expenditures would be handled centrally by the Division of Business Management and the Department's divisions would be charged based on their use of postage. Currently, the Division of Motor Vehicles handles all postage for the Department.

[Act 33 Section: 432]

12. FEDERAL INDIRECT COST REIMBURSEMENT APPROPRIATION [LFB Paper 788]

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. Under current law, federal reimbursements can be used for administrative purposes, program purposes, funding of positions, payment of federal aid disallowances, or other purposes authorized by law. 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.

13. ADMINISTRATIVE APPROPRIATION LAPSE

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG-Lapse	$350,000	- $350,000	$0

Joint Finance/Legislature: Require the DOT Secretary to ensure appropriation lapses to the transportation fund totaling $175,000 annually from the following Department appropriations: (a) the SEG appropriation for departmental management and operations; (b) the principal SEG appropriation for the Division of Motor Vehicles; and (c) the SEG appropriation for the Division of State Patrol.

Veto by Governor [B-33]: Delete provision. The substance of this provision was eliminated through a separate veto that used selected text and digits to increase a required transfer from the transportation fund to the general fund from $30,000,000 to $175,000,000.

[Act 33 Vetoed Section: 9253(1x)]

14. COMPREHENSIVE PLANNING GRANTS

FED	- $2,000,000

Joint Finance/Legislature: Reduce funding by $1,000,000 annually in DOT's federal appropriation for departmental management and operations to reflect the elimination of funding to make the transfer of federal highway aid funds from DOT to DOA for the provision of grants for the transportation element of local governments' comprehensive plans.

UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS BOARD

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Act 33 Change Over Base Year Doubled Percent
PR	$165,414,600	$202,621,000	$202,621,000	$202,621,000	$202,621,000	$37,206,400	22.5%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
PR	1,887.22	2,240.10	2,240.10	2,240.10	2,240.10	352.88

Budget Change Item

1. STAFF SALARIES AND RELATED FUNDING

	Funding	Positions
PR	$37,206,400	352.88

Governor/Legislature: Provide $17,111,000 in 2003-04 and $20,095,400 in 2004-05 and 352.88 positions beginning in 2003-04. The funding would be provided for the following: (a) $11,787,400 in 2003-04 and $13,851,800 in 2004-05 for classified position salaries; (b) $5,264,600 in 2003-04 and $6,183,300 in 2004-05 for fringe benefits; (c) $43,100 annually for project position salaries; and (d) $15,900 in 2003-04 and $17,200 in 2004-05 for related supplies and services. The funding increases are based on projected revenues in the 2003-05 biennium and reflect the Board's current law authority to expend all monies received from the UW Hospitals and Clinics Authority under its continuing appropriation. The position increase updates the number of positions to reflect current staffing levels at the Board. The Board has the authority to create and abolish positions under current law.

UNIVERSITY OF WISCONSIN SYSTEM

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor*	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$2,079,442,400	$1,984,671,200	$1,908,884,600	$1,908,884,600	$1,908,506,300	- $170,936,100	- 8.2%
FED	1,428,710,400	1,431,542,800	1,430,146,400	1,430,146,400	1,430,146,400	1,436,000	0.1
PR	3,237,859,600	3,714,787,900	3,704,095,300	3,704,095,300	3,703,891,600	466,032,000	14.4
SEG	51,612,400	56,626,200	56,549,400	56,549,400	56,549,400	4,937,000	9.6
TOTAL	$6,797,624,800	$7,187,628,100	$7,099,675,700	$7,099,675,700	$7,099,093,700	$301,468,900	4.4%

*Funding under the Governor's proposal included $67,267,600 GPR, $16,225,400 PR, $1,396,400 Fed, and $76,800 SEG relating to student financial aid programs transferred from HEAB. This funding was removed from the UW System by Joint Finance and the Legislature and restored to HEAB.

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	18,965.13	18,316.49	18,320.13	18,320.13	18,315.13	- 650.00
FED	4,233.75	4,233.75	4,233.75	4,233.75	4,233.75	0.00
PR	6,349.50	6,935.14	6,935.14	6,935.14	6,935.14	585.64
SEG	85.69	86.33	85.69	85.69	85.69	0.00
TOTAL	29,634.07	29,571.71	29,574.71	29,574.71	29,569.71	- 64.36

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR-REV	$0		$84,200		$84,200	
GPR	$50,652,400	0.00	- $204,400	0.00	$50,448,000	0.00
PR	20,191,800	- 2.00	- 84,200	0.00	20,107,600	- 2.00
Total	$70,844,200	- 2.00	- $288,600	0.00	$70,555,600	- 2.00

Governor: Adjust the base budget by $25,326,200 GPR and $10,095,900 PR annually, for: (a) removal of noncontinuing items (-$394,900 GPR and -$175,000 PR annually along with -2.0 PR positions); (b) full funding of 1999-01 classified pay plan ($1,670,000 GPR and $603,300 PR annually); (c) full funding of 2001-03 classified non-represented pay plan ($1,000,500 GPR and $342,800 PR annually); (d) full funding of 2000-01 and 2001-02 classified craftworker pay plan ($829,800 GPR and $296,300 PR annually); (e) full funding of Smith-Lever cooperative extension pay plan for 2001-02 and 2002-03 ($321,500 GPR annually); (f) full funding of fringe benefits ($21,104,900 GPR and $8,747,900 PR annually, primarily relating to retirement and health insurance costs); (g) full funding for discretionary compensation adjustments and performance recognition awards (PRA) paid in 2001-02 ($512,700 GPR and $175,700 PR annually); (h) reclassifications ($179,500 GPR and $62,800 PR annually); and (i) funding for fifth week of vacation taken as cash ($102,200 GPR and $42,100 PR annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash ($102,200 GPR and $42,100 PR annually). Require the agency to lapse to the general fund in 2003-04 and 2004-05 a total of $42,100 annually from those PR accounts or funds from which these fifth week vacation as cash payments had been budgeted. Estimate GPR-REV of $42,100 annually.

[Act 33 Section: 9160(3f)]

2. BASE BUDGET REDUCTIONS [LFB Paper 795]

	Funding	Positions
GPR	- $250,000,000	- 650.00

Governor: Reduce the UW System's GPR-funded state operations appropriations, except debt service and fuel and utilities, as well as three specific aids to individuals and organizations appropriations, by a total of $110,000,000 in 2003-04 and $140,000,000 in 2004-05 and delete 650.0 positions starting in 2003-04. The positions would be deleted from the agency's largest general program operations appropriation, which is used to support programs, services, enrollments, faculty, and staff of UW System institutions.

The following table shows each affected appropriation, its adjusted base, the proposed reduction amount by year, and the percentage reduction from the base for each year.

Appropriation	Adjusted Base for these Appropriations	Reduction Amount 2003-04	2004-05	% Change to Base 2003-04	2004-05
General Program Operations	$827,579,700	-$107,805,000	-$137,805,000	-13.0%	-16.7%
Distinguished Professorships	809,100	-26,100	-26,100	-3.2	-3.2
Industrial and Economic Development Research	1,663,400	-54,700	-54,700	-3.3	-3.3
Area Health Education Centers (Aids Appropriation)	1,164,800	-37,400	-37,400	-3.2	-3.2
Fee Remissions	30,000	-1,000	-1,000	-3.3	-3.3
Educational Technology	6,609,400	-214,200	-214,200	-3.2	-3.2
Schools of Business	1,643,000	-73,300	-73,300	-4.5	-4.5
Extension Outreach	359,900	-12,000	-12,000	-3.3	-3.3
Extension Local Planning Program	85,800	-2,800	-2,800	-3.3	-3.3
Family Medicine and Practice	8,165,200	-276,100	-276,100	-3.4	-3.4
State Laboratory of Hygiene	7,820,400	-267,700	-267,700	-3.4	-3.4
Veterinary Diagnostic Lab	4,392,000	-149,000	-149,000	-3.4	-3.4
Laboratories	4,217,300	-277,300	-277,300	-6.6	-6.6
Farm Safety Program Grants (Aids Appropriation)	20,000	-600	-600	-3.0	-3.0
Wisconsin Humanities Council (Aids Appropriation)	75,000	-2,400	-2,400	-3.2	-3.2
Alcohol and other Drug Abuse Prevention	67,500	-2,200	-2,200	-3.3	-3.3
General Program Operations--UW System Administration	9,634,200	-324,100	-324,100	-3.4	-3.4
Minority and Disadvantaged Programs	10,221,700	-336,500	-336,500	-3.3	-3.3
UW Hospital and Clinics Services	4,174,700	-137,600	-137,600	-3.3	-3.3
Totals	$888,733,100	-$110,000,000	-$140,000,000	-12.4%	-15.8%

Joint Finance/Legislature: Modify the Governor's recommendation by reallocating the $1,000 annual reduction from the fee remissions appropriation to the largest general program operations appropriation. Reduce the position reduction to 325.0 positions in 2003-04 by restoring 325.0 positions in 2003-04.

3. RESIDENT UNDERGRADUATE TUITION INCREASE LIMIT [LFB Paper 796]

PR	$150,000,000

Governor: Provide $50,000,000 in 2003-04 and $100,000,000 in 2004-05 of additional tuition expenditure authority related to increasing tuition for the 2003-04 and 2004-05 academic years to partially offset base budget reductions of $110,000,000 GPR in 2003-04 and $140,000,000 GPR in 2004-05. Restrict the UW-System Board of Regents from increasing tuition for resident undergraduate students at UW-Madison or UW-Milwaukee by more than $350 a semester over the tuition charged in the prior academic year during the 2003-04 and 2004-05 academic years, and for a student enrolled at any other UW System institution by more than $250 a semester over the tuition charged in the prior academic year in the 2003-04 and 2004-05 academic years.

In 2002-03, academic year resident undergraduate tuition at doctoral campuses is $3,854 at

UW-Madison and $3,738 at UW-Milwaukee; tuition at the comprehensive campuses ranges from $3,000 to $3,150; and tuition at the colleges is $2,700. If fully implemented by the Board, resident undergraduate tuition at UW-Madison would increase by approximately 18.2% in 2003-04 and 15.4% in 2004-05, with annual tuition of $4,554 in 2003-04 and $5,254 in 2004-05. Tuition at UW-Milwaukee would increase by approximately 18.7% in 2003-04 and 15.8% in 2004-05, with annual tuition of $4,438 in 2003-04 and $5,138 in 2004-05. Tuition at comprehensive campuses would increase by approximately 16.6% in 2003-04 and 14.4% in 2004-05, with annual tuition ranging from $3,500 to $3,650 in 2003-04 and from $4,000 to $4,150 in 2004-05. Tuition at UW-Colleges would increase by 18.5% in 2003-04 and 15.6% in 2004-05, with annual tuition of $3,200 in 2003-04 and $3,700 in 2004-05. In addition to these annual tuition amounts, there are segregated fees paid by all students. In 2002-03, these annual fees total $569 at UW-Madison, $615 at UW-Milwaukee, and range between $461 and $1,023 at other campuses.

Under current law, the Board is restricted from increasing tuition, including differential tuition, for resident undergraduate students beyond an amount sufficient to fund the following: (a) the amount shown in the appropriation schedule for the tuition appropriation; (b) approved compensation and fringe benefits adjustments for faculty and staff; (c) revenue losses caused by unforeseen enrollment changes; (d) state imposed costs not covered by GPR as determined by the Board; (e) distance education, intersession and nontraditional courses; and (f) differential tuition that is approved by the Board but not included in the amount in the tuition appropriation schedule.

Joint Finance/Legislature: Modify by specifying that the tuition limit would not apply to either current or future differential tuition initiatives approved by both students and the UW System Board of Regents.

[Act 33 Sections: 9157(1)&(1q)]

4. SUPPLEMENTAL FUNDING FOR LAWTON GRANTS [LFB Paper 798]

PR	$2,603,600

Governor: Provide $761,500 in 2003-04 and $1,842,100 in 2004-05 in supplemental funding for the Lawton minority undergraduate need-based grant program through a new, annual appropriation funded through transfers from the UW System's auxiliary enterprises appropriation. Total funding for Lawton grants would increase by 24.7% to $3,842,300 in 2003-04 and 28.1% to $4,922,900 in 2004-05 over base funding of $3,080,800 GPR in 2002-03.

Supplemental funding for the Lawton grants program would be provided through transfers from the UW System's auxiliary enterprise appropriation. As part of its operations, each UW System campus administers auxiliary enterprises, which are non-instructional facilities that provide services to students. These operations, including residence halls, dining halls, parking, and bookstores, are self-supporting through user fees, merchandise sales, and interest earnings. Other non-instructional activities, such as student government, student health services, transportation, student unions, and intercollegiate athletics, are funded, at least in part, through a segregated fee assessed to all students which is also included under the UW System's auxiliary reserve appropriation. Funding for UW System auxiliary enterprises is provided in a continuing appropriation with base funding of $443,500,500 in 2002-03.

Under current law, Lawton funding increases are linked to the highest prior year increase for resident undergraduate tuition at any UW System institution starting in 2003-04. In order to level fund the GPR appropriation as done in the bill, the bill would need to be modified to delete or suspend this linkage. If the linkage remains unchanged from current law, GPR funding for Lawton would need to increase by an estimated $354,300 in 2003-04 (11.5%) over base funding, and an estimated $996,600 in 2004-05, which would represent an 18.7% increase in 2004-05 over 2003-04.

Joint Finance/Legislature: Modify to suspend the link between prior year percentage increases in UW System undergraduate tuition and GPR funding for Lawton grants until 2005-06. In addition, specify that no monies could be expended or encumbered after June 30, 2005, from the PR-funded Lawton appropriation funded from UW auxiliary reserves. Prohibit the Board of Regents from using monies accumulated in segregated fee accounts for funding financial aid. Require the UW System to submit the proposed allocation of the auxiliary reserve reductions by campus and auxiliary reserve account by September 15 in each year of the 2003-05 biennium for approval by DOA. Once approved by DOA, the proposed allocation would be submitted to the Joint Finance Committee for approval or modification under a 14-day passive review process.

Veto by Governor [A-23 and A-24]: Eliminate the requirement for the Board of Regents to submit to the Department of Administration, and then to the Joint Committee on Finance under a 14-day passive review, its plan for using auxiliary enterprise balances to fund student financial aid. In addition, delete the June 30, 2005, sunset date for the PR-funded Lawton grants financial aid appropriation funded from UW auxiliary reserves.

[Act 33 Sections: 385, 388m, 389d, 939, 939m, and 9157(1x)]

[Act 33 Vetoed Sections: 386d, 389d, 939g, 9157(1x), and 9457(2x)]

5. SUPPLEMENTAL FUNDING FOR ADVANCED OPPORTUNITY PROGRAM (AOP) GRANTS [LFB Paper 798]

PR	$2,475,000

Governor: Provide $825,000 in 2003-04 and $1,650,000 in 2004-05 in supplemental funding for the advanced opportunity program (AOP) through a new, annual appropriation funded through transfers from the UW System's auxiliary enterprises appropriation. AOP provides grants to minority graduate students with base level funding of $4,905,900. Total funding for AOP would increase by 16.8% to $5,730,900 in 2003-04 and 14.4% to $6,555,900 in 2004-05.

Supplemental funding for the AOP would be provided from the same funding source described in the preceding item.

Joint Finance/Legislature: Modify to specify that no monies could be expended or encumbered after June 30, 2005, from the PR-funded, AOP appropriation funded from UW auxiliary reserves. In addition, establish restrictions on the use of monies accumulated in segregated fee accounts and a required passive review process for allocation of auxiliary reserves identical to those summarized in the preceding item.

Veto by Governor [A-23 and A-24]: Eliminate the requirement for the Board of Regents to submit to the Department of Administration and then to the Joint Committee on Finance under a 14-day passive review its plan for using auxiliary enterprise balances to fund student financial aid. In addition, delete the June 30, 2005, sunset date for the PR-funded, AOP financial aid appropriation funded from UW auxiliary reserves.

[Act 33 Sections: 385, 390d, 933, 9157(1x)]

[Act 33 Vetoed Sections: 386d, 390d, 933g, 9157(1x), and 9457(2x)]

6. DEBT SERVICE FUNDING [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$20,712,700	- $2,782,700	$17,930,000
PR	15,866,300	0	15,866,300
Total	$36,579,000	- $2,782,700	$33,796,300

Governor: Provide $10,226,700 GPR and $3,608,100 PR in 2003-04 and $10,486,000 GPR and $12,258,200 PR in 2004-05 to fund estimated debt service costs. Annual base level funding for debt service is $90,571,700 GPR and $32,339,100 PR.

Joint Finance/Legislature: Delete $1,529,600 GPR in 2003-04 and $1,253,100 GPR in 2004-05 to reflect a reestimate of debt service costs.

7. FUEL AND UTILITIES EXPENSES [LFB Paper 797]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$14,916,600	- $4,027,500	$10,889,100
PR	0	4,027,500	4,027,500
Total	$14,916,600	$0	$14,916,600

Governor: Provide $8,077,700 in 2003-04 and $6,838,900 in 2004-05 for fuel and utility expenses for the UW System. Increased funding reflects projected fuel and utility costs in the 2003-05 biennium. Annual base level funding is $50,082,300.

Joint Finance/Legislature: Reduce the University's largest state operations appropriation by $2,181,000 GPR in 2003-04 and $1,846,500 GPR in 2004-05 and provide $2,181,000 PR in 2003-04 and $1,846,500 PR in 2004-05 in the tuition appropriation to reflect the application of revenues to be received in 2003-05 from fuel and utilities charges assessed to students.

8. DEPRECIATION OFFSET [LFB Paper 799]

GPR	- $1,685,800
PR	1,685,800
Total	$0

Joint Finance/Legislature: Reduce funding by $449,100 GPR in 2003-04 and $1,236,700 GPR in 2004-05 and provide $449,100 PR in 2003-04 and $1,236,700 PR in 2004-05 to reflect the application of tuition revenues to be received in 2003-05 from depreciation charges assessed to students for instructional buildings.

9. ROCK COUNTY ENGINEERING INITIATIVE

	Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$378,300	5.00	- $378,300	- 5.00	$0	0.00
PR	203,700	0.00	- 203,700	0.00	0	0.00
Total	$582,000	5.00	- $582,000	- 5.00	$0	0.00

Joint Finance/Legislature: Provide $378,300 GPR and $203,700 PR with 5.0 GPR positions in 2004-05 for UW-Platteville and UW-Rock County for UW-Platteville to provide engineering instruction at UW-Rock County.

Veto by Governor [A-25]: Delete provision.

[Act 33 Vetoed Section: 286 (as it relates to s.20.285(1)(a)&(im))]

10. UW-MADISON INTERCOLLEGIATE ATHLETICS

PR	$8,531,100

Governor/Legislature: Provide $1,978,200 in 2003-04 and $6,552,900 in 2004-05 to reflect changes in spending authority and program revenue increases for 2003-05. This program revenue is generated from athletic events, camps, clinics, and the University Ridge golf course. Base funding for the major PR appropriation for this program is $44,883,700, and base funding for the program's PR gifts appropriation is $4,405,600.

11. REESTIMATE GIFT FUNDS

PR	$89,278,000

Governor/Legislature: Provide $29,728,700 in 2003-04 and $59,549,300 in 2004-05 for gift funds donated to the University. These increases reflect projected growth in private gifts and bequests and corporate donations as well as related expenditures. Base level funding is $348,906,400.

12. REESTIMATE GIFT, AUXILIARIES AND OTHER CONTINUING APPROPRIATIONS

	Funding	Positions
PR	$55,300,800	581.64

Governor/Legislature: Provide $27,650,400 and 581.64 positions annually to reflect reestimated expenditures from gift, auxiliary and other continuing appropriations as well as currently authorized position totals. These increases are due to adjustments to reflect current expenditure and staffing levels. Of the positions, 378.11 are funded from the UW's major gifts and donations appropriation, 188.78 are for UW auxiliaries, and the remaining position adjustments would be made to a number of PR funded appropriations.

13. REESTIMATE AUXILIARY OPERATIONS APPROPRIATION

PR	$54,945,200

Governor/Legislature: Provide $18,080,700 in 2003-04 and $36,864,500 in 2004-05 to reestimate the appropriation for auxiliary operations, from the base level of $443,500,500. This increase reflects projected growth and cost increases for enterprises that are self-supporting through student segregated fees and the sale of goods and services. These enterprises include student housing, parking, bookstores, student health services and student unions.

14. ADJUST TUITION AND FEE REVENUES

PR	$51,709,000

Governor/Legislature: Provide $25,854,500 annually to adjust base level funding to the estimated 2002-03 operating budget level. This item reflects the UW System's projected tuition and fees expenditure level in 2002-03 from this appropriation. Base level funding is $576,225,400.

15. STUDENT TECHNOLOGY FEE REVENUES

PR	$6,693,300

Governor/Legislature: Provide $2,827,400 in 2003-04 and $3,865,900 in 2004-05 for instructional technology funds to reflect projected higher fee revenues attributable to general tuition revenue growth, since the fee is set as a percentage (2% to 2.5%) of overall tuition. This provision would provide expenditure authority for student technology fee revenues from fees started in previous biennia.

16. REESTIMATE TRUST FUND INCOME

SEG	$4,976,000

Governor/Legislature: Provide $1,621,800 in 2003-04 and $3,354,200 in 2004-05 to reestimate trust fund interest income. Trust funds result from donations by individuals, corporations, and non-profit organizations and can be earmarked for specific purposes or donated as discretionary funds. Trust fund earnings are used for scholarships, loans, books, and medical equipment, while the principal is maintained under Board of Regents policies.

17. REESTIMATE GENERAL OPERATING RECEIPTS

PR	$2,910,200

Governor/Legislature: Provide $957,700 in 2003-04 and $1,952,500 in 2004-05 to reestimate general operating receipts. The reestimate reflects adjustments for estimated growth and cost increases for operations that are self-supporting through the sale of goods and services. These activities include conferences, camps, workshops, clinics, and outreach programs in business, education, and engineering as well as the sale of products or services resulting from instructional programming.

18. WISCONSIN VETERINARY DIAGNOSTIC LAB (WVDL) FOREIGN ANIMAL DISEASES [LFB Paper 531]

FED	$1,436,000

Governor/Legislature: Provide $718,000 annually in a new, federal appropriation for WVDL to permit the laboratory to receive federal funds directly. In October, 2002, the WVDL was awarded a $2.0 million grant to provide animal diagnostic work for the U.S. Department of Agriculture over a two-year period. The funding reflects expenditure authority of the grant funding over the biennium. Under the federal grant, WVDL will coordinate with other grant recipients and two national laboratories in the diagnosis of threatening foreign animal diseases as part of a national diagnostic lab network.

[Act 33 Section: 388]

19. WVDL CHRONIC WASTING DISEASE FUNDING [LFB Paper 531]

	Funding	Positions
PR	$1,200,000	6.00

Governor/Legislature: Provide $600,000 and 6.0 positions annually for WVDL to perform wildlife testing for chronic wasting diseases (CWD). Of this funding, $153,200 in 2003-04 and $141,800 in 2004-05 would be for the supplies costs associated with CWD testing, and $446,800 in 2003-04 and $458,200 in 2004-05 would provided for the salary and fringe benefits costs of the staff involved in this testing. Under 2001 Act 108, $901,600 in one-time funding was provided from the Department of Natural Resources to the WVDL to perform testing for CWD. The funding would enable the WVDL to continue to conduct CWD tests through the 2003-05 biennium. Funding would come from the Department of Natural Resource's fish and wildlife account of the conservation fund.

20. STATE LABORATORY OF HYGIENE

PR	$442,200

Governor/Legislature: Provide $221,100 annually to support increased workload of blood alcohol and other drug content samples for law enforcement agencies. These funds would support: (a) two authorized, but unfunded, chemist positions ($71,600 annually); (b) discretionary compensation adjustments ($46,800 annually); (c) fringe benefits ($37,700 annually); (d) supplies and services ($35,000 annually); and (e) replacement of equipment ($30,000 annually).

21. BASE PAY PLAN ADJUSTMENT

GPR	$1,470,400
PR	- 1,470,400
Total	$0

Governor/Legislature: Provide $735,200 GPR annually and delete $735,200 PR annually to adjust the 2001-03 unclassified pay plan that was built into the UW System's 2003-05 biennial budget base. To correct an error in calculating the 2001-03 unclassified pay plan, the current base would be adjusted to switch salaries and fringe benefits adjustments for certain GPR funded unclassified employees from academic fee revenue to general purpose revenue.

22. AQUACULTURE DEMONSTRATION FACILITY FUNDING REDUCTION

PR	- $300,000

Joint Finance/Legislature: Delete $150,000 annually from the UW aquaculture demonstration facility operations and maintenance funding appropriation. Base funding of $250,000 annually from Indian gaming revenues is currently provided for the facility.

23. SUMMER SESSION PAY PLAN

GPR	$12,200
PR	- 12,200
Total	$0

Governor/Legislature: Provide $6,100 GPR and delete $6,100 PR annually as a correction related to allocating funding provided for summer session pay plan supplement in the 2001-03 biennial budget.

24. FINANCIAL SERVICES BILLING SUPPLEMENT

PR	$39,000
SEG	- 39,000
Total	$0

Governor/Legislature: Provide $19,500 PR and delete $19,500 SEG annually as a correction related to supplemental funding provided by DOA to cover increases in financial services billing. In 2002-03, DOA provided a financial services billing supplement of $19,500 in segregated funds; however, the UW System remits the entire payment for financial services from program revenue funds.

25. TRANSFER OF HIGHER EDUCATIONAL AIDS BOARD DUTIES AND PROGRAMS TO THE UW SYSTEM BOARD OF REGENTS [LFB Paper 445]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$67,464,500	1.36	- $67,464,500	- 1.36	$0	0.00
FED	1,396,400	0.00	- 1,396,400	0.00	0	0.00
PR	16,225,400	0.00	- 16,225,400	0.00	0	0.00
SEG	76,800	0.64	- 76,800	- 0.64	0	0.00
Total	$85,163,100	2.00	- $85,163,100	- 2.00	$0	0.00

Governor: Transfer $67,464,500 GPR, $16,225,400 PR, $1,396,400 FED, and $76,800 SEG with 1.36 GPR and 0.64 SEG positions in 2004-05 from the higher educational aids board (HEAB) to the UW System Board of Regents. Effective July 1, 2004, eliminate HEAB and the executive secretary position in HEAB and transfer the following duties and programs to the UW System Board:

Administration of Financial Aid. Provide $196,900 GPR, $1,000 PR, and $76,800 SEG with 1.36 GPR and 0.64 SEG positions to the UW System Board for administration of financial aid programs transferred from HEAB.

Provide that the incumbent employees transferred from HEAB to the UW System would retain all employment rights and status that 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 from HEAB to the UW System Board of Regents all assets, liabilities, tangible personal property, and records. Transfer all outstanding loans made under HEAB administered student loan programs. Provide that all contracts entered into by HEAB that were in effect prior to the transfer would remain in effect until their specified expiration date or until they were rescinded or modified by the UW, to the extent allowed under the contract. Provide that any pending matters would transfer to UW and all materials submitted to HEAB or actions taken by HEAB concerning the pending matter would be considered as having been submitted to or been taken by UW.

Specify that all rules promulgated and orders issued by HEAB that were in effect would remain in effect until their specified expiration date or until they were amended or repealed by UW. Permit the UW System Board to establish policies, rather than promulgate rules, to administer the financial aid programs for which rules are required under current law.

Financial Aid Programs. Transfer $67,267,600 GPR, $16,224,400 PR, and $1,396,400 FED in 2004-05 to the UW System from HEAB for the following programs:

	2004-05	Fund Source
GPR Funded Programs		
Tuition Grant	$22,103,700	GPR
Nursing Student Loan	450,000	GPR
Minority Teacher Loan	262,100	GPR
Teacher Education Loan	275,000	GPR
Teacher of the Visually Impaired	100,000	GPR
Dental Education Contract	758,500	GPR
Talent Incentive Grant	4,503,800	GPR
WHEG-UW Students	19,926,800	GPR
WHEG-WTCS Students	14,874,000	GPR
Minority Student Grant	756,900	GPR
Handicapped Student Grant	123,800	GPR
Academic Excellence Scholarship	3,133,000	GPR
Subtotal GPR Programs	$67,267,600	GPR
PR Funded Programs		
Indian Student Grant	$787,600	PR
WHEG-Tribal College Students	404,000	PR
WHEG-UW Supplemental Funding	15,032,800	PR
Subtotal PR Programs	$16,224,400	PR
FED Funded Program		
Talent incentive grant program -- supplement	$1,396,400	FED
Total -- All Funds	$84,888,400	All Funds

Minnesota-Wisconsin Tuition Reciprocity Agreement Administration. Transfer administration of the Minnesota-Wisconsin reciprocity program from HEAB to the UW System Board of Regents. Under current law, the agreement is negotiated and administered jointly by the Minnesota Higher Educational Services Office and HEAB.

