

STATE OF WISCONSIN

BUDGET IN BRIEF

SCOTT WALKER, GOVERNOR



FEBRUARY 2015

DIVISION OF
EXECUTIVE BUDGET AND FINANCE
DEPARTMENT OF ADMINISTRATION

TABLE OF CONTENTS

I.	DEVELOPMENT OF THE 2015-17 BUDGET	2
	A. OVERVIEW	2
	B. REVENUE AND EXPENDITURE OUTLOOK	7
II.	SUMMARY OF GOVERNOR'S BUDGET INITIATIVES.....	10
	A. GROWING OUR ECONOMY	10
	B. DEVELOPING OUR WORKFORCE	11
	C. TRANSFORMING EDUCATION	12
	D. REFORMING GOVERNMENT	14
	E. INVESTING IN INFRASTRUCTURE	18
	F. IMPROVING MENTAL HEALTH PROGRAMS	20
	G. HELPING VICTIMS OF DOMESTIC VIOLENCE	20
	H. REFORMING HEALTH CARE ENTITLEMENTS.....	20
	I. PROTECTING WISCONSIN CITIZENS AND OUR MOST VULNERABLE	21
	J. SUPPORTING OUR VETERANS	23
	K. PRESERVING WISCONSIN'S HERITAGE.....	24
III.	STATE BUDGET OVERVIEW	28
	A. PRESENTATION OF THE GOVERNOR'S 2015-17 BUDGET.....	28
	B. EXPENDITURES.....	28
	C. POSITIONS	31
	D. BUDGET BALANCE	33
	E. DEBT MANAGEMENT	34
	F. CASH MANAGEMENT	36
IV.	MAJOR BUDGET INITIATIVES.....	38
	A. GROWING OUR ECONOMY	38
	B. DEVELOPING OUR WORKFORCE	43
	C. TRANSFORMING EDUCATION	46
	D. REFORMING GOVERNMENT	55
	E. INVESTING IN INFRASTRUCTURE	57
	F. IMPROVING MENTAL HEALTH PROGRAMS	59
	G. HELPING VICTIMS OF DOMESTIC VIOLENCE	60
	H. REFORMING HEALTH CARE ENTITLEMENTS.....	60
	I. PROTECTING WISCONSIN CITIZENS AND OUR MOST VULNERABLE	63
	J. SUPPORTING OUR VETERANS	65
	K. PRESERVING WISCONSIN'S HERITAGE.....	68
V.	ECONOMIC ASSUMPTIONS AND REVENUE ESTIMATES	72
	NATIONAL ECONOMY.....	72
	WISCONSIN ECONOMY	73
	REVENUE ESTIMATES	74
VI.	REFERENCE SECTION.....	78
	APPENDICES	82
	ABOUT THE BUDGET DOCUMENTS	91

CHARTS

CHART 1:	FISCAL YEAR 2016-17 BUDGET BY FUND SOURCE	28
CHART 2:	FISCAL YEAR 2016-17 GPR TAX REVENUE BY TYPE	29
CHART 3:	FISCAL YEAR 2016-17 GPR BUDGET ALLOCATION BY PURPOSE	31
CHART 4:	NEARLY HALF OF ALL NEW REVENUE SINCE FISCAL YEAR 2010-11 HAS GONE TO TAX RELIEF	38
CHART 5:	HOLDING THE LINE ON PROPERTY TAXES REVERSED TREND OF RISING BURDENS.....	42
CHART 6:	LOWEST INFLATION ADJUSTED PROPERTY TAX BILLS IN 30 YEARS	43
CHART 7:	FAST FORWARD DOLLARS WORKING ACROSS SECTORS	44
CHART 8:	STUDENT INDEBTEDNESS	47
CHART 9:	UNIVERSITY OF WISCONSIN-MADISON TUITION COMPARISON	48
CHART 10:	PROGRAM FEES IN HIGH-NEED FIELDS.....	49
CHART 11:	MILWAUKEE PARENTAL CHOICE PROGRAM ENROLLMENT	50
CHART 12:	RACINE PARENTAL CHOICE PROGRAM ENROLLMENT	51
CHART 13:	CHAPTER 220 ENROLLMENT - INTERDISTRICT	54
CHART 14:	CHAPTER 220 ENROLLMENT - INTRADISTRICT.....	54
CHART 15:	ENROLLMENT IN MEDICAID CONTINUES TO GROW	61
CHART 16:	ADULT INSTITUTION POPULATION	63
CHART 17:	FOREST HARVEST.....	68

TABLES

TABLE 1:	LARGEST BIENNIAL GPR INCREASES OVER BASE	30
TABLE 2:	TEN LARGEST GENERAL PURPOSE REVENUE PROGRAMS.....	30
TABLE 3:	FISCAL YEAR 2016-17 FTE POSITION CHANGES OVER BASE.....	31
TABLE 4:	GENERAL FUND CONDITION UNDER GOVERNOR'S BUDGET	33
TABLE 5:	ESTIMATED GENERAL FUND CONDITION SUMMARY ACCORDING TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES	34
TABLE 6:	TAX CHANGES.....	40
TABLE 7:	MEDICAID AND BADGERCARE PLUS EXPENDITURES	61
TABLE 8:	SUMMARY OF THE NATIONAL ECONOMIC OUTLOOK.....	72
TABLE 9:	SUMMARY OF THE WISCONSIN ECONOMIC OUTLOOK.....	73
TABLE 10:	GENERAL PURPOSE REVENUE ESTIMATES	74
TABLE 11:	GENERAL PURPOSE REVENUE ESTIMATES UNDER GOVERNOR'S RECOMMENDATIONS.....	75

**Development of
the 2015-17 Budget**

I. DEVELOPMENT OF THE 2015-17 BUDGET

A. OVERVIEW

In our 2015-17 biennial budget, Wisconsin state government will continue to invest in the priorities of our taxpayers, invigorating our economy and placing renewed emphasis on common-sense government reform. These priorities will enable state government to efficiently deliver the high-quality services our taxpayers expect, while helping empower people to move from government dependence to the independence and prosperity that comes from work. Similarly, the tough, but prudent, decisions made over the last four years placed our state on solid financial footing. Our straightforward, Midwestern values of hard work, frugality and funding only the government that the people can afford will again guide us through the next budget process, even as leadership at the federal level remains an obstacle to our success, rather than a partner.

Four years ago, Wisconsin faced a \$3.6 billion budget deficit, property taxes had risen 27 percent over the previous decade, increasing every year, and the unemployment rate was 7.8 percent. Years of budgetary mismanagement and unchecked spending meant the State had bills it could not pay. The Budget Stabilization Fund (Rainy Day Fund) was nearly empty.

The shortfall in fiscal year 2010-11 was representative of the longer-term problem – Wisconsin had a corrosive deficit because of a very simple math problem: state spending continually exceeded its revenue. State government was consistently in a reactive mode, subject to spending drivers, such as Medicaid and public employee personnel costs, which consumed resources without restraint. In prior biennia, one-time fixes and delayed payments damaged our State's fiscal foundation. The federal stimulus cash bought us little, except more time for further budgetary negligence. Predictably, this left even bigger holes, as budgeting for the moment and out of convenience was consciously chosen over planning for the future.

This problem plagued our state for well over a decade, regardless of the performance of our economy. Such fiscal malpractice left the State ill-prepared for economic challenges and the drastically rising costs of various programs and benefits. It also hampered economic growth, as the short-sighted budgeting practices prohibited a clear, coherent path to public policies driven towards economic growth and individual freedom and achievement.

The Governor and Legislature addressed these problems in the last two biennial budgets and other key pieces of legislation. Together, these initiatives paid outstanding bills, settled our debts and provided key components of our *Blueprint for Prosperity*.

The contrasts could not be clearer. Today, Wisconsin has a balanced budget, property taxes on a median-valued home have decreased in each of the last four years, the unemployment rate is down to 5.2 percent, and Wisconsin is 12th in the nation in growth in per capita personal income growth. New business ventures are up nearly 11 percent, while in November 2014 Wisconsin experienced its greatest month of private sector job growth since 1990. We have also been able to invest in educational opportunities that improve the skills of our workforce and match employees with the highly-skilled jobs being created by manufacturing and other strong industries.

As a result, our economy is growing, and both job seekers and job creators are reaping the benefits. In 2010, 10 percent of employers surveyed said that our state was headed in the right direction. In 2012, 93 percent said Wisconsin is heading in the right direction. In 2014, employers expressed greater optimism about our economy than at any time since the Great Recession. This turnaround was boosted with targeted tax relief efforts, such as the manufacturing and agricultural tax relief programs enacted by Governor Walker and the Legislature in 2011, and other mechanisms to encourage investment and reduce the regulatory burdens on job creators. We have already observed businesses utilizing these benefits to create new jobs, increase wages and further grow our economy.

As the economy has responded to our policies, we have been able to build a strong financial reserve. For three consecutive years (fiscal years 2010-11, 2011-12 and 2012-13), Wisconsin made significant contributions to its Rainy Day Fund – the only time it has done so in consecutive years. The Rainy Day Fund now has a \$279 million balance after years of neglect and is more than 165 times larger than when Governor Walker took office.

Such success helped our state maintain a strong bond rating, and even achieve AAA status for our transportation bonding program, while also upgrading our general obligation bonding program outlook from stable to positive. Coupled with a nearly \$1.6 billion reduction in our Generally Accepted Accounting Principles (GAAP) deficit since 2011 and the strongest public employee pension system in the nation, it is clear why businesses and investors are bullish on Wisconsin. These achievements are the opposite of many other states, where bonding downgrades, upside-down pension funds and structural problems combine to place a stranglehold on prosperity.

At the same time, we continue to protect the neediest of our state. While protecting state taxpayers from uncertain federal funding, we still preserved Medicaid as a safety net for our most vulnerable and invested in that priority. The 2013-15 biennial budget included \$1.2 billion of new general fund revenues for Medicaid, the largest increase in Wisconsin's history and one of the largest increases per capita in the country. Despite the unsuccessful initial implementation of the Affordable Care Act at the federal level, Wisconsin, unique among the states, has provided 100 percent access to health care coverage, according to a report from the Kaiser Family Foundation. Simultaneously, with six months left in the current fiscal year, the Department of Health Services expects Medicaid to finish in balance. These achievements also stand in stark contrast to many other states, where the promise of Obamacare has been met with the grim reality of unworkable federal exchanges and reductions in Medicaid funding from the federal government.

Our efforts continue to focus on providing relief to our taxpayers. The 2013-15 biennial budget included a progressive income tax reduction and significant property tax relief. As our economy continued to improve, property taxpayers remained a top priority. The *Blueprint for Prosperity* combined to provide over \$400 million in new property tax relief, and in 2014 alone, the property taxes on a median-valued home dropped by \$93 over the prior year. Continuing this trend will be a key component of the 2015-17 biennial budget, and the Governor's budget will once again reduce property tax bills for the average homeowner, just as they have been reduced each year since 2011.

Building upon our successes requires even greater efforts and fortitude. Our state's regulatory structure remains an impediment to growth, and improvements can be made in our efforts to help businesses grow and contribute to increasing economic growth. Significant changes to the regulatory structure and establishing "one-stop" customer service will also be a theme of this budget.