Medical and Dental Capitation Programs. Transfer administration of contracts with the Medical College of Wisconsin and the Marquette University Dental School from HEAB to the UW System Board of Regents. Under the medical and dental capitation contracts, state funding is provided as per capita tuition assistance for state residents enrolled at the Medical College of Wisconsin and Marquette University Dental School.

Joint Finance/Legislature: Delete provision, and thus maintain HEAB and its responsibilities as under current law.

VETERANS AFFAIRS

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$4,147,400	$4,185,700	$2,965,500	$2,965,500	$2,965,500	- $1,181,900	- 28.5%
FED	1,897,600	2,173,800	2,404,300	2,404,300	2,404,300	506,700	26.7
PR	94,142,200	96,908,000	98,950,400	98,950,400	98,950,400	4,808,200	5.1
SEG	236,780,600	232,411,800	235,553,900	235,553,900	235,553,900	- 1,226,700	- 0.5
TOTAL	$336,967,800	$335,679,300	$339,874,100	$339,874,100	$339,874,100	$2,906,300	0.9%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	9.30	6.80	0.00	0.00	0.00	- 9.30
FED	7.50	7.50	11.50	11.50	11.50	4.00
PR	779.24	770.39	814.04	814.04	814.04	34.80
SEG	149.76	138.11	154.06	154.06	154.06	4.30
TOTAL	945.80	922.80	979.60	979.60	979.60	33.80

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR-REV	$0		$26,400		$26,400	
GPR	$50,000	0.00	$0	0.00	$50,000	0.00
FED	276,200	0.00	0	0.00	276,200	0.00
PR	1,845,800	0.00	- 15,000	0.00	1,830,800	0.00
SEG	460,200	- 1.00	- 12,800	0.00	447,400	- 1.00
Total	$2,632,200	- 1.00	- $27,800	0.00	$2,604,400	- 1.00

Governor: Provide standard adjustments to the base budget totaling $25,000 GPR, $138,100 FED, $922,900 PR, $230,100 SEG and -1.0 SEG position annually. Adjustments are for: (a) turnover reduction (-$246,400 PR and -$146,000 SEG annually); (b) removal of noncontinuing elements from the base (-$80,300 SEG and -1.0 SEG position annually); (c) full funding of continuing salaries and fringe benefits ($25,000 GPR, $118,700 FED, -$80,700 PR, and $435,100 SEG annually); (d) reclassifications ($19,400 FED and $11,600 PR annually); (e) overtime ($541,900 PR and $14,900 SEG annually); (f) night and weekend differential ($689,000 PR annually); (g) fifth week of vacation as cash ($7,500 PR and $6,400 SEG annually); and (h) minor offsetting transfers within the same appropriation.

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$7,500 PR and -$6,400 SEG annually). Require the agency to lapse to the general fund $7,500 PR and $5,700 SEG annually from those PR and SEG accounts in which these fifth week of vacation as cash payments had been budgeted. Estimate GPR-REV of $13,200 annually. Specify, however, that the agency is not required to lapse to the general fund any PR or SEG amount that is from federal funds or that is from another fund source whose lapse to the general fund would be prohibited by state or federal laws or the state or federal constitution.

[Act 33 Section: 9160(3f)]

2. DEBT SERVICE REESTIMATES [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$220,300	- $17,400	$202,900
PR	1,135,600	0	1,135,600
SEG	- 5,731,400	0	- 5,731,400
Total	- $4,375,500	- $17,400	- $4,392,900

Governor: Reestimate the agency's debt service requirements by $155,500 GPR, -$22,400 PR, and -$3,038,800 SEG in 2003-04 and $64,800 GPR, $1,158,000 PR, and -$2,692,600 SEG in 2004-05 for the following programs: (a) facilities at the Veterans Home at King and the Southern Wisconsin Veterans Retirement Center ($155,500 GPR and -$22,400 PR in 2003-04 and $64,800 GPR and $1,158,000 PR in 2004-05; (b) tax exempt borrowing for the veteran mortgage loan program (-$3,058,800 SEG in 2003-04 and -$2,708,700 SEG in 2004-05); and (c) capital construction at the Southern Wisconsin Memorial Cemetery ($20,000 SEG in 2003-04 and $16,100 SEG in 2004-05). In addition, transfer $119,000 PR annually budgeted in unallotted reserve for the operation of the Veterans Home at King and the Southern Wisconsin Veterans Retirement Center to support debt service payments under the debt service appropriation for these facilities.

Joint Finance/Legislature: Reestimate debt service costs for facilities at the Veterans Home at King and the Southern Wisconsin Veterans Retirement Center by -$12,000 GPR in 2003-04 and -$5,400 GPR in 2004-05.

3. **BONDING AUTHORITY INCREASE FOR PRIMARY MORTGAGE LOAN PROGRAM REFUNDINGS**

BR	$175,000,000

Governor/Legislature: Increase bonding authority for the purpose of refunding primary mortgage loan program bonds by $175,000,000. The total bonding authority for the program would increase from $665,000,000 to 840,000,000.

[Act 33 Section: 690]

4. **VETERANS MORTGAGE LOAN REPAYMENT FUND TRANSFER TO THE GENERAL FUND** [LFB Paper 805]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$1,800,600	- $1,800,600	$0
SEG-Transfer	$1,800,600	- $1,800,600	$0

Governor: Transfer $900,300 SEG annually from the available balances in the veterans mortgage loan repayment fund to the general fund. The veterans mortgage loan repayment fund consists of direct bond proceeds, repayments on mortgages, and investment earnings on proceeds. The projected closing balance in the fund at the end of the 2002-03 fiscal year is estimated at $115,569,600.

Joint Finance/Legislature: Delete provision.

5. **BASE BUDGET REDUCTIONS**

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $200,000	- 2.00	$0	0.00	- $200,000	- 2.00
SEG	- 1,303,800	- 9.80	1,045,000	7.30	- 258,800	- 2.50
Total	- $1,503,800	- 11.80	$1,045,000	7.30	- $458,800	- 4.50

Governor: Delete $100,000 GPR and $651,900 SEG and 2.0 GPR and 9.80 SEG positions annually. The base level reductions would be applied to amounts budgeted for salaries and fringe benefits, as follows: (a) operations of the Wisconsin Veterans Museum (-$89,800 GPR and -$32,000 SEG and -2.0 GPR and -1.0 SEG positions annually); (b) operations of the self-amortizing mortgage loan program (-$262,600 SEG and -3.37 SEG positions annually); and (c) administration of loans and aids to veterans (-$357,300 SEG and -5.43 SEG positions annually). In addition, reduce supplies and services funding for the operation of the Wisconsin Veterans Museum (-$10,200 GPR annually). The total GPR funding reduction applied to the Wisconsin Veterans Museum represents a 14.4% annual reduction to the adjusted base.

Joint Finance/Legislature: Restore $522,500 SEG and 7.3 SEG positions annually for salaries and fringe benefits for: (a) operations of the Wisconsin Veterans Museum ($89,800 SEG and 2.0 SEG positions annually); (b) operations of the self-amortizing mortgage loan program ($208,000 SEG and 2.37 SEG positions annually); and (c) administration of loans and aids to veterans ($214,500 SEG and 2.93 SEG positions annually). In addition, restore $10,200 SEG annually for supplies and services for the operation of the Wisconsin Veterans Museum.

6. EDUCATIONAL GRANTS REIMBURSEMENTS [LFB Paper 806]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$1,199,300	$565,400	$1,764,700

Governor: Provide $355,500 in 2003-04 and $843,800 in 2004-05 for the following educational grant programs administered by the Department:

Tuition and Fee Reimbursement Grant Program. Provide $290,400 in 2003-04 and $664,200 in 2004-05 to fund anticipated grant cost increases. The program reimburses qualifying veterans for the costs of tuition and fees up to 85% of the cost of tuition and fees for a UW-Madison resident undergraduate if the qualifying veteran attends any institution or center within the UW System, any state technical college or any similar institution that has a tuition reciprocity agreement with Wisconsin. The recommended funding increase is based on a projected 17% annual increase used by DOA for undergraduate resident tuition and fees at the Madison campus. In 2001-02, some 1,257 grants were awarded at a total cost of $1,772,200. Base level funding in the appropriation is $1,907,900 annually.

Revise the program eligibility standards to allow eligible veterans to receive tuition and fee reimbursements for courses that begin within ten years after separation from military service. Under current law, veterans may be reimbursed for courses that are completed within that ten-year period.

Part-Time Study Grant Program. Provide $65,100 in 2003-04 and $179,600 in 2004-05 to fund anticipated grant cost increases. The program reimburses qualifying veterans for the cost of tuition and fees at an institution of higher education in the state or a public or private high school. The maximum amount of the grant may not exceed 85% of the cost of tuition and fees for a UW-Madison resident undergraduate. The recommended funding increase is based on a projected 17% annual increase used by DOA for undergraduate resident tuition and fees at the Madison campus. In 2001-02, some 1,028 grants were awarded at a total cost of $535,300. Base level funding in the appropriation is $608,300 annually.

Joint Finance/Legislature: Modify the basis on which reimbursements are made under the two programs by specifying that after the later of September 1, 2003, or the effective date of the bill, eligible veterans would be reimbursed for their tuition costs up to 100% of the cost of tuition for a UW-Madison resident undergraduate rather than at the rate of up to 85% of the cost of tuition and fees for a UW-Madison resident undergraduate for veterans without a service-connected disability of at least 30%, or 100% of tuition and fees for a UW-Madison resident undergraduate for veterans that have a service-connected disability of 30% or greater. Specify that any individual that received a reimbursement grant under either program prior to the effective date of this provision would be reimbursed the greater of: (a) their costs up to 100% of the cost of tuition for a UW-Madison resident undergraduate; (b) their costs up to 85% of the cost of tuition and fees for a UW-Madison resident undergraduate; or (c) 100% of tuition and fees for a UW-Madison resident undergraduate for a veteran with a service-connected disability of 30% or greater.

Tuition Grant Reimbursement Program. Provide $426,200 in 2003-04 to fund these modifications and convert the annual tuition reimbursement grant program appropriation to a biennial basis.

Part-Time Study Grant Program. Provide $139,200 in 2003-04 to fund these modifications and convert the annual part-time study grant appropriation to a biennial basis.

Veto by Governor [D-26]: Delete references under both grant programs specifying that only individuals who received grants prior to the effective date of the bill could receive the greater of their costs up to: (a) 100% of the cost of tuition for a UW-Madison resident undergraduate; (b) 85% of the cost of tuition and fees for a UW-Madison resident undergraduate; or (c) 100% of tuition and fees for a UW-Madison resident undergraduate for a veteran with a service-connected disability of 30% or greater. Delete provision specifying that veterans who do not have a service-connected disability of at least 30% would receive an amount different from veterans with a service-connected disability.

The effect of this veto is to provide tuition reimbursement grants to all eligible veterans at a rate of up to 100% of tuition and fees for a UW-Madison resident undergraduate. Although the Governor's partial veto does not affect the appropriation amounts provided for reimbursement grants, it is estimated that there would be additional costs of $101,800 in 2003-04, and $702,800 in 2004-05 due to the increased reimbursement rate.

[Act 33 Sections: 564g, 564m, 1088m thru 1089j, 1092g thru 1092q, and 9358(1f)]

[Act 33 Vetoed Sections: 1089g, 1092q, 1092r, and 9358(1f)]

7. HEALTH CARE AID GRANTS FUNDING

SEG	$600,000

Governor/Legislature: Provide $300,000 annually for the health care aid grants program to support anticipated increases in demand for services, particularly for dentures, eye care and hearing aids. These grants are awarded to eligible needy veterans and family members for health care costs that are not covered by the U.S. Department of Veterans Affairs. A veteran or resident dependent may not have liquid assets of more than $1,000 without losing grant eligibility. Grants are limited to $5,000 per veteran or dependent per year. Base level funding for this program is $1,200,000 annually.

8. VETERANS SERVICE ORGANIZATION GRANT INCREASES [LFB Paper 807]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$150,000	- $30,000	$120,000

Governor: Provide $75,000 annually to fund new or increased grant amounts to qualifying veterans service organizations. New annual grants of $30,000 each would be provided to the Military Order of the Purple Heart and to the Paralyzed Veterans of America, respectively. Neither organization currently receives a grant from the Department. The current $15,000 annual grant awarded to AMVETS would be increased by $15,000 annually to $30,000 annually.

Under current law, the Department must provide grants to a veterans service organization that has maintained a full-time service officer at its regional office for at least five of the last ten years. The grants equal 25% of all salaries and travel expenses of the organization, subject to an overall annual grant maximum of $30,000. Current base level funding for the grant program is $105,000 annually and provides annual grants to four veterans service organizations: the American Legion ($30,000 annually), Veterans of Foreign Wars ($30,000 annually), Disabled American Veterans ($30,000 annually), and AMVETS ($15,000 annually).

Joint Finance/Legislature: Delete $15,000 annually for an increased grant for AMVETS.

9. MILITARY HONORS FUNERAL PROGRAM COST INCREASES [LFB Paper 808]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$128,000	- $128,000	$0

Governor: Provide $58,500 in 2003-04 and $69,500 in 2004-05 for the following increased costs related to military honors funerals: (a) an increased number of $50 reimbursement payments to veterans organizations that provide honor guard details at military honors funerals ($37,000 in 2003-04 and $50,500 in 2004-05); and (b) increased rental costs at Fort McCoy for the honor guard team currently based at that facility ($21,500 in 2003-04 and $19,000 in 2004-05).

Base level funding for honor guard reimbursements is $125,000 annually. The proposed increase is based on projected honor guard reimbursement requests for 90% of an estimated 3,600 military funerals in 2003-04 and 3,900 military funerals in 2004-05.

Joint Finance/Legislature: Delete the new funding recommended for the program and provide the $58,500 in 2003-04 and $69,500 in 2004-05 through an offsetting transfer from base level funding under the agency's subsistence grants program appropriation.

10. DOCUMENT IMAGING PROJECT MAINTENANCE CONTRACTS

SEG	$62,600

Governor/Legislature: Provide $31,300 annually budgeted in unallotted reserve to fund the estimated costs of ongoing maintenance contracts for the agency's document imaging system. On December 17, 2002, the Joint Committee on Finance provided a one-time supplement of $640,900 in 2002-03 to the Department to fund a document imaging project to convert discharge files, veteran's eligibility files, and active grant and loan information files to an electronic format and to support the associated hardware and software. The Governor's recommended funding would support the estimated annual costs of hardware and software maintenance contracts for the imaging project.

11. VETERANS MUSEUM OPERATIONS FUNDING [LFB Paper 809]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $32,000	- 0.50	- $1,202,800	- 6.80	- $1,234,800	- 7.30
PR	300	- 0.50	- 354,100	0.00	- 353,800	- 0.50
SEG	66,300	0.00	1,556,900	6.80	1,623,200	6.80
Total	$34,600	- 1.00	$0	0.00	$34,600	- 1.00

Governor: Provide -$16,000 GPR, $16,300 PR, $41,300 SEG and -0.5 GPR and 0.5 SEG position in 2003-04 and -$16,000 GPR, -$16,000 PR, $25,000 SEG and -0.5 GPR and -0.5 PR position in 2004-05 for museum operations. Adjustments are for (a) supplies and services for additional janitorial support related to the expansion of the museum ($25,000 SEG annually); and (b) a one-year extension of a two-year project position and the simultaneous conversion of the position in 2003-04 from split GPR/PR to SEG/PR funding (-$16,000 GPR, $16,300 PR, $16,300 SEG and -0.5 GPR and 0.5 SEG position in 2003-04 and -$16,000 GPR, -$16,000 PR and -0.5 GPR and -0.5 PR position in 2004-05). The position would be used to convert the museum collection's catalogue to an electronically accessible record. Included in the Governor's recommendation is the conversion of a 0.15 PR classified position at the museum to a 0.15 PR unclassified position. [The 0.15 PR unclassified position is an error resulting after a request of the agency was subsequently denied by the Governor.]

The total amounts budgeted would total $1,571,600 and 11.15 positions in 2003-04 and $1,523,000 and 10.65 positions in 2004-05, including: (a) $601,400 GPR and 6.8 GPR positions annually; (b) $193,200 PR and 0.5 PR position in 2003-04 and $160,900 PR in 2004-05 from tribal gaming revenues; and (c) $777,000 SEG and 3.85 SEG positions in 2003-04 and $760,700 SEG and 3.35 SEG positions in 2004-05 from the veterans trust fund.

Joint Finance/Legislature: Provide -$601,400 GPR, -$193,200 PR, and $794,600 SEG and -6.8 GPR, -0.5 PR and 7.3 SEG positions in 2003-04 and -$601,400 GPR, -$160,900 PR, and $762,300 SEG and -6.8 GPR and 6.8 SEG positions in 2004-05 to reflect the conversion of all GPR-and PR-supported Wisconsin Veterans Museum operations to SEG funding from the veterans trust fund. Convert 0.15 FTE position from the unclassified to the classified service to correct a file maintenance error that resulted after an agency request was denied by the Governor.

12. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- 0.15	0.15	0.00
SEG	- 0.85	0.85	0.00
Total	- 1.00	1.00	0.00

Governor: Delete 0.15 PR and 0.85 SEG position annually to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate $12,900 PR and $72,900 SEG in 2003-04 and $17,200 PR and $97,300 SEG in 2004-05 of base level salary and fringe benefits funding that currently supports 0.15 PR and 0.85 SEG staff attorney position to the agency's supplies and services budget to pay for legal services supplied by DOA. The agency's chief council position would not be subject to transfer to DOA under the Governor's recommendation.

Joint Finance: Delete provision. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Senate/Legislature: Add the Department of Employee Trust Funds and Investment Board to the executive branch agencies that would be exempted from the attorney deletion requirement.

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

13. EDUCATIONAL APPROVAL BOARD STUDENT PROTECTION FUND [LFB Paper 810]

PR	$60,300

Governor: Provide $60,300 in 2004-05 under a new PR, continuing student protection appropriation under the Educational Approval Board (EAB), which is attached administratively to the Department. Specify that the new appropriation would be funded from fees received from proprietary schools to support a new student protection fund. Authorize the EAB to: (a) make payments to students, parents, or sponsors for full or partial tuition losses arising from the closure of a proprietary school; and (b) specify a fee, by administrative rule, that proprietary schools would have to pay into the fund.

Under current law, EAB is authorized to inspect and approve private trade, correspondence, business and technical schools that do business with this state. EAB requires these institutions to provide a surety bond equal to 125% of the amount of tuition collected. The bond is intended to reimburse students, parents, or other sponsoring agents if the institution is unable to fulfill its contractual education obligations to the student. The Board's student protection fund would make reimbursements where the surety bond proved to be inadequate. The EAB anticipates that the student protection fund would ultimately be capped at approximately $1 million and would likely require annual additional fee payments by proprietary schools of approximately $1 per $1,000 of revenues.

Joint Finance/Legislature: Stipulate that the Board discontinue collecting annual fees from proprietary schools for the student protection fund during any period in which the balance in the fund exceeds $1,000,000.

[Act 33 Sections: 565 and 1094 thru 1095m]

14. GROUNDSKEEPER POSITIONS AT THE VETERAN'S MEMORIAL CEMETERIES

	Funding	Positions
FED	$230,500	4.00
PR	66,900	0.00
Total	$297,400	4.00

Joint Finance/Legislature: Provide $98,800 FED and $28,700 PR in 2003-04 and $131,700 FED and $38,200 PR in 2004-05 and authorize 4.0 FED positions annually for additional groundskeeper services at the Department's veterans memorial cemeteries. The PR funding would support an existing unfunded position at the Southern Wisconsin Veterans Memorial Cemetery.

15. FUNDING CONVERSION FOR SERVICES PROVIDED TO AMERICAN INDIAN VETERANS

	Funding	Positions
PR	- $145,600	- 1.00
SEG	145,600	1.00
Total	$0	0.00

Joint Finance/Legislature: Delete $72,800 PR and 1.0 PR position annually and provide $72,800 SEG and 1.0 SEG position annually to reflect the funding conversion from tribal gaming revenues to the veterans trust fund of the following programs for American Indian veterans: (a) an American Indian services coordinator position (-$57,800 PR and -1.0 PR position annually and $57,800 SEG and 1.0 SEG position annually); and (b) grants to assist American Indians in obtaining federal and state veterans benefits (-$15,000 PR and $15,000 SEG annually).

[Act 33 Sections: 564d, 564f, 564t, 564v, 610n, 610q, 846m, and 1089m]

Homes and Facilities for Veterans

1. CARE FACILITIES -- ELIMINATE VACANT POSITIONS

	Funding	Positions
PR	- $952,200	- 8.20

Governor/Legislature: Reduce funding by $476,100 annually and delete 8.2 positions, beginning in 2003-04, to eliminate funding for salary and fringe benefits for: (a) 4.0 vacant positions at the Southern Wisconsin Veterans Retirement Center at Union Grove (-$187,900 annually); and (b) 4.2 vacant positions at the Wisconsin Veterans Home at King (-$288,200 annually).

2. CARE FACILITIES -- CNA TRAINING AND RETENTION

PR	$366,000

Governor/Legislature: Provide $183,000 annually to fund salary and fringe benefit cost for individuals while they receive training to be certified nurse assistants (CNAs) at the Veterans Homes at King ($109,900 annually) and to support salary and fringe benefit costs for trainees after they are hired as limited-term employees (LTEs), but before they are converted to permanent positions ($73,100).

3. CARE FACILITIES -- NURSE EDUCATION STIPEND PROGRAM [LFB Paper 815]

PR	$210,000

Governor: Provide $105,000 annually to fund a new nurses education stipend program.

Authorize DVA to develop a program to provide stipends to individuals to attend school and receive the necessary credentials to become employed at the Veterans Home at King or the Southern Wisconsin Veterans Retirement Center at Union Grove. Specify that, if DVA develops a stipend program, it would be required to promulgate administrative rules related to the program, including establishing the application process, eligibility criteria, stipend amount, repayment provisions, and other provisions that DVA determines are necessary to administer the program. Require DVA to promulgate these rules as emergency rules without making a finding of an emergency.

Joint Finance/Legislature: Reduce medical assistance (MA) benefits funding in DHFS by $43,700 GPR in 2003-04 and by $43,700 GPR in 2004-05. Create an MA benefits appropriation in DHFS to fund the state's share of the MA costs of the nurse stipend program with revenue from the veterans trust fund. The fiscal effect of this item is summarized under "DHFS -- Health Care Financing -- Base Funding and Revenue".

[Act 33 Sections: 465m, 564, 1090, and 9158(1)]

4. CARE FACILITIES -- COMPUTER HELP-DESK SERVICES [LFB Paper 816]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$100,000	- $75,000	$25,000

Governor: Provide $50,000 annually to support contracted computer help desk services at the Southern Wisconsin Veterans Retirement Center at Union Grove.

Joint Finance/Legislature: Delete $50,000 in 2003-04 and $25,000 in 2004-05 so that $25,000 in 2004-05 would be provided to support contracted help desk services, beginning January 1, 2005.

5. SOUTHERN VETERANS HOME

	Funding	Positions
PR	$1,267,400	44.50

Joint Finance/Legislature: Provide $1,267,400 and 44.5 positions, beginning in 2004-05, to staff the new 120-bed skilled nursing facility at the Wisconsin Veterans Home at Union Grove. Require DVA to submit a plan to the Co-Chairs of the Joint Committee on Finance by January 1, 2005, indicating the staffing and funding that would be necessary to fully support the new facility.

Increase medical assistance (MA) benefits funding by $191,800 GPR and $269,000 FED in 2004-05 to support projected increases in MA costs relating to this item. The fiscal effect of the MA costs is summarized under "DHFS -- Health Care Financing -- Base Funding and Revenue."

[Act 33 Section: 9158(1v)]

6. NURSING HOME BED ASSESSMENT [LFB Paper 400]

PR	$1,297,800

Joint Finance/Legislature: Provide $648,900 annually to authorize DVA to pay the $75 monthly assessment on all licensed beds at the Wisconsin Veterans Home at King. The bill would modify the current monthly assessment by: (a) increasing the amount of the assessment from $32 to $75; (b) applying the assessment to all licensed beds, rather than to occupied beds; and (c) applying the assessment to state facilities.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

1. DIVIDENDS FOR WISCONSIN TRANSFER [LFB Paper 820]

GPR-REV	$4,500,000

Joint Finance/Legislature: Require WHEDA to pay $2,375,000 in 2003-04 and $2,125,000 in 2004-05 from its unencumbered general reserves to the state for deposit in the general fund. This is equivalent to an annual transfer of 25% of the revenues expected to be available for the "Dividends for Wisconsin" plan in each year of the biennium.

The statutes require that WHEDA's unencumbered general reserves be set aside for programs outlined in a "Dividends for Wisconsin" plan. This plan fulfills the Authority's statutory requirement to maintain an unencumbered general reserve fund within its general fund into which any Authority assets in excess of operating costs and required reserves are to be deposited. As a part of this plan, WHEDA is required to allocate a portion of its unencumbered general reserve funds to: (1) match federal funds available under the McKinney Homeless Assistance Act; (2) match federal funds available under the home investment partnership program; and (3) fund the property tax deferral loan program. Unencumbered general reserves are typically used to supplement bond proceeds to achieve more favorable interest rates or other lending terms and to fund other single-family, multi-family and special housing programs and small business assistance.

[Act 33 Section: 9127(1f)]

2. WISCONSIN DEVELOPMENT RESERVE FUND [LFB Paper 820]

GPR-REV	$248,700

Joint Finance/Legislature: The statutes require that annually on June 30, until no balance remains, WHEDA transfer to the state's general fund any balance remaining in the Wisconsin Development Reserve Fund (WDRF) after deducting funds sufficient to pay for all of the following: (1) all outstanding claims; and (2) guarantees under the WDRF generally at a ratio of $1 of reserve funds to $4.50 of total guaranteed principal that the authority may guarantee. WHEDA estimates the amount of this transfer to be $248,700.

The Wisconsin Development Reserve Fund (WDRF) guarantees loans under the following loan guarantee programs: credit relief outreach program (CROP); farm asset reinvestment management (FARM); agribusiness; and small business program. The WDRF also funds the administrative costs of the loan guarantee programs and pays interest subsidies for the CROP loan guarantee program.

WISCONSIN TECHNICAL COLLEGE SYSTEM

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$280,155,600	$278,875,600	$279,409,400	$279,409,400	$279,409,400	- $746,200	- 0.3%
FED	61,990,000	62,072,800	67,155,600	67,155,600	62,045,600	55,600	0.1
PR	12,423,200	12,644,400	13,503,800	13,503,800	13,244,400	821,200	6.6
TOTAL	$354,568,800	$353,592,800	$360,068,800	$360,068,800	$354,699,400	$130,600	0.0%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	34.25	31.25	32.25	32.25	32.25	- 2.00
FED	29.65	32.25	40.10	40.10	32.25	2.60
PR	12.00	10.00	12.20	12.20	10.00	- 2.00
TOTAL	75.90	73.50	84.55	84.55	74.50	- 1.40

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR	$530,000	0.00	- $63,000	0.00	$467,000	0.00
FED	82,800	3.60	- 27,200	0.00	55,600	3.60
PR	- 178,800	0.00	0	0.00	- 178,800	0.00
Total	$434,000	3.60	- $90,200	0.00	$343,800	3.60

Governor: Adjust the base budget by $265,000 GPR, $41,400 FED, -$89,400 PR, and 3.60 FED positions annually for: (a) full funding of salaries and fringe benefits ($230,300 GPR, $24,600 FED, -$89,400 PR, and 3.60 FED positions annually); (b) fifth week vacation as cash ($31,500 GPR and $13,600 FED annually); and (c) full funding of lease costs ($3,200 GPR and $3,200 FED annually).

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash ($31,500 GPR and $13,600 FED annually).

2. BASE BUDGET REDUCTIONS

	Funding	Positions
GPR	- $673,200	- 2.00
FED	0	- 1.00
PR	0	- 2.00
Total	- $673,200	- 5.00

Governor/Legislature: Reduce the WTCS Board's general program operations appropriation by $336,600 annually and delete 2.0 GPR positions, 2.0 PR positions funded from funds received from other state agencies, and 1.0 FED positions. The GPR reduction represents approximately 10.2% of the agency's two GPR general program operations appropriations.

3. HEALTH CARE PROGRAM [LFB Paper 825]

GPR	$9,790,000

Governor/Legislature: Provide $4,340,000 in 2003-04 and $5,450,000 in 2004-05 in a new appropriation to expand health care education programs. The Executive Budget Book indicates that the grants would be intended to expand course capacity and access to health care education at WTCS districts, increase minority and male enrollment in health care occupations, and accelerate on-line programming.

[Act 33 Sections: 391, 943, and 944]

4. ELIMINATE GRANTS FOR ADDITIONAL COURSE SECTIONS [LFB Paper 825]

GPR	- $4,900,000

Governor/Legislature: Eliminate the grants for additional course sections program with $2,450,000 annually. This program, which was created in 1999 Act 9, provides grants to WTCS district boards for the purpose of adding sections in courses in which student demand exceeds capacity. Eligible expenditures are direct instructional costs, instructional supplies, and equipment. For 2001-02, the latest year for which data are available, 39 grants were awarded totaling $2,450,000.

[Act 33 Sections: 393, 944, and 945]

5. ELIMINATE CAPACITY GRANT PROGRAM [LFB Paper 825]

GPR	- $4,000,000

Governor/Legislature: Eliminate the capacity grant program with $2,000,000 annually. This program, which was created in 1999 Act 9 (the 1999-01 state budget), provides funds to WTCS districts to develop or expand programs in occupational areas of high demand. All 16 districts received a total of $3,000,000 in 2001-02, with individual grants ranging from $17,000 to $272,000. In 2002-03, it is estimated that all 16 districts will receive grants totaling $2,000,000.

[Act 33 Sections: 392, 942, and 944]

6. REDUCE FUNDING FOR INCENTIVE GRANTS [LFB Paper 825]

GPR	- $2,000,000

Governor/Legislature: Reduce funding for the incentive grants program by $1,000,000 annually. In 2002-03, $7,533,100 was provided to the WTCS Board to award grants to districts for developing or expanding basic skill programs, developing new and emerging occupation programs, assisting business and industry in adopting and implementing new technology, and providing technical training programs at secured juvenile correctional facilities.

7. TECHNICAL COLLEGE DISTRICT LEVY LIMITS

Joint Finance: Limit any technical college district from increasing its total levy by more than 2.6%.

Specify that the levy limit would be adjusted, as determined by the Department of Revenue, as follows: (a) if a technical college district transfers to another governmental unit responsibility for providing any service that was provided in the preceding year, the levy increase limit otherwise applicable to the technical college district would be decreased to reflect the cost that the technical college district would have incurred to provide the service; (b) if a technical college district increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit, the levy increase limit otherwise applicable to the technical college district would be increased to reflect the cost of providing that service; and (c) if the debt service levy for a technical college district in the preceding year is less than the debt service levy needed in the current year for any debt approved by a district board prior to the effective date of the biennial budget act, the levy increase limit otherwise applicable would be increased by the difference between the two amounts.

Create a procedure under which a technical college district could exceed its levy increase limit if the technical college district's governing body adopts a resolution to that effect and the electors of the technical college district approve the resolution in a referendum. Specify that a referendum to exceed the levy increase limit for the 2004-05 fiscal year levy would have to be held at the same time as the spring primary or election or the September primary or November general election. Provide that current law governing elections would apply to the referendum and that the district board would provide election officials necessary election supplies. Specify the wording of the question to be used for a referendum, and require the district board to certify the results of the referendum to the state WTCS Board within 14 days of the referendum.

Specify that these provisions would not apply after June 30, 2006.

Because this provision would be effective on the bill's general effective date and would be sunset effective July 1, 2006, these provisions would apply to fiscal years 2003-04, 2004-05 and 2005-06.

Senate/Legislature: Modify the provision relating to debt approved by a district board before the bill's effective date to, instead, apply to debt approved before July 1, 2003. Specify that these provisions would sunset three years after the bill's effective date, rather than on June 30, 2006.

Veto by Governor [A-15]: Delete provision.

[Act 33 Vetoed Section: 943m]

8. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $26,800	- 1.00	$26,800	1.00	$0	0.00

Governor: Reduce the WTCS Board's general program operations appropriation by $13,400 and 1.0 position annually to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate $40,000 annually of remaining base level salary and fringe benefits funding that currently supports 1.0 attorney position to the agency's supplies and services budget to pay for legal services supplied by DOA.

Joint Finance/Legislature: Delete provision. Instead, direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

9. FIRE SERVICE - STATE OPERATIONS

PR	$200,000

Governor/Legislature: Provide $100,000 annually to increase funding for firefighter training services provided by the WTCS Board above base level funding of $284,200 in 2002-03. Funding is provided from fire dues payments, a 2% assessment on fire insurance premiums. Funding provided to WTCS Board from fire dues payments is currently used for the development and purchase of curriculum materials, workshops for firefighters, an annual workshop for WTCS firefighter instructors and trainers from fire departments, and technical assistance to WTCS districts.

10. FIRE SERVICE - LOCAL ASSISTANCE

PR	$200,000

Governor/Legislature: Provide $100,000 annually to increase funding for firefighter training services provided by the WTCS districts above base level funding of $500,000 in 2002-03. Funding is provided from fire dues payments, a 2% assessment on fire insurance premiums. Funding provided to WTCS districts is currently used to provide firefighter training programs for members of volunteer and paid fire departments.

11. TRANSFER GOVERNOR'S WORK-BASED LEARNING BOARD [LFB Paper 837]

	Jt. Finance/Leg. (Chg. to Base)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$570,000	0.00	$0	0.00	$570,000	0.00
FED	5,110,000	7.85	- 5,110,000	- 7.85	0	0.00
PR	859,400	2.20	- 259,400	- 2.20	600,000	0.00
Total	$6,539,400	10.05	- $5,369,400	- 10.05	$1,170,000	0.00

Joint Finance/Legislature: Provide $285,000 GPR, $429,700 PR, $2,555,000 FED with 2.20 PR positions and 7.85 FED positions annually to WTCS related to the transfer of the Governor's Work-Based Learning Board (GWBLB). Funding and positions transferred from the GWBLB would be provided to administer the following programs: Carl Perkins; Title II tech prep funds; work-based learning grants to tribal colleges; and school-to-work for at-risk youth. Specify that incumbent employees would transfer to WTCS, unless there is insufficient funding to support that transfer. Provide that an incumbent employee who would not be transferred to WTCS would enjoy the same rights and status at DWD that the employee enjoyed in the GWBLB immediately before the elimination of that Board. (See "Workforce Development -- Employment, Training, and Vocational Rehabilitation Programs" for more information on this transfer.)

Veto by Governor [A-27]: Modify provisions related to the transfer of the GWBLB in the following ways: (a) delete authority for the WTCS Board to administer the technical preparation program and restore administration of this program to the GWBLB; (b) delete the transfer of 2.20 PR positions and program revenue continuing appropriations for intra- and interagency programs, and auxiliary services; and (c) delete WTCS administration of the Carl Perkins and

Title II tech prep funds and restore administration to the GWBLB, as a result, the veto deletes $5,110,000 FED and 7.85 FED positions related to these programs. In his veto message, the Governor indicates that he could not veto the transfer to the WTCS Board of the programs for work-based learning grants to tribal colleges and school-to-work for at risk youth without eliminating the program funding. He is requesting that the GWBLB and DWD provide whatever assistance may be needed by the WTCS Board to administer these programs.

[Act 33 Sections: 293v, 547d, 551e, 946d, 946e, 946f, 946j, 946k, 946m, 1868p, 1868r, 1876t, and 9159(6x)]

[Act 33 Vetoed Sections: 286 (as it relates to 20.292(1)(ga) & (kx)), 549d, 552d, 946d, 946e, 946f, 946g, 946j, 1867d, 9149(1x), 9159(6x), and 9259(3)]

WORKFORCE DEVELOPMENT

Budget Summary

Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled Amount	Percent
GPR	$387,533,000	$369,810,200	$366,582,100	$366,782,100	$366,582,100	- $20,950,900	- 5.4%
FED	1,464,505,600	1,355,995,600	1,366,030,500	1,366,030,500	1,366,668,100	- 97,837,500	- 6.7
PR	404,681,000	390,411,400	390,123,000	390,323,000	394,854,800	- 9,826,200	- 2.4
SEG	18,540,600	16,370,200	21,386,700	21,386,700	21,386,700	2,846,100	15.4
TOTAL	$2,275,260,200	$2,132,587,400	$2,144,122,300	$2,144,522,300	$2,149,491,700	- $125,768,500	- 5.5%

FTE Position Summary

Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	255.67	198.92	196.22	196.22	196.22	- 59.45
FED	1,480.01	1,362.95	1,356.50	1,356.50	1,361.95	- 118.06
PR	637.56	603.68	599.08	599.08	603.68	- 33.88
SEG	7.50	1.00	0.00	0.00	0.00	- 7.50
TOTAL	2,380.74	2,166.55	2,151.80	2,151.80	2,161.85	- 218.89

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV			$66,800		$66,800	
GPR	- $622,400	0.00	- $52,600	0.00	- $675,000	0.00
FED	4,696,400	- 17.66	- 158,600	0.00	4,537,800	- 17.66
PR	322,900	- 0.34	- 66,800	0.00	256,100	- 0.34
SEG	70,200	0.00	0	0.00	70,200	0.00
Total	$4,467,100	- 18.00	- $278,000	0.00	$4,189,100	- 18.00

Governor: Provide adjustments of $2,715,300 FED, -0.91 FED position, and $165,200 PR in 2003-04, and $1,981,100 FED, -17.66 FED positions, and $157,700 PR in 2004-05, and -$311,200 GPR, $35,100 SEG, and -0.34 PR position annually. Adjustments are for: (a) turnover reduction (-$330,700 GPR, -$1,394,600 FED, and -$862,400 PR annually); (b) removal of noncontinuing funding and positions (-$39,000 FED, -0.91 FED position, and -$11,500 PR in 2003-04, -$753,200 FED, -17.66 FED positions, and -$15,200 PR in 2004-05, and -$117,400 GPR and -0.34 PR position annually); (c) full funding of continuing salaries and fringe benefits ($4,069,600 FED and $685,000 PR in 2003-04, $4,049,600 FED and $681,200 PR in 2004-05, and -$36,900 GPR and $35,100 SEG annually); (d) funding of ongoing s. 13.10 supplements ($137,700 GPR annually): (e) overtime ($224,500 PR annually); (f) night and weekend differential pay ($95,500 PR annually); (g) fifth week vacation as cash ($26,300 GPR, $79,300 FED, and $33,400 PR annually); (h) full funding of lease costs and directed moves ($9,800 GPR and $700 PR annually); and (i) minor transfers within the same alpha appropriation. In total, changes due to standard budget adjustments would increase funding by $2,604,400 and decrease positions by 1.25 in 2003-04, and increase funding by $1,862,700 and decrease positions by 18.0 in 2004-05. [These funding amounts exclude changes to the Department's two federal appropriations for temporary assistance for needy families (TANF). Standard budget adjustments to the TANF appropriations are reflected in entries under "Economic Support and Child Care."]

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-$26,300 GPR, -$79,300 FED, and -$33,400 PR annually). Require the agency to lapse to the general fund annually $33,400 from those PR accounts from which these fifth week vacation as cash payments had been budgeted. Estimate GPR-REV of $33,400 annually. Specify, however, that the agency is not required to lapse to the general fund any such PR or SEG amount that is from federal funds or that is from another fund source whose lapse to the general fund would be prohibited by state or federal laws or the state or federal constitution.

[Act 33 Section: 9160(3f)]

2. BASE BUDGET REDUCTIONS [LFB Paper 830]

	Funding	Positions
GPR	- $6,250,700	- 2.48
FED	- 894,800	- 165.40
PR	- 10,218,600	- 26.94
Total	- $17,364,100	- 194.82

Governor: Delete $3,232,400 GPR, 2.48 GPR positions, $447,400 FED, 165.40 FED positions, $5,004,300 PR, and 26.94 PR positions in 2003-04, and $3,018,300 GPR, 2.48 GPR positions, $447,400 FED, 165.40 FED positions, $5,214,300 PR, and 26.94 PR positions in 2004-05 to reduce base level funding and positions. The GPR reduction is equal to 13.05% of base level state operations funding in 2002-04 and 12.18% in 2004-05.

Joint Finance/Legislature: Reallocate base budget reductions of $630,000 GPR in 2003-04 and $507,600 GPR in 2004-05 from the workforce development general program operations appropriation [20.445 (1)(a)] to the economic support general program operations appropriation [20.445 (3)(a)] and reallocate reductions of $354,600 GPR in 2003-04 and $292,600 GPR in 2004-05 from the workforce development general program operations appropriation [20.445(1)(a)] to the vocational rehabilitation general program operations appropriation [20.445 (5)(a)].

3. PROGRAM REVENUE REESTIMATES

PR	- $2,191,400

Governor/Legislature: Provide a reduction of $1,095,700 annually to reflect reestimates of program revenue that will be available for programs administered by the Department. The following table summarizes the components of the reestimate.

	Reestimate	
	2003-04	2004-05
1. Revenue from charges on the net proceeds from the operation of vending machines leased by non-blind operators. Revenue is used to support the supervised business enterprise program.	$20,000	$20,000
2. Revenue received from county, city, town, or village governmental agencies and nongovernmental agencies for aids relating to vocational rehabilitation services for individuals and organizations.	-1,155,500	-1,155,500
3. Revenue received from the charges on net proceeds from the sale of products and services through the supervised business enterprise program. Revenue is used to support the program.	15,200	15,200
4. Revenue received from other state agencies or from Department programs for administration of vocational rehabilitation programs and projects.	-2,500	-2,500
5. Revenue received from other state agencies or from Department programs for vocational rehabilitation aids to individuals and organizations.	27,100	27,100
Total (PR)	-$1,095,700	-$1,095,700

4. FEDERAL REVENUE REESTIMATES

FED	$453,800

Governor/Legislature: Provide a reduction of $110,600 in 2003-04 and an increase of $564,400 in 2004-05 to reflect reestimates of federal revenue that will be available for programs administered by the Department. The following table summarizes the components of the reestimate.

	2003-04	2004-05
1. Federal funding received through contracts and used to support activities of the Division of Equal Rights.	$182,300	$182,300
2. Federal funds for state administration of specific limited-term projects related to vocational rehabilitation services.	-22,500	-22,500
3. Federal funds for the costs of purchases of goods and services under the Independent Living and Home-Based Enterprise programs.	1,600,300	1,600,300
4. Federal funds for specific limited-term projects expended as aids to individuals or organizations.	-1,068,600	-1,218,600
5. Federal funds for purchase of goods and services related to vocational rehabilitation programs for individuals or organizations.	397,900	1,222,900
6. Federal funds for refugee assistance programs.	-1,200,000	-1,200,000
Total (FED)	-$110,600	$564,400

5. DIVISION OF WORKFORCE SOLUTIONS POSITION REALIGNMENT [LFB Paper 865]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$0	- 54.27	$0	0.00	$0	- 54.27
FED	5,070,600	86.43	0	0.00	5,070,600	86.43
PR	- 2,901,400	- 32.35	6,309,200	0.00	3,407,800	- 32.35
Total	$2,169,200	- 0.19	$6,309,200	0.00	$8,478,400	- 0.19

Governor: Provide $2,535,300 FED and 86.43 FED positions, and reduce funding and positions by $1,450,700 PR and 32.35 PR positions and 54.27 GPR positions annually to realign all positions in the Division of Workforce Solutions to reflect the current organizational structure, programs, and funding sources. The federal funding included in this item is net of any funding provided under the TANF allocation items included under the Economic Support section of the Department of Workforce Development (DWD) summary.

Joint Finance/Legislature: Increase funding in DWD's local agreements appropriation [20.445(1)(gb)] by $3,200,500 PR in 2003-04 and $3,108,700 PR in 2004-05 to more accurately reflect the amount of revenues that will be credited to, and expended from, this appropriation.

6. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $499,000	- 3.00	$0	1.00	- $499,000	- 2.00

Governor: Delete $249,500 and 3.0 positions annually to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate $89,100 in 2003-04 and $118,800 in 2004-05 of remaining base level salary and fringe benefits funding that currently supports 1.0 attorney position to the agency's supplies and services budget to pay for legal services supplied by DOA. The agency's chief counsel position would not be subject to transfer to DOA under the Governor's recommendation. [It should be noted that, in its budget documents, the administration has deleted funding for two of the eliminated positions for the entire year of 2003-04 as part of base budget position reductions.]

Joint Finance/Legislature: Delete the Governor's recommendation to eliminate 1.0 attorney position and to reallocate $89,100 PR in 2003-04 and $118,800 PR in 2004-05 in salary and fringe benefit funding to the agency's supplies and services budget. (Annual funding of $249,500 PR and 2.0 PR attorney positions that are deleted as part of base budget reductions would not be restored.) Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

7. ADMINISTRATIVE SERVICES -- POSITION FUNDING TRANSFER

	Positions
FED	- 1.00
PR	1.00
Total	0.00

Governor/Legislature: Provide 1.00 PR position and delete 1.0 FED position annually to reflect the transfer of a position from the Unemployment Insurance Division to the Administrative Services Division to place the position in the division where it performs its responsibilities.

Employment, Training, and Vocational Rehabilitation Programs

1. WORKER'S COMPENSATION -- WORKER'S SAFETY ACTIVITIES

PR	$433,800

Governor/Legislature: Provide expenditure authority of $150,700 annually to reallocate a vacant clerical position to a new safety specialist position and provide additional supplies and services funding to establish a workplace safety program in the Worker's Compensation Division. The new position would administer and coordinate the safety program. The additional funding for the reallocated position is the difference in salary and fringe benefits from the clerical position. The workplace safety program would: (a) identify industry groups and employers that have a high rate of occupational safety and illness-related problems and target these groups to receive help; (b) sponsor and participate in safety seminars and conferences on safety education and demonstrate the cost effectiveness of loss control programs in reducing worker's compensation costs; (c) stimulate involvement by insurance carriers and business support groups to provide loss control assistance to employers; and (d) provide safety education and information that can be published in employer and insurance group newsletters and other media forms. Additional supplies and services funding would be used for: (a) safety website maintenance and upgrades; (b) printing promotional materials; (c) conferences and educational events; (d) general marketing of safety initiatives; and (e) funding speakers.

In addition, annual expenditure authority of $66,200 would be provided to cover increased costs of a memorandum of understanding (MOU) agreement with the Department of Commerce. DWD entered into the MOU in February, 2002. Under the agreement, Commerce Safety and Buildings staff conduct safety investigations for accidents involving fatalities, amputations, and multiple injuries. Compensation and death benefits can be substantially increased or decreased in these cases if the employer failed to enforce or employees failed to comply with safety rules.

The increased expenditures would be funded through the Worker's Compensation Division operations appropriation, which is funded by an annual administrative assessment on worker's compensation insurance carriers and self-insured employers.

2. WORKER'S COMPENSATION -- COURT REPORTER SERVICES

PR	$160,800

Governor/Legislature: Provide expenditure authority of $77,900 in 2003-04 and $82,900 in 2004-05 to fund contracts with private court reporters for worker's compensation hearings at regional sites in the state. The increased expenditures would be funded through the Worker's Compensation Division operations appropriation.

3. WORKER'S COMPENSATION -- RENT/LEASE EXPENSES

PR	$253,200

Governor/Legislature: Provide expenditure authority of $127,600 in 2003-04 and $125,600 in 2004-05 for increased rent costs for the Worker's Compensation Division. The increased expenditures would be funded through the Division's operations appropriation.

4. WORKER'S COMPENSATION -- UNINSURED EMPLOYERS FUND APPROPRIATION INCREASE

SEG	$2,000,000

Governor/Legislature: Provide $1,000,000 annually in the uninsured employers fund (UEF) payments appropriation to more closely reflect revenues and expenditures in the appropriation. The uninsured employers fund is used to make worker's compensation benefit payments for valid claims filed by employees who are injured while working for illegally uninsured employers. The UEF is funded through penalties assessed against employers for illegally operating a business without worker's compensation insurance.

5. EMPLOYMENT TRANSIT ASSISTANCE PROGRAM MODIFICATIONS

Governor/Legislature: Delete the following requirements that the state employment transit assistance (Job Ride) program must meet:

a. All jobs accessed by the program must pay at least $4.00 per hour.

b. Fares charged under the program must not exceed $2.00 per one-way trip.

c. Employers must pay at least 50% of the cost per one-way trip for their employees who participate in the program.

In addition, appropriations for federal oil overcharge funds and federal employment transit assistance funding for the state employment transit assistance program would be deleted. These appropriations are not currently a source of FED funding for the program.

The employment transit assistance program provides grants to local public bodies and private organizations to operate projects that give low-income families access to jobs. The grants are funded through a combination of federal, state, and local monies. Specifically, DWD is authorized to administer the employment transit assistance program and can: (a) conduct projects; (b) make and execute contracts with eligible applicants; and (c) make grants to eligible applicants to conduct projects or to match a federal grant awarded to an eligible applicant to conduct a project. A grant may not exceed 80% of the total cost of a project and may only be made to an eligible applicant that provides access to nontemporary employment or to Wisconsin Works (W-2) employment positions. Eligible applicants are public bodies or private organizations. A project must be designed to improve access to jobs, including part-time jobs and W-2 employment positions, located in outlying suburban and sparsely populated and developed areas that are not adequately served by a mass transit system. A project must also be designed to develop innovative transit service methods.

[Act 33 Sections: 491, 501, 802, 851, and 1949]

6. REPEAL TRADE MASTERS PROGRAM

Governor/Legislature: Repeal the trade masters pilot program and related appropriation. The trade masters pilot program recognizes advanced training and post-apprenticeship achievements in three trades, crafts, or businesses, one of which must be in the industrial sector, one in the construction sector, and one in the service sector of the economy. The program was created by 2001 Wisconsin Act 16 (the 2001-03 biennial budget) and one-time funding of $50,000 PR in tribal gaming revenues was provided in 2001-02.

[Act 33 Sections: 492, 614, and 1858]

7. LABOR AND INDUSTRY REVIEW COMMISSION -- DELETE POSITIONS AND FUNDING

	Funding	Positions
FED	- $255,200	- 3.00

Governor/Legislature: Delete $127,600 and 3.0 positions annually under the Labor and Industry Review Commission (LIRC). In addition, expenditure authority of $87,700 FED and 1.0 FED position would be reallocated from LIRC to the Unemployment Insurance Division. The positions were vacated by attrition and remained unfilled because LIRC is able to handle its current unemployment insurance caseload adequately due to improvements in technology and office functions.

8. LABOR AND INDUSTRY REVIEW COMMISSION -- SUPPLIES AND SERVICES FUNDING

FED	$14,000

Governor/Legislature: Provide $6,400 in 2003-04 and $7,600 in 2004-05 in supplies and services funding to cover basic expenses for the Labor and Industry Review Commission. Additional funds are available from the federal Equal Employment Opportunity Commission (EEOC) contract.

9. CONSOLIDATE YOUTH EMPLOYMENT PROGRAMS [LFB Paper 835]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	$0	1.00	$0	- 1.00	$0	0.00
PR	- 982,800	0.00	0	- 1.00	- 982,800	- 1.00
SEG	- 2,840,600	- 6.50	- 2,770,200	- 1.00	- 5,610,800	- 7.50
Total	- $3,823,400	- 5.50	- $2,770,200	- 3.00	- $6,593,600	- 8.50

Governor: Delete $2,805,400 SEG, 7.50 SEG positions, $491,400 PR, and 1.0 PR position annually and eliminate the Wisconsin Conservation Corps (WCC), related appropriations, and the WCC Board and its functions. DWD would be provided $1,275,900 conservation fund SEG annually in a separate SEG biennial appropriation for grants to community-based nonprofit organizations for youth employment projects. WCC member education vouchers would be funded from this appropriation for up to four years after the effective date of the bill.

DWD would be required to develop guidelines for youth employment projects designed to promote all of the following objectives:

a. Provide employment for youth 14 to 21 years old in all regions of the state.

b. Encourage and develop employment life skills, discipline, and cooperation in project participants by providing meaningful work experiences and training and educational opportunities.

c. Provide project participants with a wage that is not less than the greater of the federal or state minimum wage.

d. Conserve, develop, enhance, or maintain the natural resources of the state through implementation of projects that have long-term beneficial impact on the environment.

e. Promote the social well being of children, the elderly, persons with disabilities, and persons with low incomes through implementation of human services projects.

DWD would be authorized to provide grants to community-based non-profit organizations for projects that are designed to meet the first three objectives listed above and one or more of the last two objectives.

DWD would also be provided $109,200 conservation fund SEG and 1.0 SEG position annually in a separate SEG annual appropriation to administer the youth employment project grant program. The bill specifies that all contracts entered into by the WCC Board, and all administrative rules, orders, and pending matters of the WCC would be transferred to DWD on the effective date of the bill.

Responsibility for administering Operation Fresh Start (OFS) would be transferred from DOA to DWD. DWD would be provided 1.0 PR position annually to administer the program. The position would be funded with monies obtained for OFS projects. In addition, 1.0 FED position would be provided for administration of youth employment programs. The Secretary of Administration would be required to designate one or more employees of the Department of Commerce, Division of Housing (the Division would be transferred from DOA to Commerce under the bill) to administer youth employment training grants. If either Department was dissatisfied with the Secretary's determination, that Department could submit the matter to the co-chairpersons of the Joint Committee on Finance for consideration by the Committee. The Committee would be authorized to affirm or modify the proposed transfer. Employees transferred from Commerce to DWD by the Secretary of Administration would have the same rights and status as they had at Commerce, and would not have to serve a probationary period.

The WCC was created in 1983 to provide employment to young men and women 18 to 25 years of age through participation in and completion of conservation and natural resource projects. In addition, a major goal of the WCC is to teach young adults basic work habits and job skills, to develop cooperation and discipline through meaningful work experiences, and to provide training and educational opportunities, all of which will improve their chances of securing employment in the private sector. WCC has 20 crews conducting projects throughout the state. Each crew typically consists of four to six corps members and a crew leader.

Projects for WCC crews are developed in association with sponsors, such as governmental agencies, nonprofit organizations, and school districts, and are usually designed to last for one year. Corps members are hired for the duration of the project. Sponsors are responsible for providing transportation for the crew from a designated reporting location to the worksite, for tools, materials, and equipment to complete project activities, for some technical assistance, and for support services for the crew leader. WCC crews perform a variety of conservation and community development projects including timber stand improvement, trail development, planting trees, soil erosion control, and construction of recreational facilities. The source of funding for WCC crews is SEG and PR appropriations. The primary source of SEG funding for crew activities is the forestry account of the conservation fund.

WCC pays wages, statutorily set at the higher of the state or federal minimum wage (currently $5.15 per hour), and worker's compensation, and provides safety equipment for crew members. The WCC also hires and trains a crew leader who is responsible for discipline and paperwork for all crew members. Crew members who successfully complete six months to one year of service are eligible to receive an education voucher that is worth at least $1,000, but not more than $2,800. The education voucher may be used for payment of tuition and required program activity fees at any institution of higher education in the state, including vocational, technical, or other training schools. The corps member has four years after the date of issuance to use the voucher for payment of tuition and fees.

WCC is authorized 7.5 SEG and 1.0 PR positions for administration. The WCC Board is composed of seven members and is responsible for establishing policies, and reviewing and approving projects. The Board members must represent regional, environmental, and agricultural interests and one member must also be a member or employee of a workforce development board.

The Operation Fresh Start (OFS) program is designed to provide at-risk young people with education, employment skills, and career direction leading to economic self-sufficiency. OFS provides funding for housing rehabilitation and construction projects throughout the state. Governmental units and nonprofit organizations conduct local projects. DOA uses existing staff in the Division of Housing to administer OFS projects. Staff is responsible for providing technical support, and for reviewing and approving grant applications and distributing grant monies. There is no ongoing permanent source of funding source for the OFS program. DOA has been able to obtain funding from a number of sources including the federal HOME program, AmeriCorps, oil overcharge monies from the Division of Energy, and federal funds from local workforce development boards.

Joint Finance/Legislature: Modify the Governor's recommendation as follows: (a) delete an additional $1,385,100 SEG, 1.00 SEG position, 1.00 PR position, and 1.00 FED position annually to eliminate the youth employment grants program, related funding, and positions; (b) provide DWD with a SEG appropriation from which the Department could encumber existing funds to cover outstanding education vouchers; (c) retain Wisconsin Fresh Start in the Division of Housing and fund the program as under current law. (The Division of Housing would be transferred from DOA to Commerce under the bill).