While we have made progress on the affordability of higher education through the Act 20 tuition freeze for in-state undergraduate residents at University of Wisconsin System institutions, such efforts must be further expanded toward our technical college system. This will strengthen educational accessibility, while providing opportunities in high-demand employment fields. At the same time, the state's relationship with higher education must be thoughtfully reevaluated, enabling the University of Wisconsin System to meet the challenges of a dynamic academic universe and respond to market demand in numerous fields of endeavor in a transparent and accountable manner.

Our infrastructure must also be a high priority, as a highly-mobile economy and strong manufacturing base require the efficient movement of people, products and materials. Our infrastructure also includes access to the fast and free flow of information, particularly in our educational system, and we remain committed to meeting this need across the state.

Addressing these challenges requires creativity, flexibility and bold change. The Governor's proposals to continue our path to a bright and prosperous future encompass five priorities for the 2015-17 biennial budget:

- **Growing our Economy:** Our focus remains on ensuring all Wisconsinites have the opportunity to realize the freedom and prosperity that comes from the dignity of work. Creating jobs improves the lives of families all across our great state. Every new job is more than just a statistic. It is another family with someone working in their household, fewer worries about how to put meals on the table, make a mortgage payment, put clothes on the backs of their kids and ensure their education.

The Governor proposes creating the Forward Wisconsin Development Authority by merging the Wisconsin Housing and Economic Development Authority (WHEDA) and the Wisconsin Economic Development Corporation (WEDC). This merger will create a more responsive, coordinated and accountable economic development structure for our businesses and job creators. The Governor further proposes replacing current political office holders on the WEDC board with private sector representatives whose sole focus will be economic growth rather than political posturing.

The Governor proposes providing \$55 million to the Forward Wisconsin Development Authority to fund the new regional revolving loan fund and provide targeted, self-sustaining economic development efforts across Wisconsin.

The Governor's budget further proposes creation of the Business Development Tax Credit by combining and streamlining the existing Jobs Tax Credit and Economic Development Tax Credit. While these have been useful tools, the new tax credit will provide both greater simplicity and flexibility to the business community. The Governor further proposes to increase the lifetime cap on the Enterprise Zone Jobs Tax Credit from 20 zones to 30 zones to provide new resources to retain current Wisconsin businesses and recruit key new businesses to our state.

In addition to many other Milwaukee-based initiatives, the Governor proposes the establishment of a sports and entertainment district to direct collaborative efforts towards constructing a new downtown arena for the Milwaukee Bucks and other sports and entertainment functions. This initiative will allow for the team to "pay their own way" by leveraging the growth in related taxes, while preserving the current tax base generated by housing a National Basketball Association team and creating additional revenue and related economic growth.

- **Developing our Workforce:** The Governor remains focused on our state and our workers achieving prosperity and innovation to lead the nation. This requires a multifaceted and balanced approach directed towards education and training, maximizing opportunity and employability.

The Governor proposes \$10.4 million for further investment in the successful Wisconsin Fast Forward grant program, enacted by Governor Walker and the Legislature in 2014. The expanded program will enable students at multiple educational levels to receive the classes, apprenticeships and training they need to gain employment in high-demand and high-paying fields.

The Governor also proposes making education more affordable by implementing a statewide freeze on technical college course or program fees in high-need fields and by extending the two-year tuition freeze enacted in his last budget at University of Wisconsin System schools for the next two years.

To further increase workforce readiness, the Governor also proposes drug testing, screening and treatment opportunities for individuals receiving unemployment insurance benefits from the Department of Workforce Development, or public assistance benefits in certain work-based programs at the Departments of Children and Families, and Health Services.

Additionally, the Governor proposes \$3 million over the biennium to establish job programs, similar to Transform Milwaukee Jobs, in Racine and Beloit, as well as high-need rural areas. These programs would be administered by the Department of Children and Families.

The Governor's proposals advance the seamlessness of our state's educational system to ensure our citizens have the skills needed for the jobs of today and tomorrow. The primary goal of the workforce development package remains the same: the state should provide a hand up to those who are able to work, and not simply a handout.

- **Transforming Education:** Every child – whether on a farm or in the city – must have access to a great education. However, this is more than just a public policy goal; it is a moral imperative. Providing our children with a quality education will equip them with the necessary skills to thrive later in life and to give back to their communities.

These efforts must be focused on performance and parental choice. While the Governor has worked closely with the Department of Public Instruction to facilitate discussions among a diverse group of stakeholders from around Wisconsin – teachers, parents, school board members, taxpayers, business leaders and others – to talk about school and school district accountability, most accountability proposals have focused on state oversight and decrees. Instead, school accountability measures should result in simple yet comprehensive information that helps parents make education decisions, not increased bureaucracy. Furthermore, these measures should guide schools and teachers toward curriculum and teaching methods that fit our state's unique citizenry, history and workforce. The Governor's budget includes measures that accomplish these goals. Schools will be able to choose from a variety of tests that have been certified by the University of Wisconsin's Value-Added Research Center, while report cards will be easier for parents to understand, reflect the challenges of educating special populations of students and support educators and administrators in identifying areas for improvement.

The Governor's budget continues to provide parents with educational choices for their children. By removing the cap on participation in the statewide school choice program, the program will provide access to a variety of schools for families in all areas. The budget also promotes transparency and accountability by ensuring the dollars will follow the students by funding payments for new students in the statewide and Racine school choice programs. To further augment school choices, the Governor's budget also provides for the creation of a Charter School Oversight Board, which will oversee the approval of new independent charter school authorizers, with the goal of ensuring accountability, quality and diverse educational options, while preserving local control.

Support for rural schools will also increase under the Governor's budget, as sparsity and high-cost pupil transportation categorical aid programs will receive an additional \$13.4 million over the biennium.

The Governor proposes new paths to becoming a teacher in Wisconsin, allowing real-life, practical experience for subjects from accounting to technical education to be included as a component of achieving teacher licensure for grades 6 through 12 and diversifying our educational leadership.

The Governor's budget also establishes a new paradigm for the University of Wisconsin System by restructuring it as a public authority with greater flexibilities and reduced micromanagement from multiple branches of state government. Greater independence will enhance the ability to recruit the best and brightest students and faculty, attract even greater research funding and patent production, and better serve our state's students, parents, communities and businesses. Simultaneously, the Governor's budget increases affordability by extending the tuition freeze enacted in 2013 Wisconsin Act 20 an additional two years.

- **Reforming Government:** The Governor has consistently promoted frugality in the day-to-day operations of state government. Taxpayer resources achieve more and are spent more wisely by the people who earn them. Moreover, as government expands, it often becomes wasteful and inefficient. Keeping more money in the hands of families and achieving a more efficient government are vital steps toward achieving the goals of a higher standard of living for our state residents and greater overall economic growth. Therefore, the Governor's budget contains significant reforms in the structure and operation of state government.

Specifically, the Governor proposes creating the Department of Financial Institutions and Professional Standards by merging multiple regulatory functions under one roof. This will improve customer service by creating a "one-stop shop" for businesses and professionals, while also reducing administrative overhead.

The Governor also proposes consolidating all food safety, recreational facility, lodging and food protection activities into the Department of Agriculture, Trade and Consumer Protection. This will reduce consumer confusion regarding oversight, as well as enhance regulatory efficiencies.

The Governor proposes reducing the size of government by eliminating long-term vacant positions and requiring additional lapses of financial resources as agencies continue to effectively manage resources.

There are numerous other government reform initiatives in the budget, ranging from the restructuring of marketing resources to reforms in informational technology management and purchasing. Coupled with previous and renewed efforts aimed at preventing fraud and containing health care costs for state employees, this budget continues to reduce the size and scope of state government.

The Governor's budget also expands on previous steps towards reforming government entitlement programs by emphasizing the original intent of these programs: to provide a safety net for our neediest citizens, rather than a dependency on government.

- **Investing in our Infrastructure:** Wisconsin's continued success and a 21st Century economy require the infrastructure necessary to move products from production to the marketplace. This is particularly critical due to our strongly-rebounding manufacturing sector.

Therefore, the Governor's budget provides a total of \$6.5 billion to build and maintain Wisconsin's transportation infrastructure. This includes timely investments to rebuild the Zoo Interchange, as well as the Hoan and Stillwater bridges.

The Governor also recommends enumeration of the I-94 East/West project to allow the Department of Transportation to initiate substantive work on the project.

The budget also includes \$836.1 million over the biennium to keep major highway projects on schedule, such as the widening of I-39/90.

Beyond providing funds for infrastructure priorities, the budget contains cost-saving measures, such as eliminating the requirement to construct bicycle and pedestrian facilities in new highway construction, as well as authorizing local governments to provide funding for Community Sensitive Design in highway projects.

Infrastructure is not only about transportation; it also is providing access to information, particularly for our students and educators. The Governor proposes a significant expansion to the Technology for Educational Achievement (TEACH) program to provide additional opportunities for schools and public libraries to expand data lines and video links.

In addition, the budget includes an additional \$6 million for the Broadband Expansion program, which supports public-private broadband infrastructure projects in underserved areas of the state. The Governor further proposes the continuation of the State Broadband Office at the Public Service Commission, in order to engage with regional stakeholders in evaluating broadband needs and developing plans to meet those needs. The office would also continue to provide necessary support and training on the latest broadband technologies and tools to help inform local and regional leaders regarding current broadband opportunities.

In summary, the Governor's budget recognizes our state's priorities of creating opportunity for our citizens, removing barriers to success, providing educational choices for parents and children, maintaining a compassionate safety net, and reforming a government structure responsibly, with the

taxpayers' ability to pay at the forefront of public policy, rather than an afterthought. This has guided us to renewed prosperity for four years, even as other states and the federal government continue down irresponsible and unsustainable paths. With this budget, Wisconsin will continue to boldly lead from the front and keep moving Forward.

B. REVENUE AND EXPENDITURE OUTLOOK

The revenue estimates released by the Legislative Fiscal Bureau on January 23, 2015, reflect again the improved outlook for Wisconsin. The bureau projects revenues will increase by \$521.7 million (3.7 percent) in the current fiscal year, by \$676.5 million (4.7 percent) in fiscal year 2015-16, and by \$572.5 million (3.8 percent) in fiscal year 2016-17.

While these increases demonstrate Wisconsin's continued path of moderate and sustained growth, the bureau's projections by tax include some variation given the differing tax bases of the state's largest revenue sources. Individual income tax revenues are expected to grow 4.1 percent this year, 6.7 percent in fiscal year 2015-16, and 5.2 percent in fiscal year 2016-17. Sales tax revenues are also expected to increase this year and in each year of the upcoming biennium, with growth of 5.4 percent this year, 3.1 percent in fiscal year 2015-16, and 3.2 percent in fiscal year 2016-17. Corporate income tax revenues are expected to decline modestly (3.3 percent) in the current year from the prior year actuals, but then grow by 3.7 percent in fiscal year 2015-16 before a slight 1.0 percent decrease in fiscal year 2016-17.

The underlying economic and revenue forecast assumes the continued implementation of tax cuts and credits enacted in prior years, including the continued phase-in of the manufacturing and agriculture tax credit that is providing substantial tax relief to businesses in these sectors of Wisconsin's economy.

Wisconsin's ongoing revenue growth is particularly remarkable in light of over \$2 billion in state and local tax relief delivered to Wisconsin taxpayers over the last four years. Wisconsin's unemployment rate remains below the national rate while income growth is expected to track national trends.

As in the preceding two budgets, the Governor's 2015-17 budget proposal builds on the tough, but prudent, decisions made over the last four years by balancing investments in our shared priorities within the confines of our taxpayer's ability to pay.

Summary of Governor's Budget Initiatives

II. SUMMARY OF GOVERNOR'S BUDGET INITIATIVES

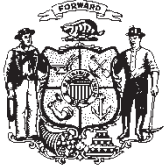
A. GROWING OUR ECONOMY



- Create the Forward Wisconsin Development Authority by combining the Wisconsin Economic Development Corporation and Wisconsin Housing and Economic Development Authority to provide greater coordination of economic development within a single authority. Additionally, reform the board of the new authority to include only private sector members to better focus the mission of the authority.
- Provide \$55 million to the Forward Wisconsin Development Authority to fund the development of a new regional revolving loan fund program to provide targeted, self-sustaining economic development loans across Wisconsin.
- Eliminate unnecessary reporting requirements for the Wisconsin Economic Development Corporation and the new Forward Wisconsin Development Authority related to reports to the State of Wisconsin Investment Board and reports to the Department of Administration related to the brownfields grant program.
- Create the Business Development Tax Credit by combining and streamlining the existing Jobs Tax Credit and Economic Development Tax Credit to provide greater simplicity and flexibility in business tax incentives. The new credit will receive a \$10 million GPR annual refundable credit allocation and provide incentives for job creation, training, capital investment, and headquarters recruitment and retention. Allow unutilized Angel and Early Stage Seed Investment credits to be reallocated to the Business Development Tax Credit by the Joint Committee on Finance.
- Reform the Angel and Early Stage Seed Investment credits by combining the funding pools of both credits into a single \$30 million pool, increasing the investment threshold for eligible firms from \$8 million to \$12 million, allowing transferability of the Angel Investment Credit to match transferability of the Early Stage Seed Investment Credit, and expanding the eligible activities for firms receiving investment.
- Increase the lifetime cap on the Enterprise Zone Jobs Tax Credit from 20 zones to 30 zones to provide additional resources to retain and recruit key businesses to Wisconsin.
- Increase employment and entrepreneurship opportunities for veterans with a \$500,000 grant in fiscal year 2016-17 to fund the Victory Spark Program to provide funds to pay start-up costs of veteran-owned businesses and entrepreneurial training and related services.
- Modify the Historic Rehabilitation Tax Credit by limiting the credit to annual awards of \$10 million, to be competitively awarded on the basis of job creation potential, while creating a repayment provision to ensure credits are repaid if pledged job creation totals are not met. The imposition of a \$10 million annual cap is expected to save the state \$7.8 million in fiscal year 2016-17. Additionally, eliminate the pre-1936 nonhistoric buildings portion of the credit.

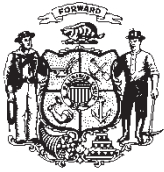
- Provide up to \$15 million GPR in fiscal year 2016-17 for grants to a city's economic development district where the district includes a community arts center and a mixed use development, provided that matching financing at least equals the amount of the grant.
- Eliminate the physician assessment to reduce the financial burden on physicians practicing in Wisconsin and maintain affordable health care.

B. DEVELOPING OUR WORKFORCE



- Expand the Wisconsin Fast Forward grant program by increasing grant funding by \$10.4 million over the biennium and expanding the high-demand programs eligible for grants, including the training and hiring of skilled apprentices, local youth apprenticeships and K-12 schools that work to graduate students with industry-recognized credentials aimed at reducing workforce shortages.
- Implement drug screening, testing and treatment mechanisms to increase workforce readiness of individuals receiving unemployment insurance or public assistance benefits in certain work-based programs at the Departments of Children and Families, Workforce Development, and Health Services.
- Provide an additional \$1 million in fiscal year 2015-16 and \$2 million in fiscal year 2016-17 for the Department of Children and Families to establish job programs, similar to Transform Milwaukee Jobs, in Racine and Beloit, as well as in high-need rural areas.
- Maintain the Transform Milwaukee Jobs program at \$5 million annually.
- Add credit for prior learning for veterans who have military training to the performance measures for the Wisconsin Technical College System.
- Increase the amount of state aid included in performance funding for the Wisconsin Technical College System to 100 percent by 2020.
- Bolster the state's workforce in high-demand fields and maintain affordability by implementing a statewide freeze on technical college course or program fees in high-need areas.
- Reduce the lifetime Wisconsin Works time limit from 60 months to 48 months to encourage more rapid placement in jobs and to help reduce dependence on government benefits, as well as adjust the state extension policy to correspond with federal law.
- Create a preservice training board to certify providers of correctional officer preserving training programs, allowing individuals interested in a career in correctional law enforcement to attend correctional officer training prior to being considered for employment.
- Modify the composition and role of community steering committees in the Wisconsin Works program to support a focus on jobs and work participation for all committees.
- Lengthen the licensing period for occupational licenses from two years to four years, reducing the burden on license holders to renew their licenses.

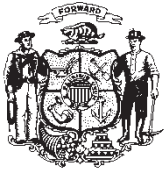
C. TRANSFORMING EDUCATION



- Increase state support for schools by providing \$105.6 million annually for the school levy tax credit and \$104.1 million in fiscal year 2016-17 for equalization aids, while maintaining revenue limits to ensure continued property tax relief.
- Provide \$141.9 million in fiscal year 2016-17 for per pupil aid outside of revenue caps.
- Provide parents in any school district with the opportunity to participate in the statewide school choice program by removing the cap on the number of school choice participants. Additionally, increase transparency and ensure that state dollars follow the student by funding payments for new students in the statewide and Racine school choice programs with the state aid allocated to the student's resident school district.
- Reform the independent charter school system by creating a Charter School Oversight Board, which will oversee the approval of new independent charter school authorizers, with the goal of ensuring accountability, quality and diverse educational options, while preserving local control. The board will consist of 11 members, including two appointees of the Governor, six appointees of the Legislature, two appointees of the State Superintendent and the State Superintendent (or his or her designee). Nonprofit, nonsectarian entities are eligible to apply to become independent charter school authorizers, which, in turn, may approve local schools.
- Assist parents in making informed decisions about the education of their children by implementing new school accountability measures. These measures include changes to school report cards that will improve transparency and authenticity by using letter grades as well as weighting school performance to account for student poverty rates, student disabilities and the length of time a school has had to influence a student's academic progress. Additionally, school districts will be allowed to choose student assessments that they feel best fit their locally-developed curricula and student population. Options will include a state test, as well as alternative tests certified by the Value-Added Research Center.
- Move the state toward Wisconsin-based standards and assessments by affirmatively providing that no school district needs to adopt the Common Core Standards, the Department of Public Instruction may not participate in the SMARTER Balanced Consortium, and that SMARTER Balanced Assessments shall not be used in Wisconsin schools.
- Provide additional resources for rural schools by increasing funding for the sparsity and high-cost pupil transportation categorical aid programs by \$13.4 million over the biennium. In addition, increase the reimbursement rate under the pupil transportation aid program for districts transporting students more than 12 miles.
- Promote efficiencies by allowing school districts to enter into whole grade sharing agreements and consolidate individual grades offered at multiple school sites into one educational program for the grade. Whole grade sharing agreements will allow districts to reduce costs and pool resources in order to meet the needs of their communities.

- Provide funding for the continuation of Dynamic Learning and the American College Testing (ACT) suite of tests for both college-bound and workforce-bound students in the 9th, 10th and 11th grades.
- Create additional flexibilities for school districts by ensuring that school district participation in a cooperative educational service agency (CESA) is optional.
- Expand the pool of licensed teacher options for schools by developing a competency-based teaching license for individuals with a bachelor's degree and real life, relevant experience in a particular subject area. The license would allow a teacher to teach in grades 6 through 12, and it would be valid for renewable three-year terms.
- To reflect declining participation by school districts and pupils, close the Special Transfer (commonly known as the Chapter 220) program to new participants while allowing students currently in the program to participate through high school graduation. As a result, more equalization aid will become available to school districts statewide.
- Ensure the availability of student financial aid for Wisconsin students attending a higher education institution in the state by maintaining funding levels for Wisconsin Grants and other programs.
- Provide \$2.6 million for Technical Excellence Higher Education scholarships over the biennium, which will encourage high school students with proficiency in technical education subjects to pursue a career in such fields.
- Position the University of Wisconsin System to maximize its ability to remain a world leader in research and instruction by restructuring the system as an independent public authority with greater flexibility to manage compensation, human resources, procurement, capital projects and other areas. Greater independence will enhance the system's potential to recruit top faculty and students, attract research funding and patent production, and better serve Wisconsin's students, parents, communities and businesses.
- Continue to make attending a University of Wisconsin institution affordable for Wisconsin's hardworking students and parents by extending the tuition freeze for an additional two years.
- Honor the State's promise to students by fully funding the Wisconsin Covenant Scholars program with an increased investment of \$7 million over the biennium.
- Reduce the regulatory and fiscal burden on private for-profit education entities by eliminating the Educational Approval Board. Retain consumer protections by providing the Department of Agriculture, Trade and Consumer Protection with broad authority to address complaints against both for-profit and nonprofit private institutions of higher education. Strengthen compliance with federal regulations.

D. REFORMING GOVERNMENT



- Create the Department of Financial Institutions and Professional Standards by combining the Department of Financial Institutions; Department of Safety and Professional Services; Office of Business Development; Small Business Regulatory Review Board; administrative functions relating to the certification of disabled veteran-owned, woman-owned or minority businesses; oversight of tattooing, body piercing and tanning; and certain functions of the Educational Approval Board. This will create efficiency in the certification of businesses and professionals, as well as result in administrative savings.
- Capitalize on existing expertise in insurance and adjudication, and increase efficiency by transferring Worker's Compensation functions from the Department of Workforce Development to the Office of the Commissioner of Insurance and Department of Administration's Division of Hearings and Appeals.
- Consolidate all food safety, recreational facility, lodging and food protection activities into the Department of Agriculture, Trade and Consumer Protection, creating efficiencies in regulation of these programs and reducing consumer confusion by assigning oversight to one agency.
- Eliminate most third-shift tower positions at adult correctional institutions while utilizing technology and strategic ground patrol to maintain security. Reduce expenditure and position authority by \$2,617,000 GPR and 60.0 FTE positions in fiscal year 2015-16, and \$3,503,300 GPR and 60.0 FTE positions in fiscal year 2016-17. Individuals in the existing positions will be eligible for transfer to existing vacancies in the department, reducing overtime.
- Lapse additional GPR and PR funds based on agencies' effective management of existing resources in order to save money and balance the budget.
- Eliminate positions that have been vacant for a year or more to reduce the size of state government.
- Provide an additional position at the Department of Employee Trust Funds to streamline the administration of optional insurance benefit plans.
- Provide an additional position for the call center at the Department of Employee Trust Funds to improve customer service.
- Reduce state health insurance costs by allowing employees who opt-out of the state employee health insurance plan to receive a stipend.
- Increase funding for the school levy tax credit by \$211.2 million GPR in the biennium to reduce property taxes by \$105.6 million annually. Combined with maintaining property tax controls and school equalization aids, this will ensure that property taxes for the typical homeowner are lower at the end of the biennium, which will be six consecutive years of property tax decreases.
- Protect property taxpayers by maintaining county, municipal and technical college levy limits at the greater of 0 percent growth or the percentage change in property values due to net new construction.