[Act 33 Sections: 90, 116, 417, 503d, 533 thru 543d, 722, 801, 803, 915, 916, 919 thru 922, 1000, 1008, 1675, 1681, 1704, 1731, 1903d thru 1948, 1961, 2411, 2470, 2507, 2776, 2778, 9159(7), and 9459(2z)]

10. ELIMINATE THE WISCONSIN SERVICE CORPS [LFB Paper 836]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	$0	$260,000	$260,000
GPR	- $179,200	$0	- $179,200

Governor: Repeal the Wisconsin Service Corps (WSC) and all related appropriations. The GPR appropriation for member compensation and support would be modified to only provide funding for Service Corps education vouchers. Annual funding of $89,600 in the appropriation would be deleted. The appropriation would be repealed three years after the effective date of the bill.

The Wisconsin Services Corps was created by 1991 Wisconsin act 39 (the 1991-93 biennial budget) to employ individuals between 18 and 25 years of age to work on projects that address the social, economic, or health needs of the community. The program is managed as part of the Governor's Central City Initiative and is limited to projects and activities in Milwaukee County. The WSC was modeled after the Wisconsin Conservation Corps (WCC).

The WSC was established to: (a) provide employment for young adults; (b) encourage and develop work skills, meaningful work experiences, and training and educational opportunities for corps members; and (c) address the social, health, and economic needs of Milwaukee County. Corps members are required to work on projects, developed in cooperation with DWD, by state agencies, local units of government or private organizations that operate in Milwaukee County. In order to qualify as an approved project, a project must provide employment opportunities to corps members, consist of community service activities, and be located in Milwaukee County. To be eligible for participating in the WSC, individuals must be unemployed and between the ages of 18 and 25. DWD is directed to attempt to hire at least 50% of corps members from persons who are receiving public assistance or have received it within a year of application for employment. Corps members who are employed for the term of a project, or are otherwise approved, are eligible for an education voucher of $1,000 to $1,800. The education voucher may be used for payment of tuition and required program activity fees at any institution of higher education in the state, including vocational, technical, or other training schools. The corps member has three years after the date of issuance to use the voucher. Annual funding of $89,600 GPR is provided for DWD Service Corps member wages and, in certain cases, other project costs.

Joint Finance/Legislature: Include provision and, in addition, require that the unencumbered year-end balance in the WSC general program revenue member compensation appropriation be lapsed to the general fund as GPR-Earned on July 1, 2003. This would increase GPR-Earned by an estimated $260,000 in 2003-04.

[Act 33 Sections: 183, 485, 486, 488, 490, 1882 thru 1902, 2364, 9259(2x), and 9459(2)]

11. TRANSFER GOVERNOR'S WORK-BASED LEARNING BOARD FUNCTIONS [LFB Paper 837]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$0	0.00	- $3,364,600	- 2.70	$0	0.00	- $3,364,600	- 2.70
FED	- 47,000	1.00	- 637,600	- 5.45	637,600	5.45	- 47,000	1.00
PR	- 106,000	- 1.00	- 5,931,800	- 4.60	4,731,800	4.60	- 1,306,000	- 1.00
Total	- $153,000	0.00	- $9,934,000	- 12.75	$5,369,400	10.05	- $4,717,600	- 2.70

Governor: Eliminate the Governor's Work-Based Learning Board (GWBLB) and transfer its functions to the Division of Workforce Solutions (DWS) in DWD. The Department, in conjunction with the Governor's Work-Based Learning Council (GWBLC), would administer the programs transferred from the Board, including the youth apprenticeship/local youth apprenticeship, school-to-work for at-risk youth, work-based learning grants to tribal colleges, and Title II Carl Perkins Tech Prep funding programs. Title II Carl Perkins Tech Prep funding would be reduced by $53,000 PR and 1.0 PR position annually. The annual funding and position transfers to DWS are shown in the following table:

	Funding	Positions
GPR		
Local Youth Apprenticeship Grants	$2,203,000	0.00
School-to-Work for At-Risk Youth	285,000	0.00
General Program Operations	659,300	5.70
Subtotal	$3,147,300	5.70
PR		
Carl Perkins, Title II Tech-Prep	$2,236,200	2.40
Work-Based Learning Grants to Tribal Colleges	600,000	0.00
Inter and Intra-agency Agreements	111,700	2.20
Auxiliary Services	18,000	0.00
Subtotal	$2,965,900	4.60
FED		
Workforce Investment and Assistance	$318,800	5.45
Total	$6,432,000	15.75

A technical appropriation adjustment of -$50,700 FED and 0.25 FED position in 2003-04 and $3,700 FED and 1.0 FED position in 2004-05 would be made to offset changes made to base level funding for the GWBLB in standard budget adjustments. In addition, obsolete statutory provisions related to the distribution of Carl Perkins, Title II, tech-prep funding would be repealed

The current GWBLB and executive director would be eliminated and reconstituted as the Governor's Work-Based Learning Council (GWBLC) with an unclassified executive director position. The Council would be required to oversee the planning, coordination, administration, and implementation of the youth apprenticeship, school-to-work, and work-based learning programs and any other employment and education programs that the Governor assigned to DWD by executive order. As under current law for the GWBLB, the Governor would be chairperson of the new Council. In providing oversight, the Council would be required to do all of the following:

a. Identify the employment and education needs of the state and recommend to the Governor goals for meeting those needs and steps to meet those goals.

b. Review the provision of services and the allocation of funding and resources under the school-to-work, youth apprenticeship, and work-based learning programs transferred to DWS and recommend to the Governor a strategic plan for coordinating the provision of those services and for allocating that funding and those resources, consistent with the laws, rules, and regulations governing those programs, so as to best respond to employment and education needs identified by the Council.

c. Monitor the provision of services and the expenditure of funding resources under the programs transferred to DWS and evaluate the effectiveness of those programs in meeting the employment and educational needs of the participants in those programs.

d. Determine whether any federal laws, regulations, or policies impede the effectiveness or coordination of any of the programs transferred to DWS, and if so, recommend that the Department seek waivers of those laws, regulations, or policies.

e. Recommend for approval by DWD occupations for the youth apprenticeship program and statewide skills standards for school-to-work programs.

f. Review and recommend for approval by the Department a school-to-work program for children at risk that is provided by a nonprofit organization.

g. Provide uniform performance standards that assist in evaluating the effectiveness of the school-to-work, youth apprenticeship, and work-based learning employment and education programs transferred to DWS.

h. Annually, prepare and submit to the Legislature and Governor a report on Council activities that includes recommendations regarding the programs transferred to DWS.

The executive director of the Council would assist it in performing its duties and assist the Department in administering the school-to-work, youth apprenticeship, and work-based learning programs transferred to DWS.

DWS would administer the transferred programs. It would be required to review the recommendations of the Council before approving occupations for the youth apprenticeship program and the school-to-work program for at-risk youth.

All contracts, rules and orders, and pending matters of the GWBLB would be transferred to DWS on the effective date of the bill. Unencumbered balances in deleted appropriations would be transferred to the appropriate appropriations under DWS.

Under current law, the GWBLB plans, coordinates, administers, and implements youth apprenticeship, school-to-work, and work-based learning programs plus any programs assigned to the Board by executive order of the Governor. The GWBLB consists of 17 members including the Governor, State Superintendent of Public Instruction, president of the Wisconsin Technical College System (WTCS) Board, director of the technical college system, Secretary of DWD, and administrator of DWS, and public representatives of business and industry, labor, and secondary vocational education and work-based learning. The Speaker of the Assembly and Senate Majority Leader can each appoint two public members. The GWBLB is authorized 16.75 positions, including an executive director.

Joint Finance/Legislature: Delete provision. Instead make the following changes:

a. Eliminate the Governor's Work-Based Learning Board, executive director position, and related responsibilities.

b. Transfer the youth apprenticeship and youth apprenticeship training grant programs to DWD for administration. A total of $1,100,000 GPR would be provided annually for youth apprenticeship training grants. (This would be an annual reduction to base level funding of $1,103,000 GPR.) In order to receive a grant, the local partnership would be required to meet the following requirements: (1) limit the cost per student to a maximum of $900 per youth apprentice (total grant divided by the number of students to be served); (2) provide matching funds equal to 50% of the grant amount; (3) at least 80% of two-year program participants must receive a high school diploma upon completion of the youth apprenticeship program; and (4) at least 60% of youth apprentices must be offered full-time employment by their employers upon completion of the program. In addition, $365,000 GPR and 3.0 GPR positions would be annually provided to administer the program. (This would be a reduction of $294,300 GPR and 2.7 GPR positions annually.)

c. Transfer all remaining funding, programs, and staff, including Carl Perkins, Title II tech prep funds, work-based learning grants to tribal colleges, and school-to-work for at-risk youth programs to the Wisconsin Technical College System (WTCS) Board for administration. Annual funding for work-based learning grants to tribal colleges would be reduced by 50% to $300,000 PR in tribal gaming revenues. Finally, specify that incumbent employees related to the transfer of the GWBLB from DWD to the WTCS Board would retain their state employment rights at DWD if funding related to the position is not available for transfer to WTCS.

This would transfer a total of $285,000 GPR, $2,665,900 PR, 4.60 PR positions, $318,800 FED, and 5.45 FED positions annually to WTCS.

Veto by Governor [A-27]: Modify provisions as follows: (a) the GWBLB and executive director would be restored; (b) authority for the WTCS Board to administer the technical preparation program would be deleted; (c) the GWBLB program revenue continuing appropriations for Carl Perkins tech prep funds, intra- and interagency programs, and auxiliary services, and the federal funds continuing appropriation would be restored; (d) the transfer of 4.6 PR and 5.45 FED positions would be deleted so that the position authority would be retained by the GWBLB; (e) DWD authority to administer the youth apprenticeship and youth apprenticeship training grant programs would be deleted and restored with the GWBLB; and (f) the eligibility requirement for youth apprenticeship training grants that youths completing the program be offered full-time employment would be deleted to allow employers to offer part-time employment. (Note that certain statutory sections that would authorize DWD to administer the youth apprenticeship programs were not vetoed.) In his veto message, the Governor indicates that, although he restored responsibility for administering the youth apprenticeship and youth apprenticeship training grant programs with the GWBLB, he could not transfer the appropriations to the GWBLB through a veto. Similarly, he could not veto the transfer to the WTCS Board of the programs for work-based learning grants to tribal colleges and school-to-work for at-risk youth without eliminating the program funding. He is requesting that the GWBLB and DWD provide whatever assistance may be needed by the WTCS Board to administer these programs.

[Act 33 Sections: 293v, 545, 546, 547d, 551e, 615c, 946d, 946e, 946f, 946j, 946k, 946m, 1865d, 1868d thru 1871, 1872g, 1872h, 1876t, 2020, and 9159(6x)]

[Act 33 Vetoed Sections: 81, 117d, 286 (as it relates to 20.292 (1)(ga)&(kx) and

20.445(1)(em)), 544, 548, 549d, 550d, 552d, 553, 725d, 946d, 946e, 946f, 946g, 946j, 1862d, 1863d, 1865d, 1866d, 1867d, 1867t, 1869d, 1870d, 1871, 1872, 1872h, 1873, 1874, 1875, 1876, 1878, 2405d, 9149(1x), 9159(6x), and 9259(3)]

12. TRANSFER OF STATE EMPLOYEE COMPLAINT INVESTIGATION FUNCTIONS FROM THE PERSONNEL COMMISSION [LFB Paper 585]

Governor/Legislature: Eliminate the Personnel Commission and transfer its state employee complaint investigation functions to DWD's Division of Equal Rights, as follows: (a) enforcement of various state employee "whistleblower" statutes, including those statutes protecting employees from retaliation based on reporting patient abuse, elder abuse, public employee occupational health and safety violations, and possible abuse of authority, mismanagement, and waste of public funds by certain state agency personnel; (b) processing of state agency employment discrimination allegations; (c) processing of state agency unfair honesty testing allegations; (d) processing of state agency unfair genetic testing allegations; (e) processing of state agency fair employment act retaliation allegations; (f) processing of state employee family and medical leave violation allegations; and (g) processing of state employee reemployment and benefit eligibility rights violation allegations for returning National Guard, state defense force or public health emergency service personnel.

Specify that on the effective date of the bill, the assets and liabilities, tangible personal property, and contracts of the Personnel Commission, as determined by the Secretary of DOA, related to each of the above areas of jurisdiction would be transferred to DWD. Specify that the pending matters, rules, and orders of the Personnel Commission related to each of the above areas of jurisdiction would become the pending matters, rules, and orders of DWD on the effective date of the bill.

Under current law, the Division of Equal Rights is charged with enforcing statutes related to nonstate employee complaints: (a) under "whistleblower" statutes related to aging and long-term care issues, care and treatment facilities issues, caregivers reporting elder abuse, public employee occupational health and safety, and state health care worker reporting; (b) regarding employment discrimination; (c) regarding unfair honesty testing; (d) regarding unfair genetic testing; (e) regarding fair employment act retaliation; (f) regarding family and medical leave issues; and (g) regarding reemployment rights after National Guard, state defense force, or public health emergency service processing.

[Act 33 Sections: 77, 138, 144 thru 146, 647, 727, 745 thru 749, 1176 thru 1178, 1473 thru 1475, 1835 thru 1837, 1855, 1962, 1963, 2064 thru 2066, 2373, 2387, 2388, 2418, 2419, 2421 thru 2422g, 2423 thru 2427, 2428 thru 2440, and 9139(1)]

13. VOCATIONAL REHABILITATION -- TRANSFER INJURED STATE WORKER PROGRAM TO DOA

	Funding	Positions
PR	- $100,600	- 1.00

Governor/Legislature: Transfer responsibility for operating the injured state worker program from the Division of Vocational Rehabilitation (DVR) in DWD to the Department of Administration (DOA) and delete $50,300 and 1.0 position annually from DWD to reflect the transfer. A nonstatutory provision would require the transfer, from DVR to DOA, of the incumbent employee having responsibility for rehabilitation of injured state employees. The employee that would be transferred would have the same rights and status as he or she had at DVR, and would not have to serve a probationary period. DOA would not be provided additional position authority, but would have to reallocate an existing position to complete the transfer.

DVR operates the injured state worker program under contract with DOA. Currently, a reemployment specialist is assigned to DOA's risk management program and is funded under an interchange agreement with DOA. The specialist acts under the worker's compensation law to assist state workers in returning to appropriate employment as soon as possible after injury or illness. The specialist also assists agencies in developing their own return-to-work programs.

[Act 33 Sections: 9101(7) and 9159(8)]

14. VOCATIONAL REHABILITATION -- TECHNICAL POSITION ADJUSTMENT

	Funding	Positions
PR	- $41,400	- 0.50

Governor/Legislature: Delete expenditure authority of $20,700 and 0.50 position annually. The 0.50 position was developed to staff the Human Resource Investment Council. The Council is no longer active and funding to support the position is not available.

15. VOCATIONAL REHABILITATION -- CONSOLIDATE CASE SERVICE AND OPERATIONS FUNDING

Governor/Legislature: Consolidate state GPR funds for vocational rehabilitation services and operations into a single GPR appropriation. The consolidated appropriation would be an annual appropriation. However, DWD could transfer funds between fiscal years. Funds appropriated for a fiscal year that were transferred to the next fiscal year but were not spent or encumbered by September 30 of the next fiscal year would lapse to the general fund on October 1. The FED appropriations for federal operations and vocational rehabilitation case service funding would also be consolidated into a single appropriation. The appropriation language for the consolidated FED appropriation would specify that DWD would be required to annually transfer $300,000 from this appropriation to the Department of Health and Family Services to provide funding for independent living center grants.

Under current law, DWD's Division of Vocational Rehabilitation is required to advise and assist any disabled individual who applies to DVR for vocational rehabilitation services. The primary source of funds for vocational rehabilitation services and related operations is federal Title I-B funds. Each year, the federal government allocates a certain amount of these funds to each state. A match of 21.3% of state funds to 78.7% federal funds is required to receive federal monies. State GPR matching funds for vocational rehabilitation services and operations are provided through two separate GPR appropriations. The GPR case service appropriation contains a provision that allows an additional three months after the end of the state fiscal year to encumber funds to correspond with the federal government's fiscal year. Federal matching funds for vocational rehabilitation services and operations are provided through two separate FED appropriations. DWD is required to transfer up to $300,000 annually in federal case services funding to DHFS for independent living center grants.

[Act 33 Sections: 476, 527, 528, 531, 532, 1184, and 1187]

16. VOCATIONAL REHABILITATION -- DELETE UNUSED APPROPRIATION

Governor/Legislature: Delete the program revenue appropriation for rehabilitation teaching aids under DVR for funds to be transferred to the Department of Health and Family Services. The corresponding appropriation under DHFS would also be deleted. Charges on the net proceeds from the operation of vending machines under DVR's supervised business enterprise program for the blind and visually impaired are placed in the DVR program revenue appropriation. These funds are then transferred to an appropriation under DHFS to be used to fund a teaching program for the blind or visually impaired. Both appropriations are currently unused.

[Act 33 Sections: 477, 529, 530, 1185, and 1186]

17. REPEAL APPROPRIATION FOR ADJUDICATION OF MINING DAMAGES CLAIMS

Governor/Legislature: Delete the appropriation for adjudication of mining damage claims and specify the appropriation under the Department of Commerce from which such claims are to be paid. This function was transferred to Commerce in the 1995-97 biennial budget and claims are currently paid by Commerce. The repealed appropriation is not needed under DWD.

[Act 33 Sections: 526, 1952, and 1953]

18. FEDERAL FUNDING OF APPRENTICESHIP PROGRAMS

Governor/Legislature: Create a continuing FED appropriation for federal Reed Act monies to fund administration of the Department's apprenticeship programs. No monies could be expended from the appropriation unless the treasurer of the unemployment reserve fund determined that such expenditures were necessary to fund apprenticeship programs. The treasurer of the unemployment reserve fund would be required to transfer to the appropriation that funds administration of the Unemployment Insurance (UI) Division any unencumbered balance in the new appropriation that was not needed or available to fund apprenticeship programs. The source of funds for the appropriation would be a grant of Reed Act funds received in the Spring of 2002.

DWD, through the Bureau of Apprenticeship Standards, has the primary responsibility for monitoring apprenticeship programs in Wisconsin. Through a cooperative agreement between the federal government and the state, the Bureau of Apprenticeship and Training of the U. S. Department of Labor has a staff member who works with state Bureau staff to administer the apprenticeship system in the state. A basic part of the Wisconsin apprenticeship system is the contract between the employer and each apprentice that must be approved by the state Bureau of Apprenticeship Standards. The Bureau is responsible for ensuring that all provisions of the contract are lived up to.

Federal Reed Act funds are excess federal unemployment taxes from accounts in the federal unemployment trust fund that are transferred to the states when the balances in the accounts exceed statutory limits. The transfers require special legislation and federal approval for each allocation.

[Act 33 Sections: 499 and 1957 thru 1959]

19. DIVISION OF WORKFORCE SOLUTIONS -- TECHNICAL POSITION ADJUSTMENT

	Funding	Positions
FED	$85,400	1.00

Governor/Legislature: Provide $42,700 and 1.00 position annually to adjust the base level position authority for the Division of Workforce Solutions to recognize a position that was approved by the Department of Administration in May, 2002, but was not included in the Department's adjusted base budget.

20. UNEMPLOYMENT INSURANCE -- POSITION REALIGNMENT

	Funding	Positions
FED	$196,600	0.75
PR	- 196,600	- 0.75
Total	$0	0.00

Governor/Legislature: Delete $98,300 PR and 0.75 PR position and provide $98,300 FED and 0.75 FED position annually to convert the funding source for the position from PR to FED to reflect a change in activities. In prior years, the Department of Commerce had entered into agreements with the Bureau of Legal Affairs in DWD's Unemployment Insurance Division for administrative law judges to hear and issue decisions for the Petroleum Environmental Cleanup Fund Award (PECFA) program. Commerce had reimbursed DWD for its expenditures for the 0.75 position, but has not renewed the agreement. Under the bill, the 0.75 position would be converted to FED funding and used to address increased workload and meet federal timelines for processing appeals of unemployment insurance benefits cases.

21. UNEMPLOYMENT INSURANCE -- TECHNICAL CORRECTION

	Positions
FED	- 1.00

Governor/Legislature: Delete 1.0 position annually to correct a technical error created in the Department's budget in 2001 Act 16. As part of a realignment of administrative positions, a position and related funding was transferred between appropriations under the Unemployment Insurance Division. However, the transferred position was not deleted from the original appropriation. This provision would correct the error.

22. CONSOLIDATION AND REALIGNMENT OF FEDERAL FUNDS APPROPRIATIONS

Governor/Legislature: Delete three existing FED appropriations and consolidate their functions into two existing FED appropriations under Workforce Development. The two existing consolidated FED appropriations would be designated for federal funds received by the Divisions of Unemployment Insurance and Workforce Solutions. In addition, two separate FED appropriations would be created for federal funding received by the Divisions of Equal Rights and Worker's Compensation. Technical statutory modifications would be made to update or eliminate obsolete references and to conform the modified appropriation language to program statutes. The unencumbered balances in appropriations that were deleted would be transferred to the appropriate existing appropriations.

[Act 33 Sections: 494 thru 498, 500, 502, 1859 thru 1861, 1879 thru 1881, 9159(5), and 9259(3x)]

23. COMPULSIVE GAMBLING GRANTS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR	$200,000	- $200,000	$0

Senate/Legislature: Provide $100,000 annually to DWD from tribal gaming revenue to fund grants, as follows: (a) $50,000 annually to organizations that assist persons of Southeast Asian origin with compulsive gambling issues; and (b) $50,000 annually to organizations that assist persons who are African-American with compulsive gambling issues.

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

[Act 33 Vetoed sections: 286 (as it relates to 20.445(1)(kv)), 492g, 614g, and 1857m]

Economic Support and Child Care

1. W-2 AND TANF RELATED REVENUES AND EXPENDITURES

Governor: Table 1 shows the Wisconsin Works (W-2) and temporary assistance for needy families (TANF) related revenue estimates and expenditures recommended by the Governor. These items are addressed in detail in the entries that follow according to the number listed in the right-hand column of the table.

Revenues Available for W-2 and TANF Related Programs

As shown, the administration estimates total revenues for W-2 and TANF related programs at $672,470,800 in 2003-04 and $628,534,400 in 2004-05. Compared to base year funding, these numbers represent a decrease in ongoing revenue (excludes TANF carryover funding from the prior year) of $12,947,400 in 2003-04 and $13,947,400 in 2004-05. Overall, the amount of state and federal funding available for TANF programs would decline from the base due to a decrease in estimated funding received under the TANF and child care block grants, and estimated revenues from child support and welfare fraud and error reduction activities.

State funding would include $163,312,000 annually ($154,199,400 GPR and $9,112,600 PR). These numbers reflect a decrease to base year funding of $4,791,000 annually (-$4,456,700 GPR and -$334,300 PR). The program revenues include job access loan repayments, collections from welfare fraud and error reduction activities, and funds transferred from DHFS to DWD for administration of the federal food stamp employment and training (FSET) program.

The $4,456,700 GPR and $334,300 PR reductions reflect the following: (a) a $4,550,200 annual decrease in GPR to reflect the transfer of funding to DHFS for funerals and burial expenses for people receiving public assistance; (b) a $55,900 increase in GPR to adjust for the amount of DWD general program operations GPR allocated to TANF programs; (c) a $37,600 increase in GPR to reflect restoration of a one-time decrease in GPR under 2001 Act 109; and (d) a decrease of $334,300 PR to reflect a reestimate of revenues collected from welfare fraud and error reduction activities.

Funding also includes $26,588,200 in 2003-04 and $25,588,200 in 2004-05 from child support collections that are assigned to the state by public assistance recipients. These estimates represent a reduction of $910,300 in 2003-04 and $1,910,300 in 2004-05.

Federal funding is estimated at $399,592,200 annually, which includes monies from the TANF block grant ($315,776,800) and the child care development block grant ($83,815,400). These amounts represent an annual reduction of $7,246,100, which reflects: (a) an estimated decrease in the TANF block grant of $864,000 annually in anticipation of the Oneida tribe operating its own TANF program beginning in May, 2003; and (b) an estimated decrease in the child care block grant of $6,382,100 annually. The base revenues under the child care block grant are artificially high, because the state was able to access some additional matching in 2002-03 funds which will no longer be available in 2003-05.

It should be noted that, under federal law, authorization for the TANF program expired on September 30, 2002. Congress has passed a continuing resolution extending the program through June 30, 2003. At that time, legislation will be needed to either continue or reauthorize the program. The Governor's recommendations assume that the program will continue at the same funding levels provided under the current federal program.

Expenditures for W-2 and TANF Related Programs

Under the Governor's recommendations, overall expenditures for W-2 related programs would be $632,428,800 in 2003-04 and $628,389,800 in 2004-05. These amounts include all funds, and represent a decrease from the base budget of $57,919,700 in 2003-04 and $61,958,700 in 2004-05. According to the Executive Budget in Brief document, the decreases reflect an effort to bring the TANF program, with an estimated annual structural deficit of $95 million, into balance; while providing sufficient benefit funding to reflect increases in W-2 cash payment caseloads and expanding the caretaker of newborn infant grants, and retaining funding for programs that support low-income families. Expenditures include: W-2 cash grants, wages, and stipends; W-2 agency contract allocations for administrative costs and services; child care; financial benefits for the kinship care program, the caretaker supplement, emergency assistance and other programs; child support payments; state administration and other ongoing services; and expenditures for programs outside of DWD. TANF funding for programs, such as transportation projects, legal services, literacy programs, aid to Milwaukee Public Schools, DHFS adolescent, nutrition, and immunization services, the Adolescent Pregnancy Prevention and Pregnancy Services (APPPS) Board, and the Badger Challenge program would be eliminated.

Federal law allows the state to carry forward unexpended TANF funding without fiscal year limitation. However, the use of such carried-over funds is limited to items defined as "assistance" under federal regulations. As shown in the table, under the Governor's proposal, $144,600 would remain unallocated at the end of the 2004-05 fiscal year, and would be carried forward to the next biennium.

TABLE 1

W-2 and TANF Related Revenues and Expenditures Under the Governor's Budget Bill

			Change to Base		
	2003-04	2004-05	2003-04	2004-05	Item #
Revenues					
State General Purpose Revenue	$154,199,400	$154,199,400	-$4,456,700	-$4,456,700	15, 34
Program Revenue in DWD	1,000,000	1,000,000	-334,300	-334,300	34
TANF Block Grant	315,776,800	315,776,800	-864,000	-864,000	
Child Care Block Grant	83,815,400	83,815,400	-6,382,100	-6,382,100	
FSET Funds	8,112,600	8,112,600	0	0	
Child Support Collections	26,588,200	25,588,200	-910,300	-1,910,300	34
TANF Carryover from Prior Year	82,978,400	40,042,000	-72,387,300	-115,323,700	
Total Available	$672,470,800	$628,534,400	-$85,334,700	-$129,271,100	
Expenditures					
W-2 Agency Contract Allocations					
Services and Administration	$77,886,300	$77,886,300	-$21,335,300	-$21,335,300	2
Subsidized Employment Benefits*	71,427,500	78,410,800	22,117,900	29,101,200	3, 8
Local Agency Performance Bonuses	0	0	0	0	5
Community Reinvestment-W-2 Agencies	0	0	-5,539,700	-5,539,700	6
Child Care					
Direct Child Care Subsidies	$293,634,300	$291,385,000	-$11,915,700	-$14,165,000	7, 8
Programs to Improve Child Care Quality and Availability	6,859,400	6,926,700	-8,598,600	-8,531,300	9
Local Pass-Through Program	4,395,500	4,395,500	-12,857,700	-12,857,700	10
Other Benefits					
Kinship Care	$24,155,700	$24,155,700	-$696,900	-$696,900	11
Caretaker Supplement for Children of SSI Recipients	20,883,700	19,969,800	1,087,700	173,800	12
Emergency Assistance	4,500,000	4,500,000	1,200,000	1,200,000	13
Job Access Loans	200,000	200,000	-400,000	-400,000	14
Funerals/Burials for Public Assistance Recipients	0	0	-4,550,200	-4,550,200	15
Child Support Related to W-2					
Child Support Payments	$17,777,100	$17,397,100	-$905,000	-$1,285,000	16
Children First	1,140,000	1,140,000	0	0	
Administrative Support					
State Administration	$18,552,100	$18,552,100	-$6,141,100	-$6,141,100	17
Budget Efficiency Measures	-64,700	-64,700	-64,700	-64,700	35
Other Support Services					
Transportation	$0	$0	-$900,000	-$900,000	18
Legal Services	0	0	-100,000	-100,000	19
English for Southeast Asian Children	100,000	100,000	0	0	
Grant Programs					
Workforce Attachment and Advancement	$2,000,000	$2,000,000	-$5,842,200	-$5,842,200	20
Early Childhood Excellence	2,500,000	2,500,000	-250,000	-250,000	21
Grants to Boys and Girls Clubs of America**	300,000	300,000	0	0	22
Literacy-DWD	0	0	-750,000	-750,000	23

	2003-04	2004-05	Change to Base 2003-04	Change to Base 2004-05	Item #
Expenditures in Other Programs					
Earned Income Tax Credit	$57,892,000	$50,300,000	$2,732,000	-$4,860,000	24
Head Start	3,500,000	3,500,000	-212,500	-212,500	25
Aid to Milwaukee Public Schools	0	0	-1,410,000	-1,410,000	26
SSBG Transfer to DHFS/Community Aids	13,420,500	13,420,500	-73,500	-73,500	27
Adolescent Services/Pregnancy Prevention	0	0	-1,816,500	-1,816,500	28
Badger Challenge	0	0	-93,400	-93,400	29
Literacy-Governor's Office	0	0	-50,000	-50,000	23
Nutrition Services	0	0	-1,000,000	-1,000,000	30
Immunization	0	0	-1,000,000	-1,000,000	31
Domestic Violence	750,000	750,000	-250,000	-250,000	32
Child Abuse and Neglect Prevention Board	340,000	340,000	0	0	
Child Welfare Safety Services	7,094,100	7,094,100	0	0	
Child Welfare Prevention Services	1,489,600	1,489,600	0	0	
Milwaukee Child Welfare - WISACWIS	1,695,700	1,741,300	1,695,700	1,741,300	33
Total Expenditures	$632,428,800	$628,389,800	-$57,919,700	-$61,958,700	
Ending Balance	$40,042,000	$144,600			

* Some portion of the funding for subsidized employment benefits would be retained by DWD to reimburse employers for costs under the transitional subsidized private sector job program created under the bill, and therefore, would not be part of the W-2 agency contract allocations.
**Under the bill, the community youth grants program would be replaced with grants to Boys and Girls Clubs of America.

Joint Finance: Table 2 shows the W-2 and TANF related revenue estimates and expenditures adopted by the Joint Committee on Finance.

As shown, total revenues for W-2 and TANF related programs are estimated at $684,581,500 in 2003-04 and $648,250,200 in 2004-05. Compared to the Governor's proposal, these numbers represent an increase of $12,110,700 in 2003-04 and $19,715,800 in 2004-05. The increase in revenues is due to: (a) an increase in the balance that will be carried into the 2003-05 biennium based on reestimated revenues and expenditures for fiscal year 2002-03; (b) a shift in funding for the Brighter Futures and tribal adolescent programs from GPR to TANF, which would free up $1,367,100 GPR that would be transferred from DHFS to DWD to be used as matching funds under DWD for the child care and development block grant program; (c) a reestimate of federal revenues available under the child care and development block grant; and (d) use of segregated public utility benefits funding to support W-2 programs in 2004-05.

Overall expenditures for W-2 and TANF related programs would be $634,818,300 in 2003-04 and $648,162,500 in 2004-05. These amounts include all funds and represent an increase to the Governor's bill of $2,389,500 in 2003-04 and $19,772,700 in 2004-05. The overall increase results from several modifications to the Governor's proposal which are described below in separate entries.

There would be an estimated balance in TANF funding of $87,700 on June 30, 2005, under the Joint Finance proposal.

Senate/Legislature: Include one change which would affect Table 2. Provide $100,000 GPR annually to fund grants to an organization that provides summer and after-school programs for children and families of Southeast Asian origin (Item #41). TANF revenues would total $684,681,500 in 2003-04 and $648,350,200 in 2004-05. TANF expenditures would total $634,918,300 in 2003-04 and $648,262,500 in 2004-05. There would be no change to the projected TANF balance of $87,700 on June 30, 2005, under the Joint Finance proposal.

Veto by Governor [A-29]: Delete the provision included by the Senate and adopted by the Legislature that would have provided $100,000 GPR annually to fund grants to an organization that provides summer and after-school programs for children and families of Southeast Asian origin. As a result, revenues and expenditures for W-2 and TANF-related programs under Act 33 are the same as those under the Joint Committee on Finance action as shown in Table 2. The projected TANF balance on June 30, 2005, would be $87,700.

TABLE 2

W-2 and TANF Related Revenues and Expenditures Under Joint Finance and Act 33

	Joint Finance/Act 33		Change to Governor		
	2003-04	2004-05	2003-04	2004-05	Item #
Revenues					
State General Purpose Revenue	$155,566,500	$155,566,500	$1,367,100	$1,367,100	15, 28, 34
Program Revenue in DWD	1,000,000	1,000,000	0	0	34
TANF Block Grant	315,776,800	315,776,800	0	0	
Child Care Block Grant	83,210,900	83,210,900	-604,500	-604,500	
FSET	8,112,600	8,112,600	0	0	
Public Benefits Funding	0	9,232,000	0	9,232,000	24
Child Support Collections	26,588,200	25,588,200	0	0	34
TANF Carryover from Prior Year	94,326,500	49,763,200	11,348,100	9,721,200	
Total Available	$684,581,500	$648,250,200	$12,110,700	$19,715,800	
Expenditures					
W-2 Agency Contract Allocations					
Services and Administration	$76,772,300	$76,772,300	-$1,114,000	-$1,114,000	2
Subsidized Employment Benefits	66,439,400	66,439,400	-4,988,100	-11,971,400	3, 8
Local Agency Performance Bonuses	0	0	0	0	5
Community Reinvestment-W-2 Agencies	0	0	0	0	6
Child Care					
Direct Child Care Subsidies	$298,640,600	$308,040,600	$5,006,300	$16,655,600	7, 8
Programs to Improve Child Care Quality and Availability	9,559,400	9,626,700	2,700,000	2,700,000	9
Local Pass-Through Program	2,475,100	2,478,500	-1,920,400	-1,917,000	10

	Joint Finance/Act 33		Change to Governor		
	2003-04	2004-05	2003-04	2004-05	Item #
Other Benefits					
Kinship Care	$24,122,200	$24,122,200	-$33,500	-$33,500	11
Caretaker Supplement for Children of SSI Recipients	26,397,200	29,175,100	5,513,500	9,205,300	12
Emergency Assistance	4,500,000	4,500,000	0	0	13
Job Access Loans	200,000	200,000	0	0	14
Funerals/Burials for Public Assistance Recipients	0	0	0	0	15
Child Support Related to W-2					
Child Support Payments	$15,687,100	$15,097,100	-$2,090,000	-$2,300,000	16
Children First	1,140,000	1,140,000	0	0	
Administrative Support					
State Administration	$18,484,600	$18,484,600	-$2,800	-$2,800	17, 35
Other Support Services					
Transportation	$0	$0	$0	$0	18
Legal Services	0	0	0	0	19
English for Southeast Asian Children	100,000	100,000	0	0	
Grant Programs					
Workforce Attachment and Advancement	$0	$0	-$2,000,000	-$2,000,000	20
Early Childhood Excellence	2,500,000	2,500,000	0	0	21
Grants to Boys and Girls Clubs of America	300,000	300,000	0	0	22
Literacy-DWD	0	0	0	0	23
Expenditures in Other Programs					
Earned Income Tax Credit	$57,892,000	$59,532,000	$0	$9,232,000	24
Head Start	3,500,000	3,500,000	0	0	25
Aid to Milwaukee Public Schools	0	0	0	0	26
SSBG Transfer to DHFS/Community Aids	13,420,500	13,420,500	0	0	27
Brighter Futures and Tribal Adolescent Services	1,367,100	1,367,100	1,367,100	1,367,100	28
Badger Challenge	0	0	0	0	29
Literacy-Governor's Office	0	0	0	0	23
Nutrition Services	0	0	0	0	30
Immunization	0	0	0	0	31
Domestic Violence	750,000	750,000	0	0	32
Child Abuse and Neglect Prevention Board	340,000	340,000	0	0	
Child Welfare Safety Services	7,045,500	7,045,500	-48,600	-48,600	40
Child Welfare Prevention Services	1,489,600	1,489,600	0	0	
Milwaukee Child Welfare - WiSACWIS	1,695,700	1,741,300	0	0	33
Total Expenditures	$634,818,300	$648,162,500	$2,389,500	$19,772,700	
Ending Balance	$49,763,200	$87,700			

2. W-2 AGENCY CONTRACTS -- SERVICES AND ADMINISTRATION [LFB Paper 846]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- $42,670,600	- $2,228,000	- $44,898,600

Governor: Reduce funding by $21,335,300 annually for services and administration expenditures under the W-2 agency contracts as follows:

W-2 Services. Under current law, funding for services provided by W-2 agencies is included in a combined allocation that covers both agency administrative costs and services. The bill would create a separate statutory allocation for W-2 ancillary services of $55,606,600 in each year. For 2003-04, the funding would include $27,803,300 for the last six months of the current contracts, which cover calendar years 2002 and 2003, and $27,803,300 for the first six months of the next contracts, which will cover calendar years 2004 and 2005. All of the funding in 2004-05 would be used for the next 12 months of the 2004-2005 contracts. Funding for the final six months of those contracts would be provided in the 2005-07 biennial budget.

While there is no separate allocation for ancillary services under current law, the bill assumes that base funding is $76,941,900. Therefore, funding under the bill would represent a $21,335,300 annual reduction to the current level of funding. The reduction includes a $10,667,700 decrease in funding in 2003-04 for the last six months of the current (2002-2003) contracts.

The current allocation for W-2 administration and services states that the funding may be used for program services under W-2. The separate allocation for ancillary services under the bill would retain this language but would also state that such services include transportation assistance for TANF-eligible individuals. For the 2004-2005 contracts, the new language would specify that program services include transportation assistance for TANF-eligible individuals, education and training, mentoring, and other services provided under the contracts.

W-2 Administration. The bill would also create a separate allocation for W-2 agency administrative costs, which would be funded at $22,279,700 in each year. For 2003-04, this would include $11,139,800 for the last six months of the 2002-2003 contracts, and $11,139,900 for the first six months of the 2004-2005 contracts. For 2004-05, the funding would include $22,279,700 for the next 12 months of the 2004-2005 contracts. As with funding for ancillary services, funding for W-2 agency administrative expenses during the final six months of the 2004-2005 contracts would be provided in the 2005-07 biennial budget. While there is no separate allocation for administration under current law, the bill assumes base funding of $22,279,700, which is the same as the amount that would be provided in each year of the 2003-05 biennium.

Joint Finance/Legislature: Reduce funding by $1,114,000 annually for a 5% reduction in funding for W-2 agency administration. The amounts allocated for W-2 agency administration would total: (a) $10,582,800 in 2003-04 for the last six months of the 2002-2003 W-2 agency contracts; (b) $10,582,900 in 2003-04 for the first six months of the 2004-2005 W-2 agency contracts; and (c) $21,165,700 for the next 12 months of the 2004-2005 W-2 agency contracts.

[Act 33 Sections: 1254 and 1258]

3. W-2 CASH BENEFITS, WAGES, AND STIPENDS ALLOCATION [LFB Paper 847]

FED	$34,259,600

Governor: Increase funding by $17,129,800 annually for payments to W-2 participants in subsidized employment positions, and caretaker of newborn infant (CNI) grants under current law. In addition, expand the current statutory W-2 benefit allocation to include wages and stipends under the new transitional subsidized private sector job employment program in the 2004-2005 contracts. Funding would total $66,439,400 annually. This amount does not include the increase in W-2 benefits relating to the provision to extend CNI grants from 12 weeks to six months (an increase in benefits of $4,988,100 in 2003-04 and $11,971,400 in 2004-05). If funding for the CNI grant extension were included, funding would total $71,427,500 in 2003-04 and $78,410,800 in 2004-05. Base funding for cash W-2 benefits is $49,309,600.

Under the bill, the funding for benefits for 2003-04 would include $35,713,700 for the last six months of the 2002-2003 W-2 agency contracts, and $35,713,800 for the first six months of the 2004-2005 contracts. [However, there is an error in the 2003-04 allocations between the contract periods. The benefits should include $33,219,700 for the last six months of the 2002-2003 contracts and $38,207,800 for the first six months of the 2004-2005 contracts. As a result, under the bill, funding for the 2002-2003 contracts would be overstated by $2,494,000, and funding for 2004-2005 contracts would be understated by the same amount.] The benefit allocation for 2004-05 would total $78,410,800 for the next 12 months of the 2004-2005 contracts. Funding for the final six months of the 2004-2005 contracts would be included in the 2005-07 biennial budget.

The bill would provide additional funds for cash benefits for the remaining six months of the 2002-2003 contracts to reflect increases in the W-2 cash benefit caseload. Under the current contracts, funding for benefits for the last six months of the contracts would total $24,654,800. The intent of the bill would be to provide an additional $8,564,900 for these benefits to reflect increases in cash benefit payments. However, due to the error in the allocations under the bill, an additional $11,058,900 would be provided.

Under current law, all W-2 benefits are paid by W-2 agencies under contracts with DWD. Under the bill, beginning on January 1, 2004, DWD, instead of W-2 agencies, would make payments to employers to reimburse them for wages and other expenses relating to employing participants under the new transitional subsidized private sector jobs provisions. These payments would be made from the funds provided for W-2 benefits, wages, and stipends. However, the bill does not include assumptions on the number of participants who would be employed in such positions, or the potential cost to DWD of the reimbursement to employers. Therefore, DWD, in establishing the 2004-2005 W-2 agency contracts, would be required to make assumptions to determine the amount of funding that would be retained by DWD for the employer reimbursements and the amount that would be provided to W-2 agencies for cash benefits and educational stipends. As a result, the amounts provided to W-2 agencies for W-2 benefits, and for educational stipends paid to persons employed in transitional subsidized private sector jobs, would be less than the amounts identified above by an unknown amount.

Joint Finance/Legislature: Modify the bill to reflect the $33,219,700 that would be allocated for W-2 benefits in 2003-04 for the last six months of the 2002-2003 W-2 contracts.

In addition, delete references to wages and educational stipends that would have been paid under the provisions of the Governor's bill to create a transitional subsidized private sector job program that was deleted by the Committee.

With the Committee's action to eliminate the provision under the bill that would extend grants to caretakers of newborn infants from 12 weeks to six months, W-2 benefits for the 2004-2005 contracts would total $33,219,700 in 2003-04 for the first six months of the contracts, and $66,439,400 in 2004-05 for the next 12 months of the contracts.

[Act 33 Section: 1253]

4. TRANSITIONAL SUBSIDIZED PRIVATE SECTOR JOBS [LFB Paper 848]

Governor: Create a new work category under W-2 referred to as transitional subsidized private sector jobs, and make the following related changes to the W-2 program.

Selection of Employers. Require DWD to establish, by rule, eligibility criteria that employers must meet in order to employ a participant in a transitional subsidized private sector job and receive reimbursement of costs for the participant. Require DWD to request proposals from employers for employing participants in transitional subsidized private sector jobs, and to select, and enter into contracts with, employers that meet the eligibility criteria and demonstrate the ability to do all of the following: (a) create useful transitional subsidized private sector jobs; (b) provide effective supervision for participants; (c) manage payroll, taxes, and other financial matters in a responsible manner; (d) coordinate closely and cooperatively with a W-2 agency in moving participants employed by the employer into stable unsubsidized employment as quickly as possible; and (e) comply in all respects with the W-2 program.

Administration. Require W-2 agencies to administer a transitional subsidized private sector job program as part of their administration of the W-2 program to improve the employability of individuals who are not otherwise able to obtain unsubsidized employment, as determined by the W-2 agency. If a W-2 agency determines that placement in an unsubsidized job is inappropriate, placement in a trial job is inappropriate or unavailable, and that placement in a community service job (CSJ) would be appropriate, the participant would have to be allowed to choose between placement in a transitional subsidized private sector job, to the extent available, or a CSJ. Placement in a transitional subsidized private sector job would take priority over placement in a W-2 transitional placement, as does placement in a CSJ under current law.

If a participant chooses placement in a transitional subsidized private sector job, the W-2 agency would have to arrange for such a position, if available, to be offered at a reasonably accessible location with one or more employers selected by DWD. Job offers would be limited by the number of employers selected by DWD, and the number and types of employment positions available with each employer, as provided in the employer's contract with DWD.

Require the W-2 agency contracts to include requirements for W-2 agencies to provide every participant in a transitional subsidized private sector job information about, and assistance in obtaining, any work supports for which the participant is eligible, such as child care, health insurance, and income tax credits and refunds. In addition, modify the W-2 agency contracts in terms of duties of the community steering committees to require the committees to do the following for persons who are eligible for transitional subsidized private sector jobs: (a) create and encourage others to create on-the-job training sites; (b) foster and guide entrepreneurial efforts of participants; and (c) provide mentors, both from the steering committee's membership and from recruitment of members of the community, to provide job-related guidance, including assistance in resolving job-related issues and the provision of job leads or references. Under current law, the steering committees are required to perform these duties for persons who are eligible for trial jobs and CSJs.

Employer Reimbursement. Require DWD to reimburse an employer that employs a participant in a transitional subsidized private sector job for up to 100% of the employer's costs that are attributable to employment of the participant, as determined by DWD, including any of the following: (a) wages; (b) federal social security taxes; (c) state and federal unemployment contributions or taxes, if any; (d) worker's compensation insurance premiums, if any; (e) liability insurance premiums, if any; and (f) supervisory costs and other overhead as specified in the employer's contract with DWD.

Currently, all benefits to W-2 participants are paid through the contracts with the W-2 agencies. Under the bill, the reimbursement of wages to employers would be paid by DWD. However, additional funding is not provided, nor is an amount specified, for benefits to reflect the creation of transitional subsidized private sector jobs. Therefore, DWD would have to determine the amount of funding to retain from the allocations for W-2 benefits, wages, and stipends to pay the employer reimbursements.

Job Description. Require, to the extent possible, each transitional subsidized private sector job to be designed by the employer, in consultation with the W-2 agency and DWD, to meet the needs and fit the abilities of the participant to whom the job is offered. Each job would be required to involve the performance of useful work. Employers offering this type of job and DWD would both be required to consult with labor unions representing public sector employees on the design of the jobs to ensure compliance with current nondisplacement provisions required of other W-2 employment positions.

DWD could design transitional subsidized private sector jobs that do either of the following: (a) allow a participant to work in supported employment, if the W-2 agency determines that the participant is highly unlikely to obtain or retain unsubsidized employment at the minimum wage; or (b) allow a participant to care for a severely disabled child or other relative of the participant, if the W-2 agency determines that it would be cost-effective for taxpayers.

Required Hours. Require each transitional subsidized private sector job to provide at least 25 hours, but no more than 30 hours, of work per week to allow the participant to continue to search for unsubsidized employment, unless a different number of hours is recommended by the W-2 agency, on a case-by-case basis, in accordance with guidelines established by DWD.

Wages. Provide that participants in transitional subsidized private sector jobs would receive the prevailing minimum wage for hours actually worked, paid by the employer. The general definition of wages as provided under Chapter 109 of the statutes (Wages, Claims, and Collections) would apply.

Education or Training Substitution. If a participant has been employed in a transitional subsidized private sector job for at least two weeks, and has performed satisfactorily (as determined by the employer), the participant and the W-2 agency, in consultation with the employer, could enter into an agreement under which all of the following occur: (a) the participant enrolls in an education or training program that the participant and the W-2 agency agree has a high probability of enabling the participant to acquire skills leading to unsubsidized employment; (b) the participant's required work hours are reduced to between 15 to 20 hours per week; and (c) the W-2 agency pays the participant a stipend equal to 90% of the wages that the participant would have earned in the transitional subsidized private sector job if his or her hours had not been reduced. Provide that the stipend could not be paid for more than three months, unless the W-2 agency recommends a longer period in accordance with guidelines established by DWD. In no case could a stipend be paid after a participant's employment terminates. The stipends would be exempt from taxes, and from execution, garnishment, attachment, and every other process and would be inalienable, as is currently the case for W-2 grant payments, child care subsidies, and certain other social service payments.

W-2 Financial Eligibility. Provide that for purposes of determining financial eligibility for W-2 benefits or child care subsidies, any wages or stipends received under a transitional subsidized private sector job would be excluded in calculating an individual's gross income level, as are payments to W-2 participants in subsidized employment and caretakers of newborn infants, under current law.

Time Limits. Limit participation in any one transitional subsidized private sector job to a maximum of six months, unless an extension is granted by a W-2 agency. Allow a participant to be employed in more than one transitional subsidized private sector job. At the conclusion of each assignment, the W-2 agency would be required to reassess the individual's employability. Employment in transitional subsidized private sector jobs could not exceed 24 months, which need not be consecutive. DWD or a W-2 agency, with approval of DWD, could grant an extension of the 24-month limit on a case-by-case basis if: (a) the participant is employed in supported employment, or caring for a severely disabled child or other relative; or (b) the W-2 agency, with approval of DWD, has determined that the participant has made all appropriate job search efforts and has been unable to find unsubsidized employment, because local labor market conditions preclude a reasonable job opportunity for that participant. The statutory 60-month time limit that currently applies to participation in a W-2 employment position and receipt of benefits funded under the TANF block grant would also apply to participants in a transitional subsidized private sector job. As under current law, participation and or benefits could not be extended unless a W-2 agency determines, in accordance with DWD rules, that unusual circumstances exist that warrant an extension of the participation period.

Unsubsidized Employment Search. Require every participant in a transitional subsidized private sector job to search for unsubsidized employment throughout his or her participation, including any time during which the participant is pursuing required education or training, unless a W-2 agency grants an exception to the requirement because: (a) the participant is employed in supported employment, or caring for a severely disabled child or other relative; or (b) the W-2 agency determines, in accordance with guidelines established by DWD, that the participant has made all appropriate job search efforts, but is unable to find an unsubsidized job because local labor markets preclude a reasonable job opportunity for that participant. If a W-2 agency determines that a participant is not making satisfactory or good faith efforts to seek unsubsidized employment, after having been given appropriate notices, as defined by DWD, the person would have to be terminated from the transitional subsidized private sector position. A participant who believes that he or she has been wrongfully terminated could appeal to DWD.

Employer-Employee Relationship. Provide that a participant who accepts a transitional subsidized private sector job would be an employee of the employer for all purposes and in all respects, unless otherwise provided. The participant would have to: (a) be supervised in the same manner as the employer's other employees; (b) be covered under the employer's workers compensation coverage; and (c) receive his or her paycheck in the same manner as other employees, with appropriate payroll deductions. DWD could also require an employer to provide a sick leave benefit to the participant.

An employer could terminate employment of a participant in a transitional subsidized private sector job, in accordance with guidelines established by DWD, for misconduct, failure to perform work satisfactorily, or repeated unexcused absences from work. A participant could appeal the termination to DWD if he or she believes that they have been wrongfully terminated.

Overpayments. Require DWD to specify a process, by rule, for recovering overpayments of wages and stipends, including overpayments caused by an intentional violation of W-2 statutes or rules. Specify that the rules would have to permit an employer to recover wage overpayments for the individual to whom the wage was paid, and require DWD to recover any overpayment of reimbursement paid to the employer.

Drug Testing. Require a participant in a transitional subsidized private sector job, who, after August 22, 1996, was convicted in any state or federal court of a felony that has as an element possession, use, or distribution of a controlled substance to submit to a test for use of controlled substances, as a condition of continued eligibility, as currently is required for participation in a CSJ or a transitional placement. Provide that if the test results are positive, the W-2 agency would be required to decrease the number of hours that the participant may work in the transitional subsidized private sector job by up to 15%, for not fewer than 12 months, or for the remainder of the participant's employment, whichever is less. In addition, a W-2 agency could require an individual who tests positive for use of a controlled substance to participate in a drug abuse evaluation, assessment, and treatment program as a condition of employment in a transitional subsidized private sector job.

Food Stamp Benefits. Provide that the amount of food stamp benefits paid to a participant in a transitional subsidized private sector job would be calculated based on the participant's gross wages and stipends, if any, as reduced by any penalty for testing positive for use of a controlled substance, if relevant.

Child Care Subsidy Eligibility. Modify provisions regarding eligibility for child care subsidies to include search for unsubsidized employment, work activities, and education and training activities under a transitional subsidized private sector employment position.

Other Statutory Changes. Generally treat employment in a transitional subsidized private sector job, and wages and stipends received in those positions, the same as employment in other W-2 employment positions and benefits received in those positions, for the purposes of the petition for review process, Learnfare eligibility, recovery of W-2 benefits, W-2 agency reporting requirements, establishment of child and spousal support, and eligibility for reimbursement of funeral and burial expenses. In addition, update cross-references to reflect renumbering, and other changes to general references to W-2 employment positions and benefits to reflect the creation of transitional subsidized private sector employment positions.

Effective Date. These provisions would take effect on January 1, 2004.

EITC and Homestead. Although the federal Internal Revenue Service would make the ultimate determination, the administration believes that participants in transitional subsidized private sector jobs would qualify for the federal earned income tax credit (EITC). If that is the case, participants would also qualify for the state EITC. Participants would also qualify for the state homestead tax credit, regardless of whether they qualify for the EITC. However, the bill does not include additional funding for the state EITC or the homestead tax credit relating to this provision. Under current law, participants in CSJs and transitional placements under W-2 do not qualify for the EITC because they receive monthly grants rather than wages. Under the current homestead credit provisions, property taxes or rent used in calculating the credit must be reduced by one-twelfth for each month in which an individual participates in a W-2 CSJ or transitional placement. This provision would not apply to participants in transitional subsidized private sector jobs under the bill.

Joint Finance/Legislature: Delete provision. Instead, require the DWD Task Force on Transitional Jobs to continue its work reviewing and researching the creation and implementation of a subsidized work program under the W-2 program, and submit separate legislation based on its findings and recommendations.

Veto by Governor [A-26]: Delete the requirement that the DWD Task Force continue to review and research the creation and implementation of a subsidized work program and propose legislation. Instead, direct the Secretary of DWD to "continue the creation and implementation of a subsidized work program under the Wisconsin Works program." The Governor's veto message indicates that the veto would return, as closely as possible, to the intent of the original proposal as introduced by the Governor.

Given that Act 33 would provide no specific policies relating to a subsidized work program under W-2, based on provisions under Chapter 227 of the statutes, it appears that DWD would have to promulgate administrative rules to institute general policies regarding the program and govern the enforcement and administration of the program.

While there would be no statutory language governing the program under Act 33, based on the Governor's original proposal, the Legislative Fiscal Bureau estimated that the program would have required additional funding of $2.3 million GPR beginning in 2004-05 to fund the state EITC and homestead tax credit, and $3.1 million GPR on an annual basis thereafter.

[Act 33 Section: 9159(4f)]

[Act 33 Vetoed Section: 9159(4f)]

5. W-2 AGENCY PERFORMANCE BONUSES

Governor/Legislature: Retain the statutory allocation and authority for performance bonuses for the 2002-2003 W-2 agency contracts, but specify that no funding would be allocated in 2003-04. By retaining the statutory allocation, the bill would allow DWD to submit a request to DOA to allocate funding for performance bonuses in 2003-04 if DWD identified underspending in other programs that could be allocated for the bonuses. In addition, if DWD received additional TANF funds that could be allocated for performance bonuses, DWD and the Governor could submit a request to the Joint Committee on Finance under the 14-day approval process in s. 16.54 of the statutes for allocation of the funds.

[Act 33 Section: 1255]

6. COMMUNITY REINVESTMENT [LFB Paper 845]

FED	- $11,079,400

Governor: Delete funding of $5,539,700 annually to remove base funding for community reinvestment. In addition, eliminate the TANF statutory allocation and authority for community reinvestment funds, and direct DWD to not pay any community reinvestment funds earned under the 2000-2001 W-2 agency contracts.

Under current law, the W-2 agencies were eligible to earn 3% of their base W-2 contract amounts for the 2000-2001 contracts as community reinvestment if they met all of the base performance benchmarks. The contract period for expenditure of these funds is January 1, 2002, through December 31, 2003. 2001 Act 16 budgeted 18 months of the contracts. DWD had requested funding for the remaining six months ($2,213,800) in its 2003-2005 budget request. The amount requested included $656,000 that was to be paid to Milwaukee County to fulfill an agreement between Employment Solutions, Inc. (ESI), a former W-2 agency, and DWD, in which ESI agreed to relinquish its community reinvestment funding associated with the 2000-2001 contracts, and DWD agreed to reinvest the funds in Milwaukee County. Act 16 eliminated community reinvestment funding under the 2002-2003 contracts. Under the bill, the remaining community reinvestment funds earned under the 2000-2001 contracts would not be paid out.