- Provide the Department of Revenue with 102.0 FTE auditing-related positions and \$25.4 million in expenditure authority over the biennium to enhance corporate tax collections, sales and use tax collections, and nexus identification activities. These positions will generate additional revenue of \$113.5 million over the biennium.
- Update Wisconsin's references to the federal Internal Revenue Code to reflect changes to federal law relating to tribal general welfare payments, and cooperative and small employer charity pension plans.
- Streamline the brownfields grant program by eliminating tiered matching requirements and, instead, create a single match requirement of 50 percent of the grant amount.
- Improve property value assessments transitioning from the current system of municipal property value assessment to a county-based system and requiring all properties be assessed at 100 percent of fair market value annually. This will ensure fairness between property taxpayers and make assessing property more streamlined and efficient.
- Modify current law to avoid federal collection from overpayments, refundable credits or refunds until all state and local offsets to tax refunds and overpayments have been completed. These provisions will save up to \$11 million annually.
- Modify current law to exclude the owner or operator of a distribution center from sales and use tax liability related to sales made on behalf of a third-party seller.
- Provide the Department of Revenue with 11.0 FTE revenue agent positions and \$1.8 million in expenditure authority over the biennium to enhance participation in the Statewide Debt Collection program by state agencies and local governments and thereby collect more of the debt owed to governmental entities.
- Modify current law to expand the definition of a "retailer engaged in business in the state" to include activities currently detailed in administrative rule. This will allow the Department of Revenue to improve efficiency in its auditing function.
- Create an Office of Marketing in the Department of Tourism to utilize the department's expertise to provide centralized marketing services to all state agencies. Transfer positions from other state agencies to the department to staff the office and eliminate additional positions at state agencies to avoid duplication of work.
- Consolidate the process related to recording all changes in municipal boundaries by transferring responsibility from the Secretary of State to the Department of Administration.
- Provide funding to the Legislative Technology Services Bureau to create and manage a statewide database of changes to municipal and ward boundaries. This will allow the state to maintain an accurate database of current boundaries to be shared with the U.S. Census Bureau and to be more precise in the provision of state and federal aid.
- Establish the Office of Lean Government in the Department of Administration to provide enterprisewide consulting services to state agencies to implement efficiencies across all of state government.

- Establish the Office of Government Continuity in the Department of Administration to coordinate and improve the required statewide continuation of government and continuity of operations plans throughout the state.
- Transfer the Private On-site Water Treatment System program from the Department of Safety and Professional Services to the Department of Natural Resources, centralizing oversight of septage systems in one agency and increasing support to the Environmental Fund.
- Eliminate the Private On-site Water Treatment System grant program saving \$2.4 million GPR annually.
- Transfer oversight of hospice and community-based residential facilities building plan review from the Department of Safety and Professional Services to the Department of Health Services.
- Transfer the Wisconsin State Laboratory of Hygiene to the Department of Agriculture, Trade and Consumer Protection, and restructure funding for the program.
- Update the Client Assistance for Reemployment and Economic Support System (CARES) work program subsystem, used for public assistance programs, to reflect modern user interfaces and case management best practices.
- Improve customer service within the Department of Transportation's Division of Motor Vehicles by reducing transactions requiring in-person visits and increasing the scope of on-line services; such improvements include: providing a nonexpiring identification card for people 65 and over, allowing new state residents to obtain a standard eight-year license, and permitting drivers to upgrade from instruction permits to probationary permits to regular licenses on-line. In total, all of these changes will allow the Department of Transportation to pivot staff to other activities and decrease waiting times at service centers.

- Implement several initiatives at the Department of Administration to achieve greater savings and efficiencies in state government operations, including:
 - Creation of a shared agency services pilot program by consolidating back office functions (such as budget, finance, human resources, payroll, procurement and information technology) of certain small agencies and the Department of Financial Institutions and Professional Standards, within the Department of Administration. Direct the department to study an enterprisewide shared services model and develop an implementation plan for the 2017-19 biennial budget.
 - Provision of an additional State Bureau of Procurement position to manage procurement and purchasing for the pilot program agencies, as well as Chapter 16 spending for the Department of Employee Trust Funds.
 - Provision of additional staffing to strengthen information technology and services procurement and maximize single, integrated solutions when possible.
 - Provision of additional resources for information technology security, in order to decrease the risk of a security breach.
 - Authorization for the Department of Administration Secretary to transfer staff and equipment relating to desktop management and security services for cabinet agencies, to achieve efficiencies and improve data security. Authorize the department to utilize an external provider if financially and programmatically appropriate.
- Adjust resources for the Departments of Workforce Development, Revenue and Transportation to reflect the agencies' transition to Department of Administration's Division of Enterprise Technology infrastructure services.
- Realize financial and programmatic efficiencies by merging the Department of Administration's Division of Energy Services and Division of Housing.
- Transfer the State Energy Office to the Public Service Commission, in order to maximize synergies relating to biomass development, energy statistics publication and energy efficiency.
- Extend the state's diesel truck idling reduction grant program by five years to continue promoting alternative technologies to reduce air emissions.
- Transfer \$3 million program revenue to the Building Trust Fund to enhance predesign services and prevent delays in the early phases of state building projects.
- Increase thresholds for State Building Commission approval to reflect modern construction project costs. Further, streamline commission approval processes in order to maintain commission oversight, while eliminating duplicative approval process components.
- Adjust expenditure authority for the Department of Administration's Division of Hearings and Appeals to reflect additional services provided to other agencies and to allow for providing digital records for all proceedings.

- Transfer the Office of the State Prosecutors from the Department of Administration to the Department of Justice to consolidate the administration of prosecutorial services into one agency.
- Generate flexibilities in the Supreme Court and Circuit Courts by consolidating designated GPR appropriations into a single appropriation.
- Provide additional expenditure authority for the self-funded portal to reflect additional E-government services, including crash reports, license monitoring and a one-stop business portal.
- Eliminate the state's federal surplus property program, which has struggled to be self-supporting, but retain the 1033 program at the Department of Military Affairs.
- Ensure the state's federal funding for public projects is not jeopardized by expanding state relocation assistance benefit payments to individuals displaced by a public project to accommodate federal changes in benefit levels.

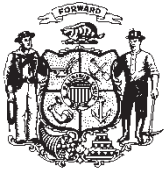
E. INVESTING IN INFRASTRUCTURE



- Invest a total of \$6.5 billion in Wisconsin's transportation infrastructure allowing Wisconsin to continue to maintain and develop existing infrastructure projects.
- Provide a total of \$623.2 million in funding to ensure the Zoo Interchange project remains on schedule for a 2018 completion date.
- Enumerate the I-94 East/West project to allow the department to begin substantive work on the project.
- Provide \$36.8 million over the biennium for the completion of the Stillwater and Hoan bridge projects. Of this funding, \$20 million would be provided to the Stillwater Bridge project and \$16.8 million to the Hoan Bridge project to ensure drivers and goods are moved quickly and efficiently across two great bodies of water bordering the state – the Mississippi River and Milwaukee's lakefront.
- Provide \$43 million in general obligation bonding authority for the Freight Rail Preservation Program over the biennium.
- Increase funding by \$438,000 for elderly and disabled aids to local governments and nonprofit organizations in order to provide vital transportation services for senior citizens and people with disabilities.
- Increase funding for Transportation Economic Assistance grants by \$2 million annually. In partnership with private funding these grants, upgrade targeted infrastructure to assist local businesses in creating jobs or keeping existing jobs in an area.
- Provide \$836.1 million over the biennium to keep Major Highway projects, such as the widening of I-39/90, on schedule.
- Ensure the safety of Wisconsin's dams by providing \$4 million for dam repair, reconstruction and removal projects.

- Repeal the state requirements that exceed federal law related to including bicycle and pedestrian facilities in the construction of new highway projects, which will provide savings of \$7.4 million.
- Eliminate Community Sensitive Design on highway projects, which will provide savings of \$7 million. Authorize local governments to fund these design costs.
- Authorize the Department of Transportation to collect advertising revenues at state-owned rail stations, which will provide an additional funding source for transportation projects.
- Authorize the Department of Transportation to implement construction manager/general contractor bidding on three pilot projects to evaluate the potential of future design cost savings on unique highway projects.
- Provide \$1,325,600 GPR in fiscal year 2015-16 and \$653,600 GPR in fiscal year 2016-17 for cybersecurity technology, network management and broadband services for the Office of the State Public Defender.
- Sunset the Petroleum Environmental Cleanup Fund Award program and reallocate existing fund balances to debt retirement for the program. This will enable the revenues collected for the Petroleum Inspection Fund to be reexamined for reallocation for other purposes in the future.
- Expand the Technology for Educational Achievement (TEACH) program, which offers broadband access to public schools and libraries at discounted rates, by broadening existing statutory language, so more schools can request access to multiple data lines and video links. This initiative will be funded with up to \$25 million of an E-rate cash balance.
- Provide expenditure authority to support the continuation of the State Broadband Office at the Public Service Commission.
- Provide \$6 million of new funding from the Universal Service Fund cash balance to the Broadband Expansion Grant Program. In addition, increase flexibility for the Public Service Commission in using current funds over the biennium and redirect unused funds from other Universal Service Fund appropriations to the broadband expansion grant program.
- Increase funding for state-owned lift bridges by \$330,000 with payments going to counties operating and maintaining the bridges for the state. The increase will keep the program fully funded.
- Provide \$727,500 PR in each year for information technology improvements in the Department of Safety and Professional Services, which will be reallocated to the new Department of Financial Institutions and Professional Standards upon its creation.

F. IMPROVING MENTAL HEALTH PROGRAMS



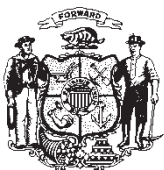
- Provide funding to assist counties with creating robust crisis services programs pairing law enforcement with mental health professionals to create a best practice model.
- Redesign the state's juvenile community supervision programs into a single community supervision program, to provide services based on a juvenile's individual risk and needs.
- Streamline the mental health funding in Wisconsin by consolidating the funds into community aids to ensure flexibility and create efficiencies.
- Improve response to mental health crises by aligning the emergency detention process in Milwaukee County with other counties in the state and require counties to provide community-based crisis assessment by a mental health professional prior to an emergency detention.
- Expand existing drug addiction programming in the Department of Corrections by creating a voluntary pilot program for eligible offenders with an opioid addiction-related conviction. Provide \$836,700 GPR in each year for the program.
- Improve mental health planning by consolidating expertise in the field through attachment of the Office of Children's Mental Health to the Department of Health Services.

G. HELPING VICTIMS OF DOMESTIC VIOLENCE



- Provide \$5 million in fiscal year 2016-17 to the Department of Children and Families for additional grants to shelters that help victims of domestic abuse and their families.
- Provide \$421,300 in each year for additional Global Positioning System Offender Tracking for individuals convicted of serious child offenses and those who violate domestic abuse or harassment temporary restraining orders.
- Impose a \$20 surcharge on felony or misdemeanor convictions, and create a Crime Prevention Funding Board to distribute revenues from the surcharge to nonprofit organizations whose purpose is to prevent crime.

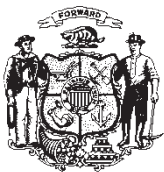
H. REFORMING HEALTH CARE ENTITLEMENTS



- Preserve essential safety net programs, including SeniorCare and Medicaid, while implementing reforms to slow expenditure growth and maintain essential health care services for eligible populations.
- Expand the Family Care program statewide. Transition the program to an outcome-based model providing long-term care, primary care and acute care services; create operational efficiencies for managed care organizations; and streamline operations in the Department of Health and Services.

- Fully fund the FoodShare Employment and Training program to provide able-bodied adults with education, skills and work experience necessary to obtain employment and become self-sufficient.
- Strengthen support for senior citizens by providing additional funding and positions for ombudsmen at the Board on Aging and Long-Term Care.
- Provide funding to support dementia care specialists in selected aging and disability resource centers across the state.
- Merge the Department of Health Services' Division of Long-Term Care with its Division of Health Care Access and Accountability to streamline the provision of Medicaid and eligibility services.
- Restructure funding and contracts for aging and disability resource center functions statewide to increase cost-effectiveness and enhance service delivery.
- Expand Medicaid coverage to the treatment portion of residential substance abuse treatment to ensure individuals with substance abuse disorders receive the appropriate level of care in the most appropriate setting.
- Expand the settings in which immunizations may be provided for Medicaid beneficiaries to include pharmacies.
- Fully fund SeniorCare while modernizing the program in alignment with Medicare Part D.
- Improve program integrity in the use of personal care services in Medicaid while ensuring members receive essential services on a timely basis.
- Provide \$30 million over the biennium for Disproportionate Share Hospital Payments to compensate health care providers that serve the largest number of low-income patients.
- Request waivers from the federal government to test able-bodied adults without dependents on FoodShare and Medicaid for illegal drugs. This would provide them treatment and assistance, so they can get back into the workforce and off of public assistance.

I. PROTECTING WISCONSIN CITIZENS AND OUR MOST VULNERABLE

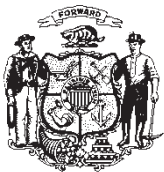


- Provide \$2 million in fiscal year 2016-17 to the Department of Children and Families to increase services to child sex-trafficking victims, especially in rural areas of the state.
- Create a new Division of Milwaukee Child Welfare within the Department of Children and Families to prioritize this function by ensuring increased oversight. Also provide 11.0 FTE new positions to improve the review of potential or reported child abuse and neglect cases in the newly-created division.

- Provide \$72,800 in fiscal year 2015-16 and \$457,400 in fiscal year 2016-17 and 1.0 FTE position for a state coordinator to create the Fostering Futures: Connections Count initiative, which will support community connectors, who are trusted neighbors or community leaders, to interact with vulnerable families with children up to age five and connect the families with formal and informal community support services.
- Transfer the administrative responsibilities for Youth Aids, and related aids programs for juvenile offenders, from the Department of Corrections to the Department of Children and Families, beginning on January 1, 2016, and update performance measures and goals in the program with the goal of improved outcomes for juvenile offenders.
- Provide \$2.3 million SEG over the biennium for an annual State Patrol recruiting class to reduce overtime costs and improve highway safety.
- Strengthen the oversight of the Prescription Drug Monitoring Program by providing \$50,000 PR in each year for data operations for the program and transferring the program to the Controlled Substances Board.
- Refocus local justice programming and create accountability by consolidating various justice grant earmarks into one Justice Assistance Grant program, reducing costs by \$321,000 GPR and \$745,100 PR each year.
- Create efficiencies in the Office of the State Public Defender by creating a Conflict Defender's Office, which will manage cases in Milwaukee, Waukesha and Racine counties, and provide additional staff resources statewide to expand caseload capacity. Provide 10.75 FTE positions in each year and \$709,600 GPR in fiscal year 2015-16 and \$830,900 GPR in fiscal year 2016-17 for the Conflict Defender's Office; and 35.0 FTE positions in each year and \$2,168,900 GPR in fiscal year 2015-16 and \$2,704,300 GPR in fiscal year 2016-17 for expanded caseload capacity. These provisions will reduce costs for private bar attorneys by \$2,237,800 GPR in fiscal year 2015-16 and \$4,475,700 GPR in fiscal year 2016-17.
- Create the Office of Solicitor General in the Department of Justice to provide in-depth representation for the state within appellate litigation. Provide 4.0 FTE positions annually and \$443,200 PR in fiscal year 2015-16 and \$584,500 PR in fiscal year 2016-17.
- Eliminate surcharge exemptions for certain offenses to ensure equity among similar violations. This is expected to generate an additional \$3,242,900 annually in revenue for the justice system.
- Create a Judicial Compensation Commission to review the salaries of judges and justices, and recommend fair compensation for the courts' participation in protecting citizens of the state.
- Streamline court operations by consolidating the Judicial Commission into the Director of State Courts Office and eliminating the Judicial Council.
- Authorize the State Crime Laboratory to use \$558,100 PR annually in DNA surcharge receipts, rather than penalty surcharge receipts, to support DNA testing in the laboratory and to address a deficit in the penalty surcharge appropriations.

- Revise statutory language relating to funding for court interpreters to use \$232,700 PR in each year in penalty surcharge receipts, rather than justice information fee receipts, to address a deficit in the justice information fee appropriations.
- Provide additional funding for the ongoing implementation of 2013 Wisconsin Act 334, which extends eligibility for out-of-home care support from age 18 to age 21 for young adults who have individualized education programs and who are enrolled in school.
- Improve the efficiency of the child support system by: (1) exempting filing fees in voluntary paternity acknowledgment cases, (2) expanding state tax intercept authority to cases not receiving county child support services, (3) requiring Wisconsin banks to directly honor other states' child support enforcement liens, and (4) including state income continuation benefits and duty disability as benefits that may be assigned for child support purposes.
- Create an interstate compact application fee for offenders under community supervision who wish to transfer to supervision under another state. The fee is expected to generate \$375,900 PR in each year to support the program.
- Increase funding to pay the full costs of an increase in Wisconsin Shares rates to child care providers that went into effect on November 9, 2014.
- Provide additional funding for the ongoing implementation of a uniform appeals process for child protective services cases, which began January 1, 2015.
- Implement the child care parent-pay project to have parents receive an electronic benefits card to pay providers directly beginning in fiscal year 2016-17.
- Direct the Public Service Commission to conduct a study on wind energy system-related health issues and submit a report on the study to the Governor and Legislature no later than one year after the effective date of the biennial budget.

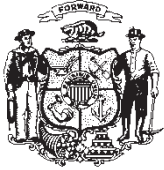
J. SUPPORTING OUR VETERANS



- Strengthen support for residents in Wisconsin veterans homes by providing additional funding for an ombudsman at the Board on Aging and Long-Term Care.
- Provide funding for equipment purchases and operational improvements at veterans homes.
- Transfer the Veterans Grant Program from the Department of Workforce Development to the Department of Veterans Affairs to enhance program awareness and efficiency.
- Increase employment and entrepreneurship opportunities for veterans with a \$500,000 grant in fiscal year 2016-17 to fund the Victory Spark Program to provide funds to pay start-up costs of veteran-owned businesses and entrepreneurial training and related services.

- Transfer the state's Disabled Veterans Outreach Program and Local Veterans Employment Representative Program specialists from the Department of Workforce Development to the Department of Veterans Affairs to strengthen the veteran-specific focus of these programs, while ensuring the programs maintain strong cooperation with other workforce development strategies.
- Waive the commercial driver's license fee for veterans with a military license; thereby reducing regulatory barriers and streamlining the transition from military service to a civilian career.
- Merge the Office of State Employment Relations into the Department of Administration to consolidate human resources management of state government. The division will include a position dedicated to recruiting and hiring veterans into the state government workforce.

K. PRESERVING WISCONSIN'S HERITAGE



- Protect our lakes and rivers and improve water quality in Wisconsin by providing \$24 million over the biennium to reduce nonpoint source water pollution through increased nutrient and runoff management planning, contaminated sediment removal and other pollution abatement practices.
- Expand the use of contaminated sediment funding to contaminated sediment remediation projects located outside of the Great Lakes basin.
- Provide continuing support to nonpoint source abatement projects through a one-time transfer from the Agricultural Chemical Cleanup Fund, while maintaining the current fee structure.
- Direct the Department of Natural Resources to prepare a plan to move the Division of Forestry headquarters to a northern location.
- Establish a moratorium on Stewardship Program land purchases until the level of debt service is reduced to \$1 per \$8 of total costs for land purchases acquired since program inception.
- Designate \$250,000 SEG annually to establish an agricultural water-quality initiative for the implementation of nonpoint source pollution abatement practices.
- Remove the sunset provision on the collection of fees for ballast water permits, ensuring our lakes are protected from aquatic invasive species.
- Streamline the process for allowing private forest landowners under the Managed Forest Law program to harvest timber.
- Permit urban forestry grants to be used for removing, saving and replacing trees that have been damaged by emergency events or insect infestations.
- Provide \$150,000 SEG annually to support the opening and expansion of several new facilities at parks and southern forests across the state to assist the millions of visitors to Wisconsin state parks each year.

- Modernize the Environmental Improvement Program by permitting privately-owned or nonprofit public water systems to be eligible for loans, expanding eligibility for the loan program, and providing the Departments of Administration and Natural Resources additional flexibility in administering the loans, potentially reducing debt service over the biennium.
- Provide \$110,200 SEG annually to fund master lease payments for field data recorders and ruggedized computers for forestry operations.
- Ensure the safe and legal harvest of ginseng by transferring \$25,000 SEG into the fish and wildlife account for ginseng enforcement activities.
- Ensure the long-term viability of the all-terrain vehicle account by reducing \$297,000 SEG annually for program earmarks.
- Support the law enforcement program at the Department of Natural Resources through increased funding of \$288,500 SEG in each year to fund master lease payments for tablets and docking stations.
- Eliminate the requirement that bulk milk tanker operators must hold a state permit as a grade A milk hauler and permit the use of federal Food and Drug Administration permitting for this purpose.
- Transform the boards of the Department of Natural Resources and Department of Agriculture, Trade and Consumer Protection into advisory councils to strengthen the leadership of each department.
- Transfer the Veterinary Diagnostic Laboratory and Veterinary Examining Board to the Department of Agriculture, Trade and Consumer Protection to consolidate all activities related to animal health under one department.
- Protect our forestry resources by reducing \$481,200 SEG annually for grant earmarks and refocusing funding towards general forest operations support.
- Protect our water resources by reducing \$407,500 SEG annually for grant earmarks and refocusing funding towards general water management programs.
- Transfer administration of the Kickapoo Reserve Management Board and the Lower Wisconsin Riverway Board to the Department of Natural Resources to better align programs with the partnering agency.