Joint Finance/Legislature: Modify the provision to allow W-2 agencies to continue to spend community reinvestment funds that were budgeted under 2001 Act 16, and contracted through December 31, 2003.

[Act 33 Sections: 1256, 1286, and 9159(2)]

7. CHILD CARE SUBSIDIES [LFB Paper 850]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- $4,946,200	$527,400	- $4,418,800

Governor: Reduce funding by $5,363,300 in 2003-04 and provide $417,100 in 2004-05 for direct child care services under the Wisconsin Shares program. Base funding for Wisconsin Shares is $305,550,000, including funding for child care subsidies, local administration, on-site child care at job centers and counties, and migrant child care. Funding for the Wisconsin Shares program under the bill would total $293,634,300 in 2003-04 and $291,385,000 in 2004-05, including the reductions made to child care subsidies relating to the extension of benefits for caretakers of newborn infants summarized under Item #8.

Joint Finance/Legislature: Decrease funding by $1,546,100 in 2003-04 and increase funding by $2,073,500 in 2004-05 to reflect a reestimate of child care subsidy costs under the bill. Funding allocated for the Wisconsin Shares program, including child care subsidies, local administration, on-site child care at job centers and counties, and migrant child care would total $298,640,600 in 2003-04 and $308,040,600 in 2004-05, including the increased funding for subsidies under the Committee's action to delete the provision under the bill to extend grants for caretakers of newborn infants from 12 weeks to six months.

[Act 33 Section: 1265]

8. CARETAKER OF A NEWBORN INFANT [LFB Paper 849]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- $4,175,000	$4,175,000	$0

Governor: Reduce funding by $1,564,300 in 2003-04 and $2,610,700 in 2004-05 to reflect an extension of the amount of time an eligible custodial parent of an infant could receive a monthly W-2 grant from 12 weeks, under current law, to six months, beginning January 1, 2004. The funding modifications include: (a) an increase of $4,988,100 in 2003-04 and $11,971,400 in 2004-05 to the W-2 contract allocations for W-2 benefits for individuals who would be eligible to receive benefits for six months instead of 12 weeks; and (b) a decrease in funding of $6,552,400 in 2003-04 and $14,582,100 in 2004-05 for child care subsidies to reflect that individuals would be caring for their infants for an additional three months, instead of engaging in work and training activities, and would not need child care.

Under current law, a person who meets the eligibility requirements for a W-2 employment position, and who is a custodial parent of a child who is 12 weeks old or less, may receive a monthly grant of $673, unless another adult member of the W-2 group is participating in, or is eligible to participate in, a W-2 employment position, or is employed in unsubsidized employment. The parent may not be required to participate in a W-2 employment position during the 12 weeks. Receipt of a parent of a newborn grant does not constitute participation for purposes of federal and state time limits imposed on TANF and W-2 employment positions if the child was born not more than 10 months after the date the participant was first determined to be eligible for assistance for a W-2 employment position.

The new provision would first apply to persons who are receiving a caretaker of an infant grant, or who are determined to be eligible for such a grant, on January 1, 2004.

Joint Finance/Legislature: Delete provision.

9. PROGRAMS TO IMPROVE CHILD CARE QUALITY AND AVAILABILITY [LFB Paper 855]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- $17,129,900	$5,400,000	- $11,729,900

Governor: Reduce funding by $8,598,600 in 2003-04 and $8,531,300 in 2004-05 for programs administered by DWD and DHFS to improve child care quality and availability. Total funding of $6,859,400 in 2003-04 and $6,926,700 in 2004-05 would be allocated under the bill, as shown in the table below. The first column in the table represents the base level of funding for each program. The second and third columns show the total funding under the bill, and the last two columns show the proposed change to base.

Funding for Programs to Improve Under the Governor's Budget Bill
Child Care Quality and Availability

	Governor's Recommendations			Change to Base	
	Base Funding	2003-04	2004-05	2003-04	2004-05
Resource and Referral Agencies	$1,355,300	$1,219,800	$1,219,800	-$135,500	-$135,500
DWD – Office of Child Care	786,500	1,199,000	1,199,000	412,500	412,500
DHFS – Licensing Staff	4,733,700	4,440,600	4,507,900	-293,100	-225,800
Child Care Scholarship	6,007,200	0	0	-6,007,200	-6,007,200
High Quality Demonstration Project -- Racine County	1,000,000	0	0	-1,000,000	-1,000,000
Technical Assistance	995,300	0	0	-995,300	-955,300
Safe Child Care	580,000	0	0	-580,000	-580,000
Total	$15,458,000	$6,859,400	$6,926,700	-$8,598,600	-$8,531,300

The bill would eliminate funding and authority for the following programs: (a) a child care scholarships program, which currently provides funds for three programs, including the teacher education and compensation helps (TEACH) program for scholarships to child care providers to achieve a higher level of education, the rewarding education with wages and respect for dedication (REWARD) program, which provides stipends to child care teachers, providers, and directors based on their level of education specific to the child care field, and a mentoring program for child care providers and teachers; (b) a high quality child care demonstration project in Racine County authorized under 2001 Act 16; (c) a technical assistance program for child care providers; and (d) the safe child care program, which provides funds to counties and tribal agencies to increase the level of safety and health in certified day care homes. In addition, the bill would delete an obsolete provision transferring $182,200 annually to DHFS for day care administration for Milwaukee County foster parents. Funding for these services was deleted under 2001 Act 16.

The funding increase for the DWD office of child care reflects a realignment of positions within DWD to more accurately reflect their duties.

[The bill would authorize $6,679,100 annually for administering the child care subsidy program, DWD's office of child care, and grants to resource and referral agencies. However, funding allocated under the bill for these purposes totals $2,418,800 annually. Therefore, a correction is needed so that the expenditure authority specified in the statutes accurately reflects the funding allocated under the bill.]

Joint Finance/Legislature: Provide $2,700,000 annually to partially restore funding for the TEACH and REWARD programs.

In addition, modify the statutory allocation for administering the child care subsidy program, DWD's office of child care, grants to resource and referral agencies, the local pass-through program, and the child care scholarship and bonus program to reflect that $7,593,500 in 2003-04 and $7,597,300 in 2004-05 would be allocated for those activities.

[Act 33 Sections: 1242 thru 1244 and 1266]

10. CHILD CARE LOCAL PASS-THROUGH PROGRAM [LFB Paper 855]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- $25,715,400	- $3,837,400	- $29,552,800

Governor: Reduce funding by $12,857,700 annually for the child care local pass-through program. This program provides grants to local public agencies that provide the required matching funds to improve the quality of child care. Funding for the grants would total $4,395,500 annually under the bill.

Current DWD administrative rules require local agencies to contribute a matching amount equivalent to the amount required for Wisconsin under the medical assistance program (41.5% in 2002-03). While there is no language under the bill, the funding levels assume that local agencies would contribute a 50% match.

Joint Finance/Legislature: Reduce funding by $1,920,400 in 2003-04 and $1,917,000 in 2004-05 for the local pass-through program. Funding for the program would total $2,475,100 in 2003-04 and $2,478,500 in 2004-05. The funding levels would require local agencies to contribute approximately 52% as matching funds.

[Act 33 Section: 1267]

11. KINSHIP CARE [LFB Paper 851]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- $1,393,800	- $67,000	- $1,460,800

Governor: Reduce funding transferred to DHFS for the kinship care program by $696,900 annually to reflect a reestimate of the number of families anticipated to use the kinship care program. The program provides monthly payments of $215 per child to certain individuals caring for relative children. The total allocation under the bill would be $24,155,700 annually, including $22,501,100 for benefits and $1,654,600 for assessments and administration.

Joint Finance/Legislature: Reduce funding by $33,500 annually to reflect a reestimate of the cost of kinship care benefits over the biennium. The allocation for the program would total $24,122,200 annually, including $22,467,600 for benefits and $1,654,600 for assessments and administration.

[Act 33 Section: 1274]

12. CARETAKER SUPPLEMENT [LFB Papers 845 and 852]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	$1,261,500	$14,718,800	$15,980,300

Governor: Increase TANF funding by $1,087,700 in 2003-04 and $173,800 in 2004-05 for benefits and administration of the caretaker supplement for children of recipients of supplemental security income, administered by DHFS. TANF funding under the bill would total $20,883,700 in 2003-04, including $20,239,100 for benefits and $644,600 for administration, and $19,969,800 in 2004-05, including $19,325,200 for benefits and $644,600 for administration. The benefits amounts are based on reestimates of caseloads under the program.

Joint Finance/Legislature: Provide increased funding of $5,513,500 in 2003-04 and $9,205,300 in 2004-05 to reflect a reestimated cost of benefits. TANF funding for the program would total $26,397,200 in 2003-04, including $25,752,600 for benefits and $644,600 for administration and $29,175,100 in 2004-05, including $28,530,500 for benefits and $644,600 for administration.

[Act 33 Section: 1275]

13. EMERGENCY ASSISTANCE

FED	$2,400,000

Governor/Legislature: Provide $1,200,000 annually to increase funding for the emergency assistance program to reflect increased demand for the program, which provides assistance to needy persons in cases of fire, flood, natural disaster, energy crisis, homelessness, or impending homelessness. Funding for the program would total $4,500,000 annually under the bill.

[Act 33 Section: 1261]

14. JOB ACCESS LOANS

FED	- $800,000

Governor/Legislature: Reduce funding by $400,000 annually for job access loans. Under current law, persons who meet the eligibility requirements for a W-2 employment position may be eligible for a job access loans if: (a) the individual has an immediate or discrete financial crisis that is not a result of an individual's failure to accept a bona fide job offer, or termination of a job without good cause; or (b) the individual needs a loan to obtain or continue employment, including repair or purchase of a vehicle. Base funding for job access loans is $600,000, including $83,300 PR from loan repayments. Under the bill, funding for job access loans would total $200,000 annually.

In addition, authorize DWD to certify delinquent job access loan repayments to the Department of Revenue for setoff against any state tax refund or credit owed to the person who received the loan. DWD would be required to certify delinquent loan repayments in the same manner that is currently used for overpayments of certain public assistance benefits, including notice and hearing rights. Any revenues recovered by DOR would be used to make additional job access loans. Use of this process to collect delinquent repayments would not prevent DWD from collecting delinquent repayments through other legal means. The new provision would apply to delinquent repayments existing on or after the bill's general effective date, regardless of when the loan was made or when the delinquency accrued.

[Act 33 Sections: 510, 1225, 1263, 1451 thru 1459, and 1604]

15. FUNERALS AND BURIALS FOR PUBLIC ASSISTANCE RECIPIENTS

GPR	- $9,100,400

Governor/Legislature: Reduce funding by $4,550,200 annually to transfer, from DWD to DHFS, authority and funding to reimburse counties for cemetery, burial, and funeral services for deceased individuals who received W-2, supplemental security income (SSI), or MA benefits and have insufficient funds in their estate to cover these costs. Funding would be increased under DHFS by the same amount. The bill would also modify statutory references to reflect the transfer.

[Act 33 Sections: 456, 505, 1092, 1262, 1288, 1302, and 1308]

16. CHILD SUPPORT PAYMENTS [LFB Paper 845]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- $2,190,000	- $4,390,000	- $6,580,000

Governor: Decrease funding by $905,000 in 2003-04 and $1,285,000 in 2004-05 to reflect a reestimate of the cost of passing child support payments through to W-2 participants and paying 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 $17,777,100 in 2003-04 and $17,397,100 in 2004-05.

Joint Finance/Legislature: Reduce funding by $2,090,000 in 2003-04 and $2,300,000 in 2004-05 to reflect the amount of child support payments that would be passed through to W-2 participants. Total funding for these payments would be $15,687,100 in 2003-04 and $15,097,100 in 2004-05.

17. STATE ADMINISTRATION [LFB Paper 845]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- $12,282,200	- $5,600	- $12,287,800

Governor: Reduce funding by $6,141,100 annually to reflect cuts to TANF state administration expenses to balance the TANF budget. Base funding for state administration of the TANF program is $24,693,200. Under the bill, the allocation would total $18,552,100 annually.

Joint Finance/Legislature: Reduce funding by an additional $2,800 annually to reflect elimination of funding for eligible state employees to receive a cash payment instead of a fifth week of vacation. In addition, modify the statutory allocation for state administration to reflect the $64,700 annual base budget reductions required under the bill (see "DWD--Economic Support and Child Care", Item #35). The allocation would total $18,484,600 per year.

[Act 33 Section: 1259]

18. TRANSPORTATION PROGRAMS

FED	- $1,800,000

Governor/Legislature: Eliminate funding of $900,000 annually for transportation programs. This funding is currently combined with funding from the Department of Transportation, the federal job access and reverse commute program, and local agencies to support capacity building and group transportation solutions, such as expanded transit services, transit route extensions, increased frequency of services, shared ride taxi service expansions, capital investments, and other long-term group transportation service expansions. The W-2 agency contracts would continue to require W-2 agencies to facilitate transportation options necessary for W-2 participants to get to and from assigned work activities, education and training assignments, and child care.

[Act 33 Section: 1270]

19. LEGAL SERVICES

FED	- $200,000

Governor/Legislature: Delete $100,000 annually and the TANF statutory allocation for the Wisconsin Trust Account Foundation (WisTAF) for provision of legal services to families whose incomes are at, or below, 200% of the federal poverty level. The bill would modify current law that requires DWD to distribute an amount equal to the amount of private donations received by the foundation, not to exceed $100,000, to instead allow DWD to distribute funds up to the amount of private donations, not to exceed $100,000. However, under the bill, no funding would be provided for the Foundation.

[Act 33 Sections: 1247 and 1285]

20. WORKFORCE ATTACHMENT AND ADVANCEMENT [LFB Paper 855]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- $11,684,400	- $4,000,000	- $15,684,400

Governor: Reduce funding by $5,842,200 annually for the workforce attachment and advancement (WAA) program. The program provides funds to workforce development boards and W-2 agencies for post-employment services to assist with job retention; incumbent worker training to promote job advancement and increased earnings; services to employers to retain workers and provide career progression paths; job readiness and placement services to unemployed persons; and basic job development. Base funding for the program is $7,842,200. DWD has contracted to spend the base funding level for the period July 1, 2002, through December 31, 2003. Accordingly, DWD intends to encumber one-third of the base funding ($2,614,100) to fund the last six months of the contracts ending on December 31, 2003. As a result, under the bill, funding available for the program would total $4,614,100 in 2003-04 and $2,000,000 in 2004-05.

Joint Finance/Legislature: Reduce funding by $2,000,000 annually and delete the statutory authority and allocation for the workforce advancement and attachment program.

Veto by Governor [A-28]: Delete the provision that would have eliminated the statutory authority for the program. The veto would not restore funding for the program. However, the Governor, in his veto message, encourages DWD to use other available funds to continue to provide WAA grants to W-2 agencies and workforce development boards.

[Act 33 Sections: 505 and 1269c]

[Act 33 Vetoed Section: 1251m]

21. EARLY CHILDHOOD EXCELLENCE [LFB Paper 855]

FED	- $500,000

Governor/Legislature: Reduce funding by $250,000 annually for the early childhood excellence initiative, which provides grants to early childhood centers for children under age five who come from families with incomes at or below 200% of the federal poverty level. The centers provide child care educational services, outreach, and training for parents and training for child care providers. A local matching contribution of 25% is required. 2001 Act 16 included nonstatutory language earmarking $250,000 annually for La Causa, Inc., in Milwaukee, for day care services for the 2001-03 biennium. The reduction in grant funding reflects that the earmark would not be included under the bill. However, La Causa, Inc., could continue to receive a grant under the program. The allocation for grants under the bill would total $2,500,000 annually.

[Act 33 Section: 1268]

22. COMMUNITY YOUTH GRANTS/BOYS AND GIRLS CLUBS [LFB Paper 855]

Governor/Legislature: Replace the community youth grant program with grants to the Boys and Girls Clubs of America. Maintain funding for grants to the Boys and Girls Clubs of America at $300,000 annually. Under current law, the community youth grant program is a competitive grant program to fund programs that improve the social, academic, and employment skills of youth who are eligible to receive TANF. 2001 Act 16 provided $450,000 for competitive grants in 2001-02, and no additional funding for competitive grants in 2002-03. Act 16 also provided $50,000 annually for the Boys and Girls Club of America. Act 109 increased the earmark for the Boys and Girls Club of America to $300,000 annually. Under the bill, the grants to the Boys and Girls Clubs would continue to support programs that improve the social, academic, and employment skills of youths who are eligible to receive TANF.

[Act 33 Section: 1272]

23. LITERACY GRANTS AND SERVICES

FED	- $1,600,000

Governor/Legislature: Eliminate funding of $800,000 annually and delete the TANF allocation for literacy grants and services. TANF funds of $750,000 annually are currently used to fund literacy grants administered by DWD to develop or expand services to individuals with low literacy or limited English proficiency skills. The bill would modify current law that requires DWD to provide literacy grants, to instead allow DWD to award grants. However, no funds would be provided.

In addition, under current law, a total of $50,000 TANF annually is allocated to the Governor's office to partially fund a literacy advocate position and support literacy grants to libraries. The remaining cost of these services is funded with GPR under the Governor's office. The bill would delete the TANF funding and the program revenue appropriations under the Governor's office that receive this funding.

[Act 33 Sections: 52, 633, 634, 1250, 1251, and 1271]

24. EARNED INCOME TAX CREDIT [LFB Paper 116]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- $2,128,000	$0	- $2,128,000
SEG	$0	9,232,000	9,232,000
Total	- $2,128,000	$9,232,000	$7,104,000

Governor: Provide additional funding of $2,732,000 in 2003-04 and reduce funding by $4,860,000 in 2004-05 to adjust TANF funding for the refundable portion of the state earned income tax credit (EITC). Under current law, it is assumed that approximately 80% of the projected EITC payments will be refundable and will be made to TANF-eligible individuals. The Governor increases that assumption to 82%. The bill estimates the total state EITC at $70,600,000 in 2003-04 and $70,000,000 in 2004-05. For 2003-04, the full refundable portion would be funded with TANF ($57,892,000). For 2004-05, part of the refundable portion would be funded with TANF ($50,300,000), and the remainder would be funded from utility public benefits funding ($7,100,000). (See "General Fund Taxes.")

Joint Finance/Legislature: Provide additional funding of $9,232,000 FED in 2004-05 to fully fund the reestimated cost of the refundable portion of the state EITC with TANF funding, instead of using utility public benefits funding for a portion of the TANF cost in 2004-05, as proposed by the Governor. Rather, create an annual appropriation funded from segregated utility public benefits funding under DWD to be used to support the W-2 program, and provide $9,232,000 SEG in 2004-05. The SEG funding would be used to offset the cost of W-2 and related programs for 2004-05, which would result in TANF savings of $9,232,000 in that year.

[Act 33 Sections: 525m, 1252, and 1283]

25. HEAD START [LFB Paper 855]

FED	- $425,000

Governor/Legislature: Reduce funding by $212,500 annually for the Head Start supplement program administered by the Department of Public Instruction (DPI). The funds are distributed to federally-designated Head Start programs to enable expansion of the programs. Base funding is $7,425,000 which is split evenly between TANF and GPR. Under the bill, program funding would total $7,212,500 annually, including $3,500,000 TANF and $3,712,500 GPR.

[Act 33 Section: 1284]

26. AID TO MILWAUKEE PUBLIC SCHOOLS

FED	- $2,820,000

Governor/Legislature: Eliminate TANF funding of $1,410,000 annually and the statutory allocation under the TANF program for aid to Milwaukee Public Schools. In addition, eliminate the program revenue appropriation under the Department of Public Instruction for the transfer of TANF funds to DPI for this purpose. The funds are used for an alternative education program for students under certain sanctions and for contracts with day care providers.

[Act 33 Sections: 352, 520, and 1282]

27. FUNDING TRANSFER TO COMMUNITY AIDS

Governor/Legislature: Reduce funding by $73,500 annually for transfer to DHFS for the social services block grant (SSBG). Under current federal law, states are permitted to transfer up to 10% of the of their TANF block grant to SSBG. Wisconsin currently transfers 4.25%. The bill would retain the 4.25% transfer percentage, and transfer $13,420,500, annually. The decrease in funding reflects an anticipated reduction in the federal TANF block grant resulting from the Oneida tribe administering its own TANF program, beginning in May, 2003. [The funding change for this item is shown under DHFS, because the TANF funds are appropriated directly to that agency rather than transferred from DWD.]

28. ADOLESCENT SERVICES AND PREGNANCY PREVENTION PROGRAMS [LFB Papers 853 and 854]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$0	$2,734,200	$2,734,200
FED	- 3,633,000	0	- 3,633,000
Total	- $3,633,000	$2,734,200	- $898,800

Governor: Reduce funding by $1,816,500 annually to eliminate TANF funding and delete the TANF statutory allocation for adolescent services and pregnancy programs. The funding includes $449,400 for the Adolescent Pregnancy Prevention and Pregnancy Services Board, which would be eliminated under the bill. The remaining funding of $1,357,100 is allocated to the brighter futures and tribal adolescent services programs administered by DHFS. The bill would replace this funding with GPR under DHFS.

Joint Finance/Legislature: Provide $1,367,100 FED annually to fund the Brighter Futures and tribal adolescent services programs administered by DHFS with TANF funds, instead of GPR, as proposed by the Governor. Provide that the funding would be allocated for adolescent substance abuse and pregnancy prevention programs. Funding for the Adolescent Pregnancy Prevention and Pregnancy Services Board would not be restored.

In addition, transfer the $1,367,100 GPR annually that would have been appropriated, under the bill, for Brighter Futures and tribal adolescent services programs under DHFS to DWD. This funding would be used for child care costs as part of the state's matching requirement under the federal child care and development block grant fund, and would offset an equal amount of TANF funds.

[Act 33 Sections: 520 and 1277c]

29. BADGER CHALLENGE PROGRAM

FED	- $186,800

Governor/Legislature: Delete $93,400 annually provided for the Badger Challenge program administered by the Department of Military Affairs (DMA), and eliminate the statutory allocation under the TANF program. The program helped 14- to 16- year old youth at risk of dropping out of high school. Under 2001 Act 16, $93,400 TANF funding annually was provided for this program; however, DMA discontinued the program as part of its implementation of required GPR cuts.

[Act 33 Section: 1281]

30. NUTRITIONAL SERVICES

FED	- $2,000,000

Governor/Legislature: Eliminate funding of $1,000,000 annually and delete the TANF statutory allocation for nutritional services administered by DHFS. The TANF funds are used to supplement federal funding provided for nutrition services and administration under the women, infants, and children (WIC) program. Base funding for nutrition services and administration is $17.3 million, including federal WIC funds and TANF funds.

[Act 33 Section: 1276]

31. IMMUNIZATION SERVICES

FED	- $2,000,000

Governor/Legislature: Eliminate funding of $1,000,000 annually for immunization services administered by DHFS, and delete the statutory allocation for immunization services under the TANF program. The TANF funding is currently used to supplement federal immunization funding to support a variety of activities, such as establishing and maintaining an immunization record system, notifying parents of children who are behind schedule to receive immunizations, identifying the transportation needs of clients, and assisting clients in obtaining accurate records of previous immunizations. A portion of the TANF funds are also retained by DHFS to support administrative costs. Federal immunization action plan (IAP) program funds totaled $1.4 million for these activities in 2002-03.

[Act 33 Section: 1279]

32. DOMESTIC VIOLENCE [LFB Paper 855]

FED	- $500,000

Governor/Legislature: Reduce funding by $250,000 annually for domestic abuse services grants administered by DHFS. These funds are distributed to organizations that provide domestic abuse services, including shelter facilities or private home shelter care, advocacy and counseling for victims, a 24-hour telephone service, and community education. Base funding is $8.1 million, including $1.0 million in TANF funds. The TANF funds support services for victims of domestic abuse and their children, domestic violence services to traditionally underserved populations, and legal services for victims of domestic violence. Individuals that receive services funded with TANF must be from families whose incomes do not exceed 250% of the federal poverty level. The annual TANF contribution would be reduced to $750,000 under the bill.

[Act 33 Section: 1278]

33. CHILD WELFARE INFORMATION SYSTEM [LFB Papers 432 and 433]

FED	$3,437,000

Governor/Legislature: Provide $1,695,700 in 2003-04 and $1,741,300 in 2004-05 and create a new statutory allocation under the TANF program for the Wisconsin statewide child welfare information system (WISACWIS) administered by DHFS. WISACWIS is the automated child welfare system that assists case workers and administrators in managing child welfare services, including intake, assessment, eligibility determinations, case management, court processing, financial reporting, and administration. DHFS is required to implement the system statewide by the end of fiscal year 2004-05. The TANF funds would support the portion of implementation and ongoing support costs of the system that are related to the kinship care program.

[Act 33 Section: 1280]

34. TANF REVENUE ADJUSTMENTS [LFB Paper 845]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	$3,302,200	- $159,000	$3,143,200
PR	- 3,489,200	0	- 3,489,200
Total	- $187,000	- $159,000	- $346,000

Governor: Adjust funding for W-2 and other TANF funding to increase the amount of federal TANF funding by $1,151,100 in 2003-04 and $2,151,100 in 2004-05, increase GPR funding by $93,500 annually, and reduce PR funding by $1,244,600 in 2003-04 and $2,244,600 in 2004-05. The adjustments reflect the following changes: (a) a reduction in TANF funding of $93,500 annually to reflect additional GPR funding allocated to TANF programs; (b) an increase in TANF funding of $910,300 in 2003-04 and $1,910,300 in 2004-05 to compensate for a decrease in PR from child support collections assigned to the state by public assistance recipients; and (c) an increase in TANF funding of $334,000 annually to compensate for a reduction in anticipated PR funding from welfare fraud and error reduction activities.

Joint Finance/Legislature: Reduce funding by $79,500 FED per year to adjust the TANF expenditure authority to reflect projected expenditures under the program for the 2003-05 biennium.

35. BASE BUDGET REDUCTION MEASURES [LFB Paper 845]

	Funding	Positions
FED	- $129,400	- 19.18

Governor: Reduce TANF funding by $64,700 annually and delete 19.18 positions to reflect base budget reductions under the bill. The state administration allocation of $18,552,100 annually does not include this reduction.

Joint Finance/Legislature: Adjust the allocation for state administration by -$64,700 annually to reflect the base budget reductions required under the bill. The allocation for state administration would total $18,487,400 annually (see "DWD -- Economic Support and Child Care," Item #17).

[Act 33 Section: 1259]

36. UNALLOTTED RESERVE

FED	- $700,000

Governor/Legislature: Delete $350,000 annually to eliminate funding that was placed in unallotted reserve under 2001 Act 16. Under Act 16, the Governor partially vetoed two statutory allocations, reducing the allocation for community youth grants by $450,000 in 2002-03, and eliminating the $150,000 statutory allocation for after-school care grants in 2002-03. The Governor directed that these funds be placed into unallotted reserve. 2001 Act 109 allocated $250,000 of these funds for grants to the Boys and Girls Club of America. As a result, under current law, $350,000 remains in unallotted reserve.

37. AODA PROGRAMS

Governor/Legislature: Delete the TANF statutory allocation for alcohol and other drug abuse grants, and modify current law to allow, rather than require, DWD to award grants to counties, tribal governing bodies, and private entities that provide community-based alcohol and drug abuse treatment programs to TANF-eligible individuals. The grants had been distributed through DHFS under the urban/rural women's substance abuse program. 2001 Act 16 provided $500,000 in 2001-02 to fulfill existing contract obligations. No TANF funding would be provided for the program under the bill.

[Act 33 Sections: 1248, 1249, and 1273]

38. EDUCATIONAL NEEDS ASSESSMENT [LFB Paper 856]

Governor: Expand the requirement for W-2 agencies to conduct educational needs assessments to include each individual who applies for a W-2 position. Provide that if it is determined by the individual and the W-2 agency that the individual would benefit from education or training activities, the W-2 agency would have to include the activities in an employability plan developed for the individual, and pay, or arrange for payment, for the education and training services identified in the plan, to the extent that funding is available. The provision would take effect January 1, 2004.

Currently, W-2 agencies perform some type of educational assessment for each person placed in a W-2 employment position. For persons for whom placement in unsubsidized employment or a trial job has been deemed appropriate, W-2 agencies are required to conduct an educational needs assessment. If it is determined that an individual needs basic education, including education for a high school equivalency degree, and if the individual wishes to pursue basic education, the W-2 agency includes the education in an employability plan developed for the individual. The W-2 agency is required to pay for the basic education services identified in the employability plan.

In addition, under current law, participants in community service jobs or transitional placements may be required to participate in education and training activities assigned as part of their employability plan. W-2 agencies may perform various types of assessments to determine what types of education and training are required. DWD establishes, by rule, the permissible activities.