State Budget Overview

III. STATE BUDGET OVERVIEW

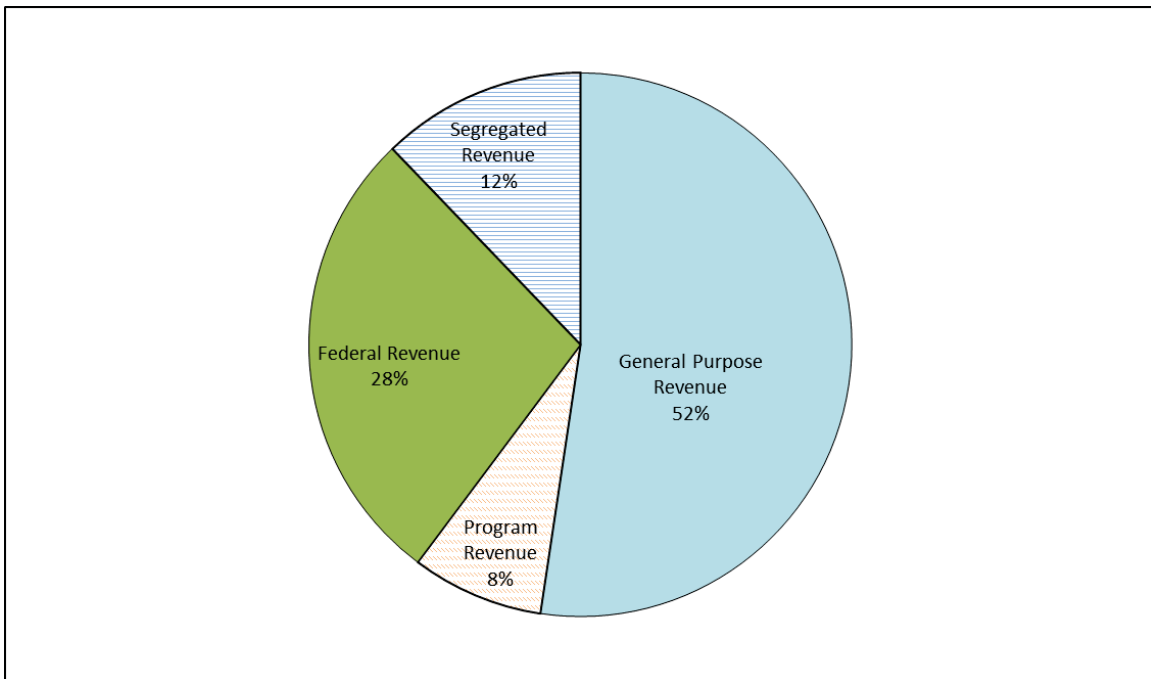
A. PRESENTATION OF THE GOVERNOR'S 2015-17 BUDGET

The Governor's recommended budget for the 2015-17 biennium is presented in its customary components. The operating budget for all agencies and their programs is submitted to the Legislature in the budget bill, the Executive Budget Book, and this Budget in Brief. The capital budget will be submitted as a budget amendment, after the State Building Commission has approved a recommended building program for the 2015-17 biennium.

B. EXPENDITURES

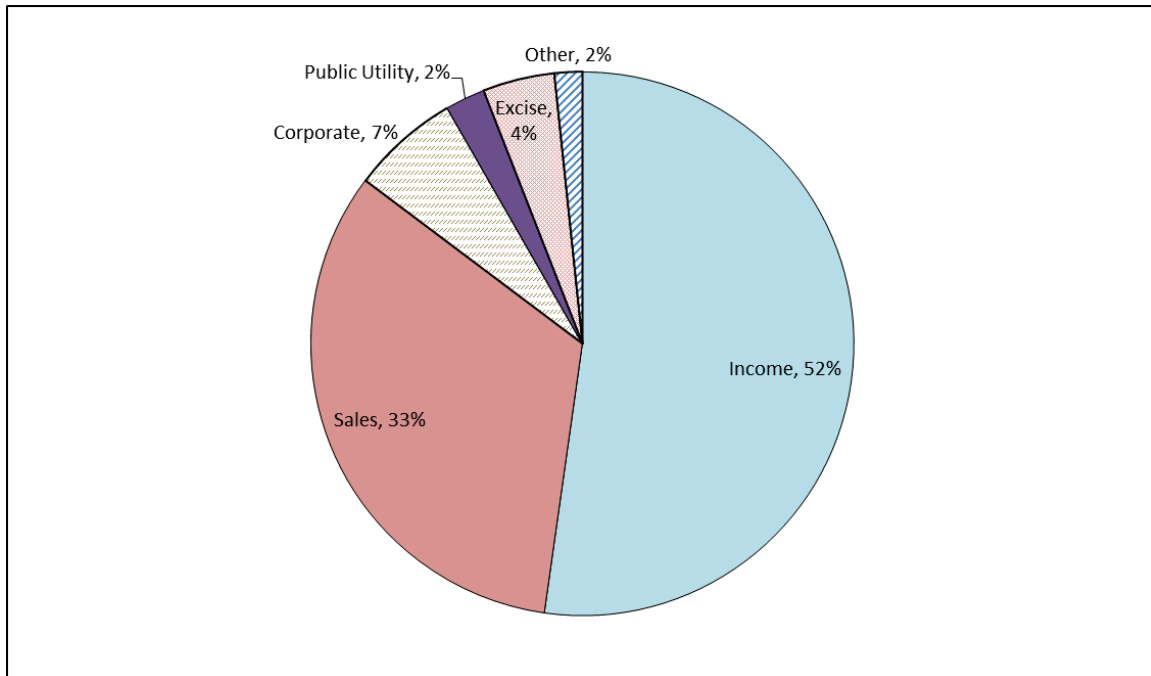
The Governor recommends an operating budget of \$35.938 billion in fiscal year 2015-16 and \$32.347 billion in fiscal year 2016-17. These figures include all four major funding sources and all state agencies and programs (see Chart 1). On an annual basis, the Governor's all funds budget for fiscal year 2015-16 represents an increase of \$919.6 million (2.6 percent) over the fiscal year 2014-15 adjusted base, and the budget for fiscal year 2016-17 represents a decrease of \$3,590.6 million (-10 percent) compared with fiscal year 2015-16.

CHART 1: FISCAL YEAR 2016-17 BUDGET BY FUND SOURCE



The largest portion of the state budget is funded from general purpose revenue (GPR), which includes the individual income tax, state sales tax, corporate income tax and various other taxes (see Chart 2).

CHART 2: FISCAL YEAR 2016-17 GPR TAX REVENUE BY TYPE



Federal revenues (PR-F or SEG-F) are the second-largest source of funds in the state budget. The amounts budgeted represent state agency estimates of the various federal program grants expected to be received. Corresponding state matching dollars, where applicable, are budgeted in the other state funding sources. Since it is not possible to predict future congressional budget action, the Governor's budget generally assumes no changes in federal funding except where noted.

Program revenue (PR-O) is received from user fees that finance specific activities such as public utility regulation, agricultural commodity inspections, and State Fair Park admissions. Program revenue is generally budgeted to reflect the anticipated demand for these activities.

Segregated revenues (SEG-O) include revenues from such sources as the motor fuel tax, hunting and fishing license fees, and lottery ticket sales. These revenues are deposited in segregated funds such as the Transportation Fund, Conservation Fund, and Lottery Fund, which are credited with any interest they earn. Segregated revenues can only be used for specific purposes and are not general revenues of the state, but segregated revenue fund balances had historically been lapsed to the general fund. The Governor's 2011-13 budget halted this practice.

The Governor recommends a GPR budget of \$15.875 billion in fiscal year 2015-16 and \$16.943 billion in fiscal year 2016-17. On an annual basis, the Governor's GPR budget for fiscal year 2015-16 is a spending decrease of \$53.7 million (-0.3 percent) over the fiscal year 2014-15 base, and for fiscal year 2016-17 is a spending increase of \$1,067.1 million (6.7 percent) over fiscal year 2015-16.

TABLE 1: LARGEST BIENNIAL GPR INCREASES OVER BASE
(\$ in millions)

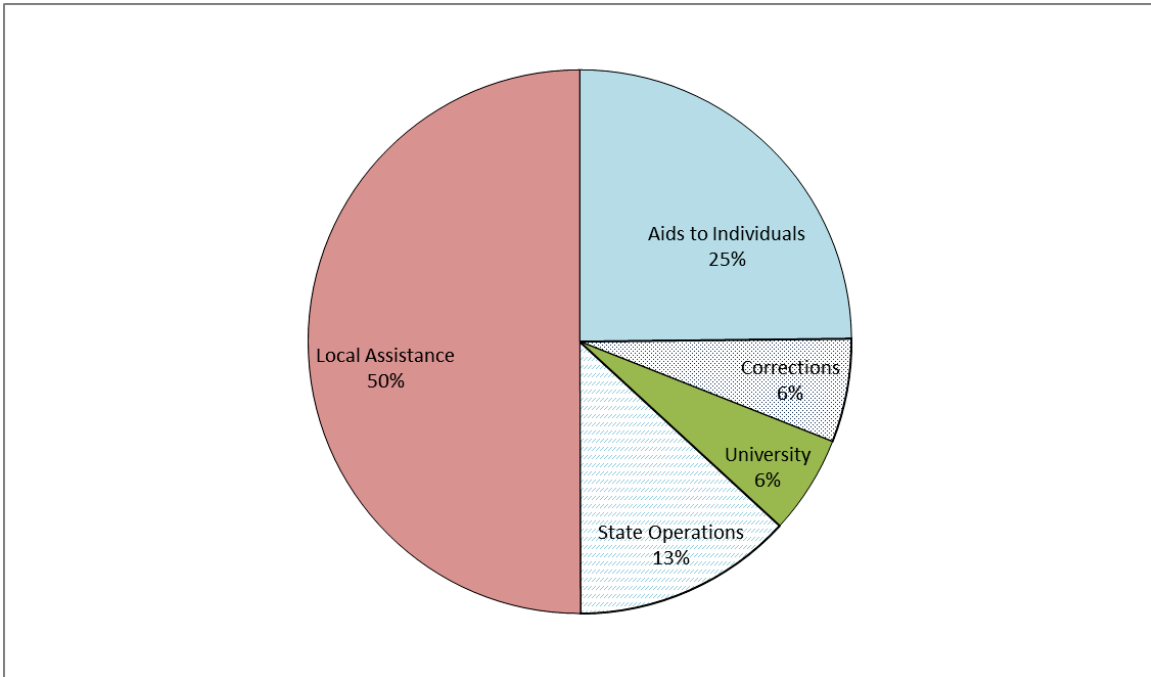
Department of Health Services	\$663
Shared Revenue and Tax Relief	200
Department of Public Instruction	44
All Other Changes	<u>53</u>
TOTAL	\$960

TABLE 2: TEN LARGEST GENERAL PURPOSE REVENUE PROGRAMS
(\$ in millions)

	<u>FY17 Budgeted</u>	<u>Percent of Total</u>	<u>Cumulative Percent</u>
General and Categorical School Aids	\$5,625.0	33.2%	33.2%
Medical Assistance and Related Programs	2,868.3	16.9%	50.1%
State Property Tax Credits	1,108.6	6.5%	56.7%
Corrections	1,006.9	5.9%	62.6%
Shared Revenue	826.9	4.9%	67.5%
University of Wisconsin System	774.8	4.6%	72.1%
Technical College System Aid	516.4	3.0%	75.1%
Community and Social Service Aids	317.4	1.9%	77.0%
Homestead, Earned Income and Other Tax Credits	247.6	1.5%	78.5%
Supplemental Security Income Program, State Supplement	<u>157.8</u>	<u>0.9%</u>	<u>79.4%</u>
Top Ten Program Total	\$13,449.9	79.4%	79.4%
Debt Service (not included above)	582.2	3.4%	82.8%
Debt Service for Appropriation Obligation Bonds	795.6	4.7%	87.5%
All Other Programs	<u>2,114.9</u>	12.5%	100.0%
GPR Total	\$16,942.5		

Detail may not add due to rounding.