Under the bill, a person would receive an educational needs assessment upon application, rather than upon placement, as under current law. Therefore, all who apply for W-2 would be assessed for educational and training needs, prior to determination of eligibility for the program. The bill would also provide that the W-2 agency would pay, or arrange for payment, for the education or training identified in the employability plan, to the extent that funds are available. This could be interpreted to mean that a W-2 agency would have to pay for training for a person who was determined not to be eligible for W-2, if funds were available. However, according to DOA officials, this is not the intent of the language. In addition, for persons in unsubsidized and trial jobs, the types of education and training a person could received would be expanded beyond the current basic education activities to include other types of education and training, to the extent that funds are available.

Joint Finance/Legislature: Modify the provision to: (a) specify that if the individual and the W-2 agency determine that the individual needs or would benefit from education or training activities, and if the individual is determined to be eligible for W-2, the education or training activities shall be included in any employability plan developed for the individual; and (b) eliminate the language under the bill that would require W-2 agencies to fund all education and training activities identified in the employability plan, to the extent that funds are available. W-2 agencies would be required to fund basic education and training activities for persons in unsubsidized employment and trial jobs, as required under current law. For community service jobs and transitional placements, DWD would continue to determine the types of paid education and training activities a person could receive.

[Act 33 Sections: 1223m, 1223p, 9359(5f), and 9459(1f)]

39. APPROPRIATION RESTRUCTURING – ECONOMIC SUPPORT [LFB Paper 857]

FED	- $21,636,600
PR	16,225,200
Total	- $5,411,400

Governor: Consolidate appropriations for the same or similar purposes funded with the same funding sources, amend titles to reflect the purposes of the appropriations, and update references to reflect the changes, including: (a) delete the separate GPR appropriations for job access loans and emergency assistance payments and transfer funding and authority to the existing GPR appropriation for W-2 and other public assistance administration and benefits, and rename the appropriation "temporary assistance for needy families programs; maintenance of effort;" (b) consolidate the program revenue appropriations for interagency and intra-agency aids and local assistance into the existing interagency and intra-agency programs appropriation, transfer funding and authority; (c) consolidate the federal appropriations for project operations and local assistance into the existing federal project aids appropriation, which would be renamed "federal project activities," and expanded to include authority for local assistance and specific limited term projects; (d) rename the federal program aids appropriation the "refugee assistance; federal funds" appropriation and modify the authority to specify that it be used for refugee assistance and administration of refugee assistance programs; (e) consolidate and clarify several program revenue and federal appropriations related to child support enforcement; and (f) delete the GPR appropriation for child support order conversion assistance. This appropriation was created in 2001 Act 16 solely for the purpose of funding the conversion of percentage-expressed child support orders to fixed-sum orders, a process that has now been completed.

In addition, delete the federal appropriations and $31,800 FED annually for food stamp employment and training (FSET), and modify the program revenue appropriation for interagency and intra-agency programs to include administration of the FSET program. The federal FSET funds were transferred to DHFS as part of the transfer of the food stamp program to DHFS under 2001 Act 16. Under the transfer, DHFS contracts with DWD for administration of the employment and training of food stamp recipients. The bill would provide $8,112,600 PR annually to adjust DWD's base funding to reflect revenues currently received from DHFS for FSET administration. Any unencumbered balances in the federal FSET appropriations would be transferred to the DWD program revenue appropriation. Also, delete the statutory allocation under the TANF program for food stamps for qualified immigrants which was also transferred to DHFS as part of the transfer of administration of the food stamp program required under Act 16. Further, delete $10,786,500 FED annually to reflect the transfer of funding for county income maintenance administration expenses ($7,345,200), and state administration of the food stamp program ($3,441,300) which were also transferred to DHFS under Act 16.

Also, modify the federal block grant operations appropriation that receives TANF and child care funds to allow DWD to transfer funds between fiscal years, and provide that any funds that are transferred to the next fiscal year and are not spent or encumbered by September 30th of that next fiscal year would lapse to the general fund on October 1st of that year. [Note that the language requiring the lapsing of funds to the general fund was erroneously included in the bill, and according to DOA officials, is not the intent of the Governor. Further, it would be inappropriate to lapse TANF block grant moneys received under this appropriation to the general fund.] Similar changes would not be made under the federal aids appropriation that receives TANF and child care funds.

Finally, delete obsolete references under the TANF program, including references to hospital paternity incentive payments, which are paid out of child support enforcement funds, allocations for 2000-2001 W-2 agency contracts, and other references that are no longer relevant.

Joint Finance/Legislature: Delete the provision that would allow DWD to transfer funds in the federal block grant operations appropriation between fiscal years, and would provide that any funds that are transferred to the next fiscal year and are not spent or encumbered by September 30th of that next fiscal year would lapse to the general fund on October 1st of that year.

[Act 33 Sections: 449, 450, 489, 493, 504, 505, 507 thru 509, 512 thru 520, 522, 524, 525, 1194, 1224, 1252, 1257, 1260, 1303, 1460, 1534, and 9259(1)&(2)]

40. CHILD WELFARE SAFETY SERVICES [LFB Paper 431]

FED	- $97,200

Joint Finance/Legislature: Reduce funding by $48,600 annually to reflect a reestimate of the costs to support child welfare safety services in Milwaukee County based on more recent caseload and expenditure data. Funding for the services would total $7,045,500 annually.

[Act 33 Section: 1279f]

41. SOUTHEAST ASIAN RECREATION PROGRAMS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$200,000	- $200,000	$0

Senate/Legislature: Provide $100,000 annually to DWD for grants to an organization that provides summer and after-school recreation programs for children and families of Southeast Asian origin.

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

[Act 33 Vetoed Section: 286 (as it relates to 20.445(3)(dz)) and 1272g]

42. FAITH-BASED INITIATIVE

Senate/Legislature: Direct DWD to secure federal funding to contract with the following faith-based organizations to create jobs and counsel families who have been impacted by gun violence: General Baptist State Ministers' Alliance, Wisconsin Baptist Ministers' Alliance, Church of God and Christ Ministers' Alliance, and Apostolic Faith Ministers' Alliance. Require DWD to notify the Joint Committee on Finance by December 1, 2003, if a state match is required to secure the federal funds.

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

[Act 33 Vetoed Section: 9159(9d)]

Child Support

1. REDUCE RELIANCE ON CONTRACTORS FOR KIDS SUPPORT [LFB Paper 867]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $1,570,100	0.00	- $827,100	0.00	- $2,397,200	0.00
FED	- 3,047,800	0.00	- 1,605,500	0.00	- 4,653,300	0.00
PR	2,742,100	31.00	0	0.00	2,742,100	31.00
SEG	0	0.00	- 958,100	0.00	- 958,100	0.00
Total	- $1,875,800	31.00	- $3,390,700	0.00	- $5,266,500	31.00

Governor: Provide expenditure authority of $766,000 PR for 15.00 PR positions in 2003-04 and $1,976,100 PR for 31.00 PR positions in 2004-05 to replace IBM contractors who work on the Kids Information Data System (KIDS) in the Bureau of Child Support (BCS) with state employees. In addition, reduce expenditure authority in BCS by $678,000 GPR and $1,316,000 FED in 2003-04 and by $892,100 GPR and $1,731,800 FED in 2004-05 to reflect savings estimated to be realized from the personnel change in the areas of salary, fringe benefits, and supplies and services. The GPR and FED savings would result from reducing the number of IBM contractors working on KIDS from 31.00 in 2002-03 to 16.00 in 2003-04 and to zero by the end of 2004-05, while increasing the number of state FTEs working on KIDS from 21.00 in 2002-03 to 36.00 in 2003-04 and to 52.00 by the end of 2004-05. The total number of FTEs working on KIDS would remain at 52.00. KIDS is the statewide, automated child support system through which support payments are processed and case histories are maintained.

The PR funding would be implemented through a program revenue-service (PR-S) appropriation, meaning that the total shown would not represent additional expenditure authority as such, but instead would be "charged back" to an existing program of the Department (KIDS). The net effect of the change would be to "transfer," within DWD, dollars that otherwise would be used to pay IBM contractors to fund instead the salaries, fringe benefits, and supplies and services associated with the new in-house personnel.

Joint Finance/Legislature: Eliminate additional funding of $114,800 GPR and $222,800 FED in 2003-04 and $712,300 GPR and $1,382,700 FED in 2004-05, based on revised estimates of the costs of the KIDS system and other revenues available to fund the system. In addition, reduce funding by $448,000 SEG in 2003-04 and $510,100 SEG in 2004-05 to reflect lower estimates of the amounts that will be available to fund the system from unclaimed child support.

2. CENTRALIZED RECEIPT AND DISBURSEMENT (CR&D) FEE [LFB Papers 865 and 867]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- $2,300,600	- $599,000	- $2,899,600

Governor: Reduce expenditure authority by $1,050,300 in 2003-04 and $1,250,300 in 2004-05 to reflect revised estimates of revenues from the annual CR&D fee. This annual fee ($35) is paid by child support obligors and helps fund the CR&D system, which processes child support, maintenance (alimony), health care expenses, birth expenses, and other child-support related payments. With the reductions indicated, revenues from the fee are now expected to total $8,500,000 in 2003-04 and $8,300,000 in 2004-05. DWD expects collections from the fee to continue to decline over time as a larger portion of delinquent fees becomes uncollectable.

Joint Finance/Legislature: Decrease funding by an additional $399,500 in 2003-04 and $199,500 in 2004-05 to reflect a revised estimate of revenues from the CR&D fee and to make the amounts in the appropriation schedule more accurately reflect estimated revenues from the CR&D fee and other child support-related fees. With these changes, revenues from the CR&D fee are estimated at $7,400,000 in each year and revenues from other child support-related fees are estimated at $600,000 in each year.

3. SUPPORT COLLECTIONS TRUST FUND INTEREST [LFB Paper 867]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- $1,400,000	- $487,200	- $1,887,200

Governor: Decrease expenditure authority by $700,000 in each year to reflect revised estimates of interest earnings on balances in the support collections trust fund, through which child support payments and other types of court-ordered family support payments pass. As with revenues from the CR&D fee, interest on trust fund balances helps fund operation of the centralized receipt and disbursement system. Base-level funding is $1,300,000. With the above-identified reductions, interest earnings are estimated at $600,000 annually, under the bill.

Joint Finance/Legislature: Decrease funding by an additional $243,600 in each year to reflect a lower estimate of interest earnings on the support collections trust fund. With these reductions, interest earnings are estimated at $356,400 in 2003-04 and 2004-05.

4. FEDERAL FUNDS FOR CHILD SUPPORT ENFORCEMENT ACTIVITIES AND FEDERAL INCENTIVE PAYMENTS EXCEEDING THE EXISTING STATUTORY CAP

[LFB Papers 830, 865, and 866]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$0	- $1,718,000	- $1,718,000
FED	14,883,400	2,399,600	17,283,000
PR	- 11,380,000	0	- 11,380,000
Total	$3,503,400	$681,600	$4,185,000

Governor: Provide increased federal expenditure authority of $5,691,600 in 2003-04 and $9,191,800 in 2004-05 for state and county child support enforcement activities. In addition, allow any federal child support incentive payments that exceed $12,340,000 annually to be divided evenly between the Department and county child support agencies. The half of excess federal incentives paid to counties would be allocated according to the existing formula for distributing incentive payments to the counties and would be subject to the requirements that: (a) the excess could be used only to defray the costs of a county's child support program; and (b) a county could not receive incentive payments that exceed its child support program costs. The other half of the incentive-award overage would be retained by DWD to pay the costs of the Department's enforcement activities in the areas of child and spousal support, establishment of paternity, medical liability, efforts to publicize the names of delinquent child support obligors, and costs associated with receiving and disbursing support and support-related payments.

Under current law, the federal government distributes incentive payments to the states in order to encourage and reward child support programs that perform in a cost-effective and efficient manner. In Wisconsin, these funds are distributed to county child support agencies. In addition, under state law, Wisconsin provides incentive payments to county child support agencies to supplement the federal incentive payments. State law provides that the total of federal incentive payments and state supplemental payments cannot exceed $12,340,000 annually, with the state supplemental payments capped at $5,690,000 per year. Under this structure, the amount available for distribution to the counties will fall below $12,340,000 if federal incentive payments are less than $6,650,000. Conversely, state supplemental payments will be less than $5,690,000 if federal incentive payments exceed $6,650,000. The state supplemental payments are funded with program revenue from child support assigned to the state by certain public assistance recipients. Funding from assigned support payments in excess of the amount needed for state incentive payments is used to help fund the W-2 program.

Because of the implementation by the federal government of a new system of awarding incentive payments to the states and Wisconsin's relatively strong performance (compared to the other states) in child support enforcement, DWD expects federal incentive payments to this state to exceed the $12,340,000 cap by a total of $3,180,000 for federal fiscal years (FFYs) 2003 through 2005 ($1,460,000 in FFY 2003, $760,000 in FFY 2004, and $960,000 in FFY 2005). Under the bill, half of the excess funding ($1,590,000) would be distributed to counties and half would be retained by the Department during the 2003-05 biennium. As under current law, all of the first $12,340,000 in annual federal incentives would be distributed to county child support agencies. With the federal incentive award in excess of $12,340,000, moreover, no state dollars would be needed to supplement the federal incentive dollars. Therefore, the maximum possible state biennial supplement of $11,380,000 ($5,690,000 per year) is reflected in the summary box as reduced PR expenditure authority. As current law provides, these dollars would be used to support the W-2 program instead of being awarded to counties to help fund child support enforcement efforts.

Current law allows DWD to contract with or employ a collection agency, attorney, or other person to enforce a support obligation of a parent who is delinquent in making support payments. In order to pay for costs incurred in enforcing support obligations through such arrangements, DWD is permitted to: (a) charge a fee to counties; (b) retain 30% of the state's share of collections made when a collection agency or other agent of enforcement is used to collect delinquent support on behalf of public assistance recipients; and (c) retain up to 50% of any federal incentive payments received with respect to collections of delinquent support achieved through the use of a collection agency or other agent of enforcement. The bill would delete (c), and, instead, allow DWD to use federal child support matching funds or the Department's portion of excess federal incentive payments (DWD's half of federal incentive payments that exceed $12,340,000 for a year).

The bill's provisions regarding federal incentive awards exceeding $12,340,000 for a year would first apply to incentive payments awarded for 2002.

In addition to expenditure authority for the higher federal incentive payments, the bill includes adjustments to account for the estimated amount of federal child support matching funds that will be claimed during the 2003-05 biennium. [Under federal law, expenditures of state and local funds (including incentive payments received from the federal government) on child support enforcement activities are eligible for a 66% federal match.] More detailed information on the funding adjustments recommended by the Governor is provided below.

State Share of Excess Federal Incentive Payments. The bill includes $472,900 in 2003-04 and $1,117,500 in 2004-05 in a newly-created appropriation to help fund a variety of child support enforcement costs within DWD. These amounts reflect half of the total by which federal incentive payments are estimated to exceed the annual $12,340,000 cap in FFYs 2003 through 2005. These funds would partially offset estimated decreases in funding from the annual CR&D fee and interest on balances in the support collections trust fund and an expected increase in the CR&D vendor contract.

County Share of Federal Incentive Payments. The bill includes $4,275,000 in 2003-04 and $4,375,000 in 2004-05 for increased federal incentive payments to county child support agencies. These amounts include: (a) $3,530,000 in each year to reflect the higher federal incentives that will be distributed to the counties under current law; and (b) $745,000 in 2003-04 and $845,000 in 2004-05 for the county share of federal incentive payments in excess of $12,340,000 for FFYs 2003 through 2005.

Federal Match on County Child Support Expenditures. The bill would provide $10,565,000 in 2003-04 and $10,759,100 in 2004-05 to account for higher federal child support matching funds that will be distributed to counties. These funding amounts reflect the higher federal incentive payments that counties will receive and other local child support expenditures.

Federal Match on State Child Support Expenditures. The bill would reduce federal expenditure authority by $9,621,300 in 2003-04 and $7,059,800 in 2004-05 to reflect revised estimates of the amounts of federal matching funds that will be available for DWD's child support enforcement activities.

Joint Finance/Legislature: Modify the Governor's recommendation as follows:

a. Specify that the new provisions would first apply to incentive payments awarded to the state for federal fiscal year (FFY) 2002. The phrases "to the state" and "federal fiscal year" did not appear in the initial applicability provision, as drafted in the Governor's bill. The Joint Finance modification is intended to clarify that the new provisions would first apply to incentive payments awarded for performance in FFY 2002, rather than to amounts distributed to counties in calendar year 2002.

b. Provide $1,000,000 GPR in 2003-04 to DWD in a newly-created, continuing appropriation for distribution to county child support agencies for reconciliation of percentage-expressed support orders, along with $1,941,200 FED in child support matching funds. Specify that counties could only use these funds for the purpose of completing the order reconciliation process by September 30, 2004, and not to supplant current local child support enforcement expenditures. Currently, the state is earning federal incentive payments on only four of the five performance measures used by the federal government. When the former percentage-expressed support orders are reconciled to establish a reliable measure of unpaid child support in Wisconsin, the state will be able to receive incentive payments on the fifth measure (collection of support arrearages). It is estimated that, compared to the amounts assumed in the Governor's bill, additional incentive payments of $3,400,000 would be available to the state in 2004-05 if the order reconciliation process is completed by September 30, 2004.

c. Specify that, beginning with federal incentive funds distributed during the 2004-05 state fiscal year (payments awarded to the state for performance in FFY 2003), the state would retain 70% of the amount of federal incentive payments in excess of $12,340,000 and counties would receive 30%. Compared to the 50-50 split in the Governor's bill, the state share of excess incentive payments would be increased and the county share would be decreased, beginning in the second year of the biennium.

d. In 2004-05, provide $2,718,000 FED in additional incentive payments to the Bureau of Child Support and reduce GPR funding in BCS by that amount. Further, provide additional incentive payments to counties of $682,000 in 2004-05, along with $1,323,900 in additional federal matching funds. These amounts reflect the estimated increase in incentive payments of $3,400,000 in the second year and the revised state/county shares of excess incentives.

e. Specify that DWD must distribute all of the first $12,340,000 in federal incentive payments each year plus all of the county share of federal incentive payments in excess of $12,340,000 (50% in state fiscal year 2003-04 and 30% thereafter), along with the associated federal matching funds, to county child support agencies. Under current law, the $12,340,000 amount is the maximum distribution to counties, but DWD is not required to provide this amount.

f. Decrease estimated federal matching funds available to BCS by $1,583,900 in 2003-04 and $2,681,600 in 2004-05 to reflect revised estimates of the amount of federal funding that will be available to the Department. Of these amounts, $1,222,900 in 2003-04 and $985,300 in 2004-05 are due to reallocations of GPR funding reductions to the child support program approved by the Finance Committee and $361,000 in 2003-04 and $1,696,300 in 2004-05 are corrections to the appropriation schedule included in the Governor's bill.

Compared to the bill, it is estimated that Items (b) through (e) would provide additional funding to counties of $2,941,200 in 2003-04 ($1,000,000 GPR and $1,941,200 FED) and $2,005,900 FED in 2004-05. There would be no net funding change for BCS, but $2,718,000 GPR would be replaced with anticipated federal incentive revenues in 2004-05.

Item (f) would adjust the appropriation schedule to more accurately reflect the amount of federal child support matching funds that would be available to DWD under the Joint Finance version of the bill.

[Act 33 Sections: 503r, 503s, 521, 523, 1294, 1296c thru 1298, and 9459(4c)]

5. DENIAL OF ASSISTANCE UNDER CREP TO DELINQUENT CHILD SUPPORT OBLIGORS

Governor/Legislature: Prohibit the Department of Agriculture, Trade and Consumer Protection (DATCP) from making payments under the federal Conservation Reserve Enhancement Program (CREP) to any individual whose name appears on the child support lien docket, unless the individual provides to DATCP a payment agreement that: (a) has been approved by the appropriate county child support agency; and (b) is consistent with rules issued under the provisions that govern payment plans or alternative arrangements for the payment of delinquent support by obligors. Implementing this change would provide consistency with the rules that currently govern other state 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.

CREP is a federal program that allows landowners to enroll agricultural lands in specified areas in conservation easements for a 14-year minimum period (permanent easements are allowed) in exchange for yearly payments and government cost-sharing for the installation of certain conservation practices. The state contributes a match of at least 20% for the program.

Generally, CREP projects have to do with efforts to improve water quality, erosion control, and wildlife habitat.

Under state law, if an individual fails to make a support payment (court-ordered child or family support, maintenance, medical expenses of a child, or birth expenses), the amount of the delinquent support automatically becomes a lien in favor of DWD against all of the obligor's property. The lien becomes effective when the information is entered in the statewide support lien docket. The lien docket is maintained by DWD and contains the name, social security number, lien amount, and date of entry to the docket for individuals whose support delinquency exceeds a certain threshold. The threshold currently stands at $3,500 but eventually will be reduced to $2,000. DWD is required by statute to provide a copy of the lien docket to each county register of deeds and each county child support agency.

[Act 33 Sections: 1742 and 1743]

REPORTS AND STUDIES

REPORTS AND STUDIES

Date Due	Nature	Prepared By	Reported To
Annually	**Hospital Rate Increase and Closure Report.** A report that identifies hospital rate increases and hospitals that have closed. (Prior to Act 33, DHFS was required to produce this report.) [Section 2094h]	A contracted entity (Wisconsin Hospital Association)	Not specified
No Date Specified	**Standard Health Care Data Reports.** Reports containing hospital and ambulatory surgery data. (Prior to Act 33, DHFS was required to produce this report.) [Section 2094j]	A contracted entity (Wisconsin Hospital Association)	Governor and Legislature
Annually	**Uncompensated Health Care Services Report.** A report that identifies the number of patients to whom uncompensated health care services were provided by each hospital and the total charges for the uncompensated health care services provided to the patients and projected total charges. (Prior to Act 33, DHFS was required to produce this report.) [Section 2094k]	A contracted entity (Wisconsin Hospital Association)	Governor and Legislature
Annually	**Consumer Guide.** A guide to assist consumers in selecting hospitals and ambulatory surgery centers. (Prior to Act 33, DHFS was required to produce this report.) [Section 2094m]	A contracted entity (Wisconsin Hospital Association)	Governor and Legislature
Annually	**Patient-Level Data Utilization, Charge, and Quality Report.** A report that summarizes utilization, charge, and quality data on patients treated by hospitals and ambulatory surgery centers during the most recent calendar year. (Prior to Act 33, DHFS was required to produce this report.) [Section 2094n]	A contracted entity (Wisconsin Hospital Association)	Governor and Legislature
Annually by April 1, no year specified for the first report	**Review of Reports Generated by the Wisconsin Hospital Association.** A report concerning the content and number of reports, and currency of information, and reports generated in the previous calendar year by the Wisconsin Hospital Association. [Section 2092f]	Health and Family Services	Legislature

Date Due	Nature	Prepared By	Reported To
June 30, 2004	**Audit of Current Methodologies Used to Establish Credentialing Fees for Professional Licenses.** An evaluation of the methodologies used by the Department of Regulation and Licensing for calculating administrative and enforcement costs for the purpose of setting initial and renewal credential fees for the professions regulated by the agency. [Section 9133(3f)]	Legislative Audit Bureau	Legislature, Governor, Administration, Legislative Reference Bureau, Joint Committee on Finance, Legislative Fiscal Bureau, and Regulation and Licensing
July 1, 2004	**Senior Care Deficit Report.** A report of a plan to address the projected deficit in SeniorCare [part of the Governor's veto message].	Health and Family Services	Governor
September 1, 2004	**Continuation of Land Information Bodies.** Reports prepared by the Land Information Board and by the Land Council concerning the continuation of the functions of each body and the feasibility of combining their functions. The report prepared by the Land Council must also address any structural modifications that should be made to its functions or to the state's land use programs. [Sections 147 and 2809]	Land Information Board and Land Council	Governor and Legislature
January 1, 2005	**Wisconsin Veterans Home at Union Grove.** A report that indicates the staffing and funding that would be necessary to fully support the new skilled nursing facility at Union Grove. [Section 9158(2)]	Department of Veterans Affairs	Joint Committee on Finance

NON-FISCAL POLICY ITEMS

NON-FISCAL POLICY ITEMS

ADMINISTRATION -- GENERAL PROGRAMS

1. POSITION REPORT REQUIREMENTS

Require that any report prepared by DOA on the number of state full-time equivalent (FTE) positions separately identify the number of positions under: (a) the University of Wisconsin Hospitals and Clinics Board; (b) the Board of Regents of the UW System that are funded by gifts, grants, and auxiliary enterprises revenue or by federal revenue; and (c) all remaining positions in state government. Under s. 16.50(3) of the statutes, DOA is currently required to submit quarterly reports to the Joint Committee on Finance detailing the number of federal positions and certain positions under the UW System that were created during the preceding quarter. In practice, this report lists all state agency FTE positions by funding source and includes information on the number of FTE positions at the UW Hospitals and Clinics Board. However, there is no statutory requirement that the all agency and UW Hospitals and Clinics Board information be provided.

BUDGET MANAGEMENT AND COMPENSATION RESERVES

2. DOA REVIEW OF ALL STATE-OWNED PROPERTY

Create a session law provision to require that the Secretary of the Department of Administration complete, by July 1, 2004, a review of all state-owned real and personal property for potential sale or lease. Specify, however, that such review would not be required for any specific facility or institution that is established by statute.

CORRECTIONS -- ADULT CORRECTIONS

3. APPLICABLE LAW IN PRIVATE OUT-OF-STATE PRISON FACILITIES

Modify statutory language relating to out-of-state prison bed contracts to make provisions concerning applicable law in private out-of-state facilities consistent with provisions concerning applicable law in public out-of-state facilities. Currently, Wisconsin statutes provide that Wisconsin state prisoners, while in an institution of another state, are subject to all laws regarding confinement of that state. There is an exception for public out-of-state facilities that provides, "except as otherwise provided for by any contract entered into under this subsection." There is no similar exception for private out-of-state facilities. The intent of the modification is to allow the Department to contractually insure that Wisconsin inmates confined in private out-of-state facilities are subject to the laws of Wisconsin, including sentence computation, discharge, early release, accumulation of good time credits, and inmate release accounts.

4. SENTENCING COMMISSION -- ANALYSIS AND MODIFICATION OF SENTENCING GUIDELINES

Modify statutory language associated with the sentencing guidelines as follows:

Advisory Sentencing Guidelines Adopted by the Sentencing Commission. Authorize the Commission to adopt and, as necessary, update advisory sentencing guidelines to: (a) promote public safety in a cost-effective manner; (b) promote consistency in sentencing practices; and (c) preserve the integrity of the criminal justice and correctional systems.

Under 2001 Act 109, the Sentencing Commission was created and required to adopt advisory sentencing guidelines to: (a) promote public safety; (b) reflect changes in sentencing practices; and (c) preserve the integrity of the criminal justice and correctional systems. For crimes committed on or after February 1, 2003, the court must use the advisory guidelines adopted by the Sentencing Commission or, if no guidelines have been adopted, the temporary advisory guidelines adopted by the Criminal Penalties Study Committee (CPSC). The court is not required to make a sentencing decision within any range or consistent with a recommendation specified in the guidelines, and there is no right to appeal a court's sentencing decision based on the court's decision to depart from the guidelines. At present, the Commission has not adopted advisory sentencing guidelines, and the temporary guidelines adopted by CPSC are used.

Temporary Advisory Sentencing Guidelines Adopted by CPSC. Require the Sentencing Commission to analyze whether the temporary advisory sentencing guidelines adopted by CPSC are adequately promoting the following objectives: (a) promoting public safety in a cost-effective manner; (b) promoting consistency in sentencing practices; and (c) preserving the integrity of the criminal justice and correctional systems. The Sentencing Commission must submit a report to the Governor, Legislature, and Supreme Court explaining its conclusions by January 1, 2004.

The CPSC was created under 1997 Act 283 to study the classification of criminal offenses in the criminal code and make recommendations concerning issues related to truth-in-sentencing, including temporary advisory sentencing guidelines. In its 1999 Final Report, the CPSC identified "11 major crimes which consume the vast majority – 72% – of those corrections resources devoted to prisoners," including burglary, first-degree sexual assault of a child, second-degree sexual assault of a child, first-degree sexual assault, second-degree sexual assault, armed robbery, forgery, possession with intent to deliver cocaine, possession with intent to deliver THC, robbery, and theft. The CPSC developed temporary advisory sentencing guidelines for these crimes.