CHART 3: FISCAL YEAR 2016-17 GPR BUDGET ALLOCATION BY PURPOSE



C. POSITIONS

The Governor's budget recommendations include authorization for 35,261.06 FTE state positions from all fund sources by the end of the next biennium (fiscal year 2016-17). This represents a decrease of 35,095.78 FTE positions from the fiscal year 2014-15 adjusted base of 70,356.84 FTE positions. From GPR funds, the budget provides 17,521.30 FTE positions, a decrease of 18,440.53 FTE positions from the fiscal year 2014-15 adjusted base of 35,961.83 FTE positions.

Table 3 demonstrates the changes from the adjusted base level FTE positions to the second year of the biennium (fiscal year 2016-17).

TABLE 3: FISCAL YEAR 2016-17 FTE POSITION CHANGES OVER BASE

	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>SEG</u>	<u>All Funds</u>
Adjusted Base	35,961.83	10,778.24	18,378.56	5,238.21	70,356.84
Agency Requests	62.18	-106.76	66.08	2.00	23.50
Governor's Recommendation	<u>-18,502.71</u>	<u>-5,674.71</u>	<u>-10,710.28</u>	<u>-231.58</u>	<u>-35,119.28</u>
TOTAL	17,521.30	4,996.77	7,734.36	5,008.63	35,261.06

Positions are decreased in the following key areas:

- Conversion of the University of Wisconsin System to the University of Wisconsin System Authority will reduce the state's position count by 34,655.26 FTE positions. This does not include 404.25 FTE positions at the State Laboratory of Hygiene and Veterinary Diagnostic Laboratory that are transferred to the Department of Agriculture, Trade and Consumer Protection.
- Reduction of 47.4 FTE positions will result from the efficiencies gained under the shared services pilot for administrative functions at the Department of Administration and the Office of Marketing at the Department of Tourism.
- Creation of the Department of Financial Institutions and Professional Standards will eliminate 46.26 FTE positions that existed in the Department of Financial Institutions, Department of Safety and Professional Services, and other regulatory agencies.
- Elimination of most third-shift tower positions at adult correctional institutions while utilizing technology and strategic ground patrol to maintain security will reduce position authority by 60.0 FTE positions.
- Elimination of 10.0 FTE permanent positions each year in the Office of the State Prosecutors is due to the loss of outside funding for those positions.
- Reduction of 66.09 FTE positions at the Department of Natural Resources which no longer serve the core mission of the agency.
- Reduction of 4.0 FTE positions in the Department of Natural Resources' Division of Forestry will result from streamlined practices for timber harvesting under the Managed Forest Law program.
- Reduction of almost 200.0 FTE positions that have been vacant for one year or longer.
- Reduction of 8.0 FTE positions at the Department of Administration as a result of consolidating the Divisions of Energy and Housing.
- Reduction of 5.0 FTE positions as a result of transferring Worker's Compensation functions from the Department of Workforce Development to the Office of the Commissioner of Insurance and the Department of Administration's Division of Hearings and Appeals.

Positions are increased in the following key areas:

- Creation of 102.0 FTE auditing-related positions in the Department of Revenue to enhance corporate tax collections, sales and use tax collections, and nexus identification activities. These positions will generate additional revenue of \$113.5 million over the biennium by collecting more of the taxes already owed.
- Addition of 11.0 FTE revenue agent positions in the Department of Revenue to enhance participation in the Statewide Debt Collection program by state agencies and local governments and thereby collect more of the debt owed to governmental entities.
- Creation of a Conflict Defender's Office, which will manage cases in Milwaukee, Waukesha and Racine counties, for which the budget provides 10.75 FTE GPR positions annually, and addition of 35.0 FTE positions annually to expand caseload capacity statewide, reducing private bar costs over the long term.
- Addition of 11.0 FTE positions to improve the review of cases of potential or reported child abuse and neglect in the newly-created Division of Milwaukee Child Welfare in the Department of Children and Families.

- Creation of the Office of Solicitor General in the Department of Justice to provide in-depth representation for state and appellate litigation, for which the budget provides 4.0 FTE positions annually.

D. BUDGET BALANCE

TABLE 4: GENERAL FUND CONDITION UNDER GOVERNOR'S BUDGET
(\$ in millions)

	2015-17 Governor's Budget			2017-19 Estimates	
	<u>FY15*</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
OPENING BALANCE, JULY 1	\$516.9	\$0.3	\$92.0	\$123.0	\$375.4
REVENUES AND TRANSFERS					
Taxes	14,469.8	15,190.8	15,827.2	15,743.2	15,749.6
Departmental Revenues					
Tribal Gaming Revenues	49.0	23.5	24.1	24.1	24.1
Other	<u>506.7</u>	<u>507.3</u>	<u>499.1</u>	<u>460.9</u>	<u>460.9</u>
Total Available	\$15,542.4	\$15,721.7	\$16,442.5	\$16,351.3	\$16,610.1
APPROPRIATIONS, TRANSFERS AND RESERVES					
Gross Appropriations	\$15,796.8	\$15,875.5	\$16,942.5	\$16,594.5	\$16,616.3
Compensation Reserves	35.0	10.7	18.6	18.6	18.6
Transfers	169.6	38.0	39.6	39.4	39.4
Less Biennial Appropriation Spend Ahead	-4.4	0.0	0.0	0.0	0.0
Less Estimated Lapses	<u>-454.8</u>	<u>-294.4</u>	<u>-681.2</u>	<u>-676.6</u>	<u>-676.6</u>
Total Expenditures	\$15,542.2	\$15,629.7	\$16,319.5	\$15,975.9	\$15,997.6
BALANCES					
Gross Balance	\$0.3	\$92.0	\$123.0	\$375.4	\$612.5
Less Required Statutory Balance	<u>-65.0</u>	<u>-65.0</u>	<u>-65.0</u>	<u>-65.0</u>	<u>-65.0</u>
Net Balance, June 30	-\$64.7	\$27.0	\$58.0	\$310.4	\$547.5
Structural Balance	-\$516.6	\$91.8	\$31.0	\$252.4	\$237.0

*Reflects reestimates for fiscal year 2014-15 based on the most recent information available and expected administrative actions.

Detail may not add due to rounding.

The estimated four-year fund condition statement is balanced through fiscal year 2016-17. The estimates for the 2017-19 biennium do not assume any projected growth in revenues or expenditures. However, prospective tax impacts, commitments to additional expenditures for the next biennium and removal of one-time expenditures made in this biennium are addressed in the estimates for fiscal years 2017-18 and 2018-19.

State statute also requires showing the impact of the Governor's budget on the state's budget balance under generally accepted accounting principles (GAAP). Unlike the modified accrual basis of the budget

as published in the statutes, these principles require that revenues and expenditures be accounted for when they occur.

Wisconsin has a deficit under generally accepted accounting principles due to the state's long-term commitment to stabilize and equalize local property taxes. Payments for shared revenue and local property tax relief are paid during the local government fiscal year but are delayed in the state budget to the state's subsequent fiscal year. While this mismatch is a major contributor to the state's deficit under generally accepted accounting principles, the delay has been in place for decades in order that local government budgets, and associated local levies, remain stable.

In his 2015-17 budget, the Governor has ensured that his \$105.6 million increase to the school levy tax credit for calendar year 2016 (paid in fiscal year 2016-17) does not add to the state's GAAP deficit by including additional funds to make \$105.6 million of the calendar year 2017 school levy tax credit payment by June 2017.

**TABLE 5: ESTIMATED GENERAL FUND CONDITION SUMMARY ACCORDING TO
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**
(\$ in millions)

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Opening Balance	-\$1,381.8	-\$1,955.9	-\$2,019.8
Revenue			
Estimated Taxes	\$14,469.8	\$15,190.7	\$15,827.2
Departmental Revenues and Transfers	506.7	507.3	499.1
Tribal Gaming Revenue	<u>48.8</u>	<u>23.5</u>	<u>24.1</u>
Total Revenue	\$15,025.3	\$15,721.5	\$16,350.4
Total Available	\$13,643.5	\$13,765.6	\$14,330.7
Less Total Appropriations (Net)	<u>15,542.2</u>	<u>15,629.7</u>	<u>16,319.5</u>
Balance Before Change in Adjustments to GAAP	-\$1,898.7	-\$1,864.1	-\$1,988.8
Net Contribution to Balance Adjustments in GAAP (change from prior year)			
County and Municipal Aids	-1.8	-96.1	95.0
Accrue/Defer Tax Revenues	<u>-55.4</u>	<u>-59.6</u>	<u>-62.9</u>
Estimated Closing Balance	-\$1,955.9	-\$2,019.8	-\$1,956.7

Detail may not add due to rounding.

E. DEBT MANAGEMENT

State debt management is necessary to ensure long-term capital needs can be met at an affordable level. State debt management historically looks at various standards, including, but not limited to, annual GPR debt service as a percentage of GPR. These standards help ensure that annual debt service does not consume a burdensome share of the state's budget and that overall indebtedness remains within reason for the State. In addition to annual debt service that is paid from GPR, other annual debt service is paid from various program revenue and segregated fund sources.

In the next biennium, the standard relating to annual GPR debt service will be reduced compared to the percentages for the 2013-15 biennium. Projected annual debt service payments, as a percentage of general fund tax revenues, are 4.2 percent and 3.7 percent for the 2015-17 biennium, compared to 5.2 percent and 4.5 percent annually for the 2013-15 biennium. The State made higher debt service payments in the 2013-15 biennium, resulting from the structural refunding authorizations or other actions in previous biennia that deferred debt service payments to the 2013-15 biennium and future years. The State was committed to paying debt service payments due in the 2013-15 biennium, which peaked at all-time highs, and remains committed to making debt service payments in the 2015-17 executive budget. The amount of outstanding State debt paid from GPR has decreased by 8.1 percent over the past two years, and with limited new bonding authority in this 2015-17 executive budget, this trend will continue.

Rating agencies note that the State's outstanding debt as a percentage of personal income is "moderate, but above-average." However, this analysis includes the obligations incurred by the State in 2003 when it addressed its unfunded pension liabilities.

The State looks favorable when rating agencies combine outstanding debt and unfunded pension liabilities. In this analysis, the aggregate obligations for the State are "below the median for U.S. States."

In November 2014, Moody's Investors Service changed the outlook on the State's bond rating to "positive" from "stable." This outlook change was due, in part, to the State's increased liquidity and the strength of its pension program.

The debt management policies and projected results reflected in the 2015-17 executive budget are based on three important assumptions:

1. Specific bonding recommendations for the building program will be included in the capital budget bill, which will be submitted later.
2. Previously authorized, but unissued, debt will continue to be issued to complete previously approved projects and multiyear commitments. Currently authorized, but unissued, general obligation bonding authority for GPR-supported programs amounts to \$1.7 billion. This authorized, unissued bond authority breaks down to \$510 million for environmental and water programs, and \$1.2 billion for building and other programs, including certain transportation projects.
3. The State's market access and bond ratings will not deteriorate. Wisconsin's general obligation bonds currently carry ratings of Aa2/AA/AA/AA from Moody's, Standard & Poor's, Fitch, and Kroll, respectively. Other than the "positive" outlook from Moody's, all other ratings are considered "stable." Wisconsin's bonds are received favorably by the investment community, but like most issuers, are being given much closer scrutiny. Maintaining and improving the State's bond ratings are related most directly to continued improvement of the state's long-term fiscal outlook.