Mandatory Sentencing Guidelines to Replace Temporary Advisory Sentencing Guidelines Adopted by CPSC. Require the Sentencing Commission to adopt mandatory sentencing guidelines for felonies and misdemeanors for which a court may impose a bifurcated sentence, if the Commission determines that the temporary sentencing guidelines adopted by the CPSC are not adequately promoting the objectives of: (a) promoting public safety in a cost-effective manner; (b) promoting consistency in sentencing practices; and (c) preserving the integrity of the criminal justice and correctional systems.

In adopting mandatory sentencing guidelines, require the Commission to assign suggested ranges of punishment in order to promote the objectives specified above. Specify that range of punishment be based upon a combination of offense and defendant characteristics, but not conflict with any statutory provision relating to the penalties for that crime. Specify that the mandatory sentencing guidelines may also include any of the following: (a) conditions of extended supervision or probation to be imposed; (b) the length of a term of imprisonment to be imposed if, after the court withholds a sentence and places a defendant on probation, the court revokes probation; and (c) whether penalties should be imposed concurrently or consecutively if the defendant is convicted of more than one crime.

In developing mandatory sentencing guidelines, require the Commission to: (a) generally begin with crimes that result in the greatest number of bifurcated sentences being imposed; (b) generally, before developing guidelines for Class B to F felonies, develop mandatory guidelines for Class G to I felonies, unclassified felonies, and misdemeanors; and (c) beginning with the crimes that are committed most frequently, develop mandatory guidelines for crimes based on the frequency with which they are committed.

Require a court to consider the advisory guidelines when sentencing a person convicted of a crime occurring on or after February 1, 2003, unless mandatory guidelines have been adopted, in which case, the advisory guidelines would not apply. If mandatory guidelines are adopted, for crimes committed on or after December 31, 1999, require a court, when making a sentencing decision, to impose a sentence of a kind and within the range described in the mandatory sentencing guidelines, unless the court finds that there is an aggravating or mitigating factor that warrants a sentence outside the range. A party has the right to appeal a court's sentencing decision based on the court's decision to depart from the mandatory guidelines.

Advisory Sentencing Guidelines for Alternatives to Incarceration. Require the Sentencing Commission to develop advisory guidelines regarding the appropriate use of alternative to incarceration.

DISTRICT ATTORNEYS

5. INSPECTING POULTRY PURCHASE RECORDS

Delete the current law requirement that poultry dealers must keep their poultry purchase records open to inspection at all reasonable times to any assistant district attorney (in addition to a district attorney, sheriff, deputy sheriff or any police officer). Records would continue to be open to inspection by a district attorney, sheriff, deputy sheriff or any police officer.

ELECTIONS BOARD

6. ELECTION ADMINISTRATION FUND CREATED

Establish the following mechanism to enable the Board to receive and expend federal funds made available to the state under the Help America Vote Act of 2002 (HAVA).

Segregated Trust Fund Created. Establish an Election Administration Fund as a separate, nonlapsible segregated trust fund consisting of all moneys received from the federal government under HAVA. Provide that the State of Wisconsin Investment Board would have exclusive control of the investment and collection of the principal and interest of all moneys loaned or invested from the fund.

FED Appropriation Created. Create a FED continuing appropriation under the Board, funded from the election administration fund and consisting of all federal HAVA moneys received by the state. Authorize the Board to expend these funds for election administration costs. Further, authorize the Board to provide financial assistance from this appropriation to eligible counties and municipalities for election administration costs. The bill would create the appropriation as a state operations appropriation. Thus, while payments to counties and municipalities would be authorized from this appropriation, functions administered by the Board that would be eligible for HAVA funding could also be funded through this appropriation. Appropriations funding local assistance payments and state operations are not normally combined.

As a continuing appropriation, the Board would have the authority under this appropriation to expend all available federal revenues credited to the election administration fund, subject to the Department of Administration allotment process. The bill does not include any estimate of fund expenditures under this new appropriation.

Current Law Federal Requirements Under HAVA. HAVA creates a series of new requirements applicable to the states, including: (a) requiring all polling stations to be equipped with voting systems accessible to individuals with disabilities, including nonvisual accessibility for the blind and visually impaired; (b) establishing minimum standards for voting systems; (c) creating a statewide voter registration list system beginning either January 1, 2004, or January 1, 2006; (d) imposing provisional voting and voting information requirements; and (e) establishing new requirements for voters who register by mail.

Federal Fiscal Year (FFY) 2003 HAVA Funding. The primary grant programs for state election administration activities under HAVA are contained in Titles I and II of the Act. From FFY 2003 HAVA appropriations, Wisconsin is expected to receive $7,115,000 in Title I funds in the 2002-03 state fiscal year. These Title I funds require no state match. The state is further expected to receive $15,390,000 in Title II HAVA funds in the 2003-04 state fiscal year, if the state: (a) files with the federal Election Assistance Commission a required state plan covering the current federal fiscal year; (b) files with the federal Election Assistance Commission a plan for the implementation of the uniform, nondiscriminatory administrative complaint procedure required under HAVA; and (c) provides the required 5% state match ($799,400). The bill does not provide any required state matching funds.

Permissible Uses of Title I Funding. Title I funds may be expended to: (a) assist the state in complying with the new requirements under HAVA; (b) educate voters concerning voting procedures, voting rights, and voting technology; (c) train election officials, poll workers, and election volunteers; (d) develop the state plan required under HAVA; (e) improve, acquire, lease, modify or replace voting systems and methods for casting and counting votes; (f) improve the number and physical accessibility of polling places, including providing nonvisual access for individuals with visual impairments, and providing assistance to Native Americans and to those individuals with limited English language proficiency; (g) establish toll-free numbers that voters may use to report possible voting fraud and voting rights violations, to obtain general election information, and to access detailed automated information of their voter registration status, specific polling place locations, and other relevant information; and (h) improve the administration of elections for federal office.

Permissible Uses of Title II Funding. Title II funds may be used by the state to comply with the new requirements under HAVA and, under certain circumstances, to carry out other activities to improve the administration of elections for federal office.

Generally, the state's Title I and Title II HAVA funds need not be expended within a specified timeframe. Unexpended funds may be retained by the state in the election administration fund until used.

7. STATEWIDE VOTER REGISTRATION SYSTEM FUNDED FROM THE ELECTION ADMINISTRATION FUND

Recommend utilizing federal funds anticipated under the federal Help America Vote Act of 2002 (HAVA) and credited to the new election administration fund to develop the statewide voter registration system required under the Act. The funds would be expended through a new appropriation that would fund eligible election administration costs under HAVA This recommendation is included in the Executive Budget Book; however, the bill does not include any estimate of expenditures for this purpose from the new appropriation. If Title I HAVA funds would be used for this initiative, no state match would be required. However, if Title II HAVA funds would be used for the initiative, a 5% state match would be required. The bill does not provide any state matching funds.

HAVA Requirements for a Statewide Voter Registration System. Under HAVA, the required statewide voter registration system must: (a) contain the name and registration information of every legally registered voter in the state; (b) assign a unique identifier to each legally registered voter; (c) serve as the statewide single system for storing and managing the official list of registered voters; (d) permit any state or local election official in the state to obtain immediate electronic access to the information or list; (e) permit all voter registration information obtained by a local election official to be electronically entered into the database on an expedited basis at the time the information is provided to the local official; and (f) coordinate with other state agency databases (in particular those of the Department of Transportation) to verify the accuracy of the information provided on applications for voter registration.

Status of the Wisconsin Statewide Voter Registration System Implementation Plan. On December 17, 2002, the Joint Committee on Finance provided the Board with one-time funding of $200,000 GPR for consultant services to develop an implementation plan for the required statewide voter registration system, including software development. The Board anticipates that this plan will include: (a) a statement of all the federal, state, and Board statutory and regulatory requirements for the system that will govern software development; (b) a comprehensive, five-year total cost projection based on vendor finalists' cost estimates; (c) draft enabling legislation; and (d) a report to the Legislature explaining the issues studied and why certain statutory and system operations options were either rejected or recommended by the Board. Board staff anticipate that this report will be submitted to the Legislature by May 15, 2003.

Federal Deadline for Implementation of the System. HAVA requires the states to have in place an official centralized unitary computerized statewide uniform voter registration list system with interactive capability by January 1, 2004. This deadline may be extended to January 1, 2006, provided the state certifies, by January 1, 2004, that it will not meet the deadline for good cause and certifies the reasons for that failure.

EMPLOYMENT RELATIONS COMMISSION

8. REPEAL QEO PROVISIONS

Make the following changes to the procedures governing collective bargaining for school district municipal employers:

Qualified Economic Offer Provisions for Represented Teaching Employees. Delete current law related to the qualified economic offer (QEO). Under the bill, school district employers and their represented teaching employees would be covered under the statutory interest arbitration procedures currently applicable to all other represented, nonprotective municipal employees in the state.

Under current law, if a school district employer makes a QEO to its professional teaching employees, the employer may avoid arbitration on unresolved economic issues in the employer's final offer. Under a valid QEO, the school district employer must maintain both the existing employee fringe benefits package and the district's percentage contribution effort to that package, subject to an overall new funding commitment of 1.7% of total compensation and fringe benefits costs. Where these new costs are less than 1.7%, the employer must pass on the difference between the lower costs and 1.7% as an additional component of the salary offer. Where the costs are more than 1.7%, the employer may reduce the amount of the salary offer by the amount of the overage. Subject to the fringe benefits additions or offsets, the employer must provide an annual average new funding commitment for all salary items of at least 2.1% of total compensation and fringe benefits costs. As a first draw against any increased salary funding provided under a QEO, the employer must pay seniority-based step increases to all employees eligible for such adjustments.

Salary and Fringe Benefits Limitations on Nonrepresented Personnel. Delete current law limiting the total amounts available for salary and fringe benefits increases for nonrepresented school district professional employees during any year to the greater of: (a) an amount generated by multiplying 3.8% of the total prior year's cost of salaries and fringe benefits for such employees, or (b) the total average percentage increase in total salary and fringe benefits increases per employee provided by the school district for the most recent 12-month period ending on June 30 for its represented professional employees.

Collective Bargaining Units. Delete the requirement that school district professional employees be placed in a collective bargaining unit that is separate from the units of other school district employees.

Initial Applicability. Specify that these provisions first apply to petitions for arbitration that relate to collective bargaining agreements that cover periods beginning on or after July 1, 2003, and that are filed for interest arbitration on the effective date of the bill.

9. MUNICIPAL EMPLOYEE INTEREST ARBITRATION MODIFICATIONS

Make the following changes to current interest arbitration and collective bargaining procedures involving municipal employees:

Modifications to Weighting of Factors That Must Be Considered by an Arbitrator in Rendering

Arbitration Awards Involving Non-Protective Municipal Employees. Create two new factors that must be considered along with other current law factors that must be given "weight" by arbitrators or arbitration panels, when rendering arbitration awards applicable to non-protective municipal employees: (a) any state law or directive lawfully issued by a state legislative or administrative officer, body, or agency which places limitations on expenditures that may be made or revenues that may be collected by a municipal employer; and (b) economic conditions in the jurisdiction of the municipal employer.

These modifications would replace the current law requirements that arbitrators or arbitration panels, when rendering arbitration awards applicable to non-protective municipal employees, give "greatest weight" to state legislative and administrative directives which limit municipal employer spending or revenue collection, and "greater weight" to the economic conditions in the jurisdiction of the municipal employer.

Specify that these revised factors would first apply to petitions for arbitration that relate to collective bargaining agreements that cover periods on or after July 1, 2003, and that are filed on the effective date of the bill.

Under current law, after giving consideration to the items that must be accorded greatest and greater weight, an arbitrator or arbitration panel is required to give weight to the following:

a. The lawful authority of the municipal employer.

b. The stipulations of the parties.

c. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.

d. A comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees performing similar services, with other employees generally in public employment in the same community and in comparable communities, and with other employees in private employment in the same community and in comparable communities.

e. Changes in the cost-of-living.

f. The overall compensation presently received by the municipal employees, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.

g. Changes in any of the foregoing circumstances while arbitration proceedings are pending.

h. Other factors normally and traditionally considered in collective bargaining in the public service or in private employment

New Factor to Be Given "Weight" by an Arbitrator in Matters Affecting School Districts. Require an arbitrator or arbitration panel, when rendering arbitration awards applicable to school district municipal employers and employees, to give "weight" to a determination as to which party's proposal best provides for a fundamental right to an equal opportunity for a sound basic education under Article X, Section 3, of the Wisconsin Constitution. Specify that this new factor would first apply to collective bargaining agreements that cover periods on or after July 1, 2003.

Article X, Section 3, of the Wisconsin Constitution states: "The legislature shall provide by law for the establishment of district schools, which shall be as nearly uniform as practicable; and such schools shall be free and without charge for tuition to all children between the ages of 4 and 20 years; and no sectarian instruction shall be allowed therein; but the legislature by law may, for the purpose of religious instruction outside the district schools, authorize the release of students during regular school hours."

School District Education Policy Defined as a Mandatory Subject of Bargaining. Specify that a school district employer would be required to bargain collectively with respect to education policy, but that no dispute relating to an education policy issue would be subject to compulsory, final and binding arbitration unless all parties to the dispute agree, in writing, to make such an issue subject to arbitration. Under current law, only mandatory subjects of bargaining (that is, matters relating to wages, hours and conditions of employment) are subject to arbitration. Matters that do not relate to wages, hours and conditions of employment are deemed "permissive" subjects of bargaining and are not subject to arbitration, unless the parties to a labor dispute impasse agree to make them subject to arbitration, in which case these matters are treated as mandatory subjects of bargaining for the remainder of the arbitration process.

Stipulate, however, that if a school district employer proposes linking employee compensation or performance expectations with student academic performance, the labor organization could include in its final offer any proposal to meet the performance expectations, including a proposal affecting education policy. Specify that these provisions relating to new mandatory subjects of bargaining would first apply to collective bargaining agreements that cover periods on or after July 1, 2003.

FINANCIAL INSTITUTIONS

10. CREDIT UNION EXAMINATION CYCLE

Modify the statutes governing state-chartered credit unions [Chapter 186] to require DFI to conduct an examination of such credit unions at least once every 18 months, rather than at least once per year, as current law requires. The bill would maintain the current statutory provision allowing DFI to accept, in lieu of the examination, an audit report of the condition of the credit union made by a certified public accountant who is not an employee of the credit union (subject to rules promulgated of the Office of Credit Unions in DFI) or an audit made or approved by the National Credit Union Administration.

HEALTH AND FAMILY SERVICES -- COMMUNITY-BASED LONG-TERM CARE

11. FAMILY CARE -- REPORT ON THE FEASIBILITY OF EXPANDING THE PROGRAM TO ADDITIONAL COUNTIES

Require DHFS to assess the feasibility of expanding Family Care to two additional counties and to report, by July 1, 2004, to the Secretary of the Department of Administration and the Governor concerning the feasibility and whether the expansion should be included as part of the 2005-07 biennial budget bill.

HEALTH AND FAMILY SERVICES -- HEALTH

12. HEALTH CARE INFORMATION

Repeal the current requirement that DHFS collect, analyze, and disseminate claims information and other health care information from health care providers. With this change, DHFS would be permitted, but not required, to conduct these activities.

Under this requirement, DHFS must collect, analyze, and disseminate, in language that is understandable to lay persons, claims information and other health care information, as adjusted for case mix and severity, under Chapter 153 of the statutes, as determined by DHFS rules, from health care providers specified by rules promulgated by DHFS. DHFS may obtain data from health care providers through sampling techniques in lieu of collection of data on all patient encounters, and its data collection procedures must minimize unnecessary duplication and administrative burdens. If DHFS collects health care provider-specific data from health care plans, it must attempt to avoid collecting the same data from health care providers.

All of the other requirements and responsibilities of DHFS relating to health care information under Chapter 153 would be retained, including the requirement that DHFS assess health care providers from whom DHFS collects data to support specified activities of the Bureau of Health Information.

DHFS collects this information from health care providers in order to provide to hospitals, health care providers, insurers, consumers, governmental agencies, and others information concerning health care providers and to provide information to assist in peer review for the purpose of quality assurance.

HEALTH AND FAMILY SERVICES -- COMMUNITY AIDS AND SUPPORTIVE LIVING

13. ADVISORY COMMITTEE TO DEVELOP RECOMMENDATIONS REGARDING RESTRUCTURING THE HUMAN SERVICES SYSTEM

Require the DHFS Secretary to appoint an advisory committee to develop recommendations concerning restructuring the system under which publicly administered human services and social services programs are funded. Specify that the committee would consist of all of the following: (a) consumers of human services and social services and family members of consumers; (b) human services and social services advocacy organizations; (c) representatives of county governments and associations; (d) representatives of human services and social services provider organizations; and (e) state residents.

Require this advisory committee to consider all of the following goals in developing its recommendations: (a) achieving greater equity and consistency of human services and social services across the state; (b) affirming a human services and social services system that is publicly administered at the local level; (c) fostering human services and social services consumer-directed care; and (d) enhancing accountability for effective, efficient delivery of human services and social services within available resources.

Require the DHFS Secretary to submit, by October 1, 2004, a report to the Legislature and the Governor that presents the considerations and recommendations of the advisory committee.

UNIVERSITY OF WISCONSIN SYSTEM

14. NONRESIDENT TUITION REMISSION FOR CERTAIN UNDOCUMENTED PERSONS

Require the UW System to provide a nonresident tuition remission for a person who is a citizen of another country, if that person meets all of the following requirements: (a) graduated from a Wisconsin high school or received a high school graduation equivalency from this state; (b) the person was continuously present in this state for at least one year following the first day of attending a high school in this state; and (c) the person provides the institution with an affidavit that the person has filed or will file an application for a permanent resident visa with the Immigration and Naturalization Service as soon as the person is eligible to do so. Specify that this provision would first apply to persons who enroll for the semester or session following the bill's effective date.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

15. WHEDA BOARD

Add the Secretary of the Department of Agriculture, Trade and Consumer Protection, or his or her designee, to the WHEDA Board. The current 12 members of the Board consist of the Secretary of Administration (or his or her designee), the Secretary of Commerce (or his or her designee), six public members appointed by the Governor with the advice and consent of the Senate, one Senator of each party and one Assembly member of each party.

WORKFORCE DEVELOPMENT -- EMPLOYMENT, TRAINING, AND VOCATIONAL REHABILITATION PROGRAMS

16. EQUAL RIGHTS -- AUTHORITY TO BRING ACTION IN COURT

Make the following changes to procedures for bringing action in court for violations of the state family and medical leave, open housing, public accommodations and amusements, and fair employment laws:

<u>Family and Medical Leave</u>. Authorize an employee who believes that his or her employer has violated the state family and medical leave act (FMLA) or DWD to bring an action against an employer in circuit court seeking to remedy the violation and for damages caused by the violation before first going through an administrative hearing process. An action under this

provision could be brought in the circuit court for the county where the violation occurred or for the county where the person against whom the action is filed resides or has a principal place of business. The action would have to be commenced within the later of the following periods or be barred: (a) within 60 days after the completion of an administrative proceeding, including judicial review, concerning the same violation; or (b) within 12 months after the violation occurred or when the Department or employee should reasonably have known that the violation occurred. The 12-month statute of limitations would be counted while an administrative proceeding, including judicial review, concerning the same violation was pending.

In the case of a violation for which an administrative proceeding has commenced, these provisions would first apply to a violation occurring 12 months before the effective date of the bill. For cases where an administrative proceeding has not begun, the new provisions would first apply to violations occurring 30 days before the effective date of the bill.

The bill also includes a provision that specifies that, if the Department initially found that there was no probable cause to believe that a violation occurred as alleged in a complaint, it would be authorized to dismiss the complaint. The Department would be required, by a notice served with the findings, to notify the parties of the complainant's right to appeal the dismissal of the complaint by requesting a review of the findings by a hearing examiner. The review would be based solely on the Department's record of the complaint. Service of the findings would have to be made by certified mail, return receipt requested. If the hearing examiner determined that no probable cause existed, the determination would be the final determination of the Department, subject to judicial review.

Under the state's family and medical leave law, all employers with 50 employees or more are required to allow: (a) an employee of either gender to have up to six weeks of leave in a 12-month period for the birth or adoption of a child; (b) an employee to have up to two weeks of leave in a 12-month period for the care of a child, spouse, or parent with a serious health condition; and (c) an employee to have up to two weeks of leave in a 12-month period for the employee's own serious health condition.

Under current law, an employee who believes his or her employer has violated provisions of the state FMLA may file a complaint with DWD by the later of 30 days after the violation occurs or when the employee should have reasonably known the violation occurred. The Department is required to investigate the complaint and attempt to resolve it without a formal hearing. If the complaint is not resolved and the Department finds probable cause to believe a violation of the law has occurred, the Department must hold a hearing on the complaint. DWD is required to issue its decision and order within 30 days after the hearing. An employee or the Department may bring an action in circuit court against an employer to recover damages caused by a violation of FMLA after completion of an administrative proceeding, including judicial review.

Open Housing. The state's open housing law prohibits housing discrimination based on race, religion, national origin, ancestry, gender, age-18 and over, disability, lawful source of income, marital status, sexual orientation, and family status.

Under current law, DWD is authorized to investigate a complaint charging a violation of the open housing law if the complaint is filed within one year after the alleged discrimination occurred or terminated. The Department is required to investigate and make a determination as to whether probable cause exists to believe the discrimination occurred or is about to occur. If the Department initially determines that there is no probable cause to believe that the discrimination occurred as alleged in a complaint, the Department is authorized to dismiss the complaint. DWD must then notify the parties of the complainant's right to appeal to the Secretary of Workforce Development the dismissal of the complaint by requesting a hearing on the issue by a hearing examiner. If the hearing examiner determines that no probable cause exists, the determination is the final determination of the Department. The final determination is subject to judicial review.

The bill would specify that reviews of DWD decisions regarding probable cause by hearing examiners would have to be based solely on the Department's record of the complaint. In addition, requests for such reviews would no longer have to be filed with the Secretary of DWD.

Public Accommodations and Amusements. The bill would include a provision that would specify, in cases where there was a complaint alleging a violation against the state public accommodations and amusements law, if DWD initially found that there was no probable cause to believe that a violation occurred as alleged in a complaint, it would be authorized to dismiss the complaint. The Department would be required, by a notice served with the findings, to notify the parties of the complainant's right to appeal the dismissal of the complaint by requesting a review of the findings by a hearing examiner. The review would be based solely on the Department's record of the complaint. Service of the findings would have to be made by certified mail, return receipt requested. If the hearing examiner determined that no probable cause existed, the determination would be the final determination of the Department. The final determination would be subject to review by the Labor and Industry Review Commission (LIRC) and to judicial review.

The state public accommodations and amusements law prohibits discrimination in public places based on race, creed, national origin, ancestry, gender, physical condition, developmental disability, or sexual orientation. DWD is authorized to investigate a complaint charging a violation of the public accommodations and amusements law if the complaint is filed within 300 days after the alleged prohibited act occurred. The Department is required to investigate and make a determination as to whether probable cause exists to believe the discrimination occurred or is about to occur. If the complaint is not resolved and the Department finds probable cause to believe a violation of the law has occurred, the Department must hold a hearing on the complaint.

Fair Employment. The bill includes provisions related to complaints filed with DWD that charge discrimination, unfair honesty testing, or unfair genetic testing in violation of the state's fair employment law. Under one provision, if the Department initially found that there was no probable cause to believe that discrimination, discriminatory practices, unfair honesty testing, or unfair genetic testing occurred or was occurring as alleged in a complaint, it would be authorized to dismiss the complaint. DWD would be required, by a notice served with the findings, to notify the parties of the complainant's right to appeal the dismissal of the complaint by requesting a review of the findings by a hearing examiner. The review would be based solely on the Department's record of the complaint. Service of the findings would have to be made by certified mail, return receipt requested. If the hearing examiner determined that no probable cause existed, the determination would be the final determination of the Department. The final determination would be subject to review by the Employment Relations Commission and to judicial review.

The bill would also authorize any person, including the state, alleging that discrimination, unfair honesty testing, or unfair genetic testing had occurred to bring a civil action seeking compensation before first going through an administrative hearing process. Such an action would have to be brought in the circuit court for the county where the violation occurred or for the county where the person against whom the action is filed resides or has a principal place of business. The action would have to be commenced within 300 days after the alleged violation occurred. The 300-day statute of limitations would be counted while an administrative proceeding concerning the same violation was pending. This provision would first apply to an act of employment discrimination, unfair honesty testing, or unfair genetic testing occurring 300 days before the effective date of the bill.

The state fair employment law prohibits discrimination based on race, creed, national origin, ancestry, age, gender, handicap, arrest or conviction record, sexual orientation, marital status, and membership in the military reserve. It prohibits unfair honesty testing and genetic testing. It also prohibits discrimination because of filing or assisting with a Labor Standards complaint or because of use or non-use of lawful products.

Currently, DWD is authorized to receive and investigate a complaint charging discrimination, discriminatory practices, unfair honesty testing, or unfair genetic testing if the complaint is filed no later than 300 days after the alleged violation occurred. The Department is required to investigate the complaint and if it finds probable cause to believe a violation of the law has occurred, the Department may attempt to resolve the complaint without a formal hearing. However, if the complaint cannot be resolved in this manner, the Department must hold a hearing on the complaint. DWD is required to issue its decision and order after the hearing. Any respondent or complainant who is dissatisfied with the findings and order of the hearing examiner may file a written petition with DWD for review by LIRC.

17. CLIENT ASSISTANCE FOR REEMPLOYMENT AND ECONOMIC SUPPORT (CARES) COMPUTER SYSTEM

Require DWD and DHFS to submit a proposal, by March 1, 2004, to the DOA Secretary for expenditure and position authority to transfer agreed upon administrative functions related to the CARES computer system from DWD to DHFS, effective July 1, 2004. Specify that if the Secretary of DOA finds that the proposal would increase the costs of administering the system, the Secretary would have to disapprove the plan, and DHFS and DWD would be required to resubmit a proposal to the Secretary for consideration in the 2005-07 biennial budget bill. If the DOA Secretary finds that the proposal would not increase the cost of administering the system and approves the plan, the Secretary would be required to submit the proposal to the cochairpersons of the Joint Committee on Finance for approval under the 14-day passive review process.

The CARES system is currently used to determine eligibility, issue benefits, and manage support for medical assistance, food stamps, the SSI caretaker supplement, Senior Care, child care subsidies, and TANF work programs.

18. STUDY ON LABOR MARKET PARTICIPATION ASSISTANCE

Require DWD to conduct a study to determine the best ways to assist low-income, custodial parents and other at-risk, low-income adults in entering and successfully participating in the labor market. Encourage DWD, in conducting the study, to consult with other state agencies, public and private organizations, and individuals with expertise in the subject area. Require DWD to submit a report on the results of the study, including DWD's findings and recommendations, to the Legislature and the Governor, no later than June 30, 2004.

19. STUDY ON USE OF FEDERAL FUNDING FOR EMPLOYMENT AND EDUCATION AND TRAINING SERVICES FOR LOW-INCOME INDIVIDUALS

Require DWD to investigate ways in which federal funding, other than TANF funds, including but not limited to Workforce Investment Act funding, may be used to create a more seamless system of employment and education and training services for low-income adults in Wisconsin. Require DWD to submit a report to DOA on the findings of its investigation no later than December 31, 2003.

20. STATE IS REAL PARTY IN INTEREST IN CHILD SUPPORT CASES IF PARTY IS RECEIVING FOOD STAMPS

Specify that, in a child support case, if the custodial parent is receiving food stamps, the state would be a real party in interest for the purposes of establishing paternity, securing future support, or seeking reimbursement of aid paid in an action affecting the family of which the custodial parent is a member. As a real party in interest, the state may initiate an action or join in an action that is already underway. Current law enumerates a number of situations in which the state is a real party in interest for these purposes, including when the state provides certain services or benefits on behalf of a child (foster care aid or medical assistance) or provides certain services or benefits to the child's custodial parent (services or benefits under the Wisconsin Works, Kinship Care, and Wisconsin Shares child care subsidy programs). Under current law, however, the state is not identified as a real party in interest in cases in which the custodial parent is receiving food stamps.

21. SERVICE BY MAIL FOR SUPPORT ORDER REVISIONS

Provide that, in an action to modify a child support judgment or order, due-process requirements would be met if the court finds the following: (a) that a diligent effort was made to ascertain the location of the respondent; and (b) that written notice of the action to the respondent has been delivered to the most recent residential or employer address that the respondent provided to the county child support agency. Under current law, notice of an action to modify a child support judgment or order is required to be given by personal service, such as by a sheriff or deputy. The change would allow support order modifications to be treated in the same manner as actions to enforce a child support order.