The tax-exempt municipal bond market has experienced, and continues to experience, a period of historically-low interest rates. Similar to refinancing a mortgage, the State takes advantage of these low interest rates to lower its debt service costs.

The 2015-17 executive budget includes authorization to complete up to \$1.5 billion of refunding transactions for tax-supported and self-amortizing general obligation debt. This authorization can be used only for refunding transactions that have debt service savings to the State. Using refunding authorization included in the 2013-15 biennial budget, the State has completed refunding transactions that resulted in nearly \$116 million of debt service savings on a present value basis.

In addition to general obligations, the State has issued appropriation obligations of the State, known as "General Fund Annual Appropriation Bonds." The State issued this credit in 2003 to fund liabilities associated with its pension and sick leave conversion benefits programs and, in 2009, to repurchase tobacco settlement revenues. Similarly, such a mechanism is included in the budget as it relates to the Governor's proposal for the Milwaukee Bucks arena. Debt service on these obligations is included in the budget for the Department of Administration.

F. CASH MANAGEMENT

While the 2015-17 budget is balanced as required by state law, cash shortfalls will occur at various times during the year. They arise from the difference between the "statutory/budgetary basis" on which the budget is built and the "cash basis" on which the state must pay its bills. There are significant differences in the timing of receipts and payments, particularly on dates of major state aid payments.

The private sector, from large corporations to small businesses, works on a cash basis. If a business or unit within a corporation does not have cash, it cannot pay its bills. In these cases, a business will often approach a financial institution for a short-term loan or look to reallocate cash from other units of the corporation.

The State uses a similar approach. Cash shortfalls are accommodated through short-term borrowing. Most often, this borrowing occurs automatically by using the balances of other state funds. In many years operating notes have been issued if there is a significant need for cash or if the operating notes are cheaper than using the cash of other state funds. To ensure there is sufficient cash to support state payments, the budget retains the current law general fund interfund borrowing limit of 9 percent of general fund appropriations, which otherwise would sunset at the close of fiscal year 2014-15.

Major Budget Initiatives

IV. MAJOR BUDGET INITIATIVES

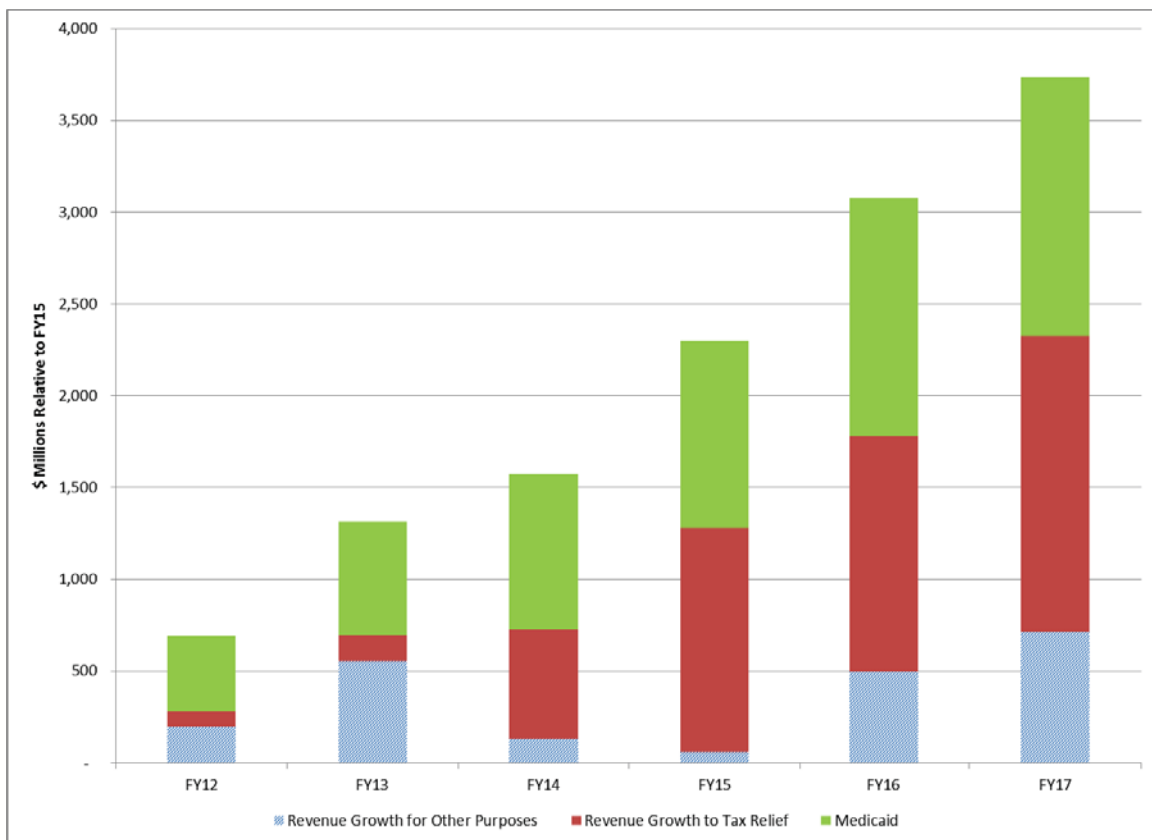
A. GROWING OUR ECONOMY

Tax Relief and Economic Development

Due to significant tax reductions implemented by the Governor and Legislature over the past four years, Wisconsin has begun making progress to change its position as one of the nation's most heavily taxed states. This will improve the state's economic climate by allowing individuals and businesses to keep more of their own earnings and improve the incentives to live, work and invest in Wisconsin.

Reducing taxes has been a paramount objective over the past two biennia and remains a priority in this budget. In total, the Governor's 2015-17 biennial budget recommendations include \$462.0 million in property tax relief to ensure taxes continue to fall for Wisconsin homeowners. In fiscal year 2016-17, about 43 percent of all new revenue growth since fiscal year 2010-11 will be devoted to tax relief. Excluding Medicaid, an overwhelming majority of all new revenue has been devoted to tax relief.

CHART 4: NEARLY HALF OF ALL NEW REVENUE SINCE FISCAL YEAR 2010-11 HAS GONE TO TAX RELIEF



Tax Enforcement

This budget provides added enforcement resources to protect taxpayers who pay all of the taxes that they legally owe. Revenue gains achieved by these initiatives are deployed entirely to broad-based property tax relief.

Aligning Wisconsin's tax treatments with federal law is also important to simplify compliance for Wisconsin taxpayers. To further conform Wisconsin's tax treatment to federal law, the Governor recommends adopting recent minor changes to the Internal Revenue Code.

Ensuring Wisconsin's tax laws are enforced to protect taxpayers remains an important priority. To build on efforts made in the prior biennium, the Governor recommends providing the Department of Revenue with 102.0 FTE auditing related positions and \$25.4 million in expenditure authority over the biennium to enhance corporate tax collection, sales and use tax collection, and nexus identification activities. Also, modifying current law to expand the definition of a "retailer engaged in business in the state" will strengthen the state's authority to collect sales and use taxes that are due. These collection efforts will generate additional revenue of \$113.5 million over the biennium without raising taxes by collecting more of what is owed under current tax law.

Currently, collection efforts across state and local government are handled by a variety of different entities. The Governor recommends an expansion of the Statewide Debt Collection program to facilitate an increased collection effort for state agencies and local governments. These changes will only impact efforts to collect debt owed to state agencies and local governments, not private entities. This program is designed to increase efficiency within the operations of state and local government and is not intended to interfere with private collection entities settling private matters. This will result in a state fiscal impact of an estimated increase in revenue of \$3.8 million in fiscal year 2015-16 and \$7.4 million in fiscal year 2016-17. State agencies and local governments will benefit from increased collection of debts already owed.

In total, combined with the continued phase-in of the Manufacturing and Agriculture Credit, which will be fully phased-in for the 2016 tax year, and the first effects of the capital gains exclusion included in the 2011-13 biennial budget, this budget provides well over \$400 million in tax relief.

TABLE 6: TAX CHANGES
(\$ in millions)

	<u>FY16</u>	<u>FY17</u>
<u>2015-17 Biennial Budget</u>		
Equalization Aid Increase	\$ 0	\$104.1
School Levy Tax Credit Increase	0	211.2
Internal Revenue Code Update	Minimal	Minimal
Sunset Economic Development Tax Credit	-2.3	-7.5
Cap Historic Rehabilitation Credit at \$10 Million Annually	0.0	-7.8
Private Label Credit Card Delay	<u>-10.7</u>	<u>-11.1</u>
<i>Subtotal Biennial Budget</i>	-13.0	288.9
<u>Previously Enacted Legislation Phasing-In</u>		
2011 Act 32 Manufacturing and Agriculture Credit	63.8	116.2
2011 Act 32 Capital Gains Exclusion	<u>0</u>	<u>6.0</u>
<i>Subtotal Previously Enacted Legislation</i>	63.8	122.2
Total Relief to Taxpayers	\$50.9	\$411.1
<i>Note: Tax relief reflected as a positive number while any revenue increases are reflected as a negative number. Numbers may not add precisely due to rounding.</i>		
<i>Note: These actions do not include tax enforcement provisions.</i>		

Growing Our Economy

As Wisconsin's economy continues to gather strength, it is important to build on successes in the state's economic development strategy. To further improve the state's economic development programs, the Governor proposes merging the Wisconsin Economic Development Corporation and Wisconsin Housing and Economic Development Authority into a new economic development authority to be called the Forward Wisconsin Development Authority. The Governor recommends creating a board of directors comprised entirely of private sector appointees to better focus the mission of the authority on economic development in the state. Directors will serve in staggered four-year terms to ensure continuity in the experience of the board.

The Forward Wisconsin Development Authority will retain all existing functions of both the Wisconsin Housing and Economic Development Authority and Wisconsin Economic Development Corporation. To the extent synergies and efficiencies are realized by merging the two authorities, savings will be deployed for additional economic development projects at the discretion of the board of directors.

The new authority will also incorporate a variety of reforms to improve its functions. Annual reporting requirements to the Legislature will be aligned to avoid duplicative functions. The Governor also recommends eliminating unnecessary collaboration with the Department of Administration on the brownfields grant program, as well as duplicative collaboration requirements with the State of Wisconsin Investment Board on investment strategy.

The Governor recommends providing the new authority with \$55 million in fiscal year 2016-17 to fund reforms to economic development lending programs by directing the authority to create a regional revolving loan fund program. The program would span multicounty regions across the state with loan allocations made to each region on the basis of the region's population. The authority will partner with regional economic development organizations for the administration of the program. The structure,

strategy and administrative guidelines of the loan funds must be approved by the authority, and the regional organizations must report to the authority. These reforms will greatly improve the sustainability and effectiveness of current economic development lending programs.

The Governor also recommends continuing to improve the tax climate for Wisconsin businesses by reforming and better targeting business tax credits while also simplifying the tax code. The Governor recommends combining the Economic Development Tax Credit and Jobs Tax Credit into a new streamlined Business Development Tax Credit with consolidated awards criteria for job creation, training, capital investment, and headquarters recruitment and retention. The Governor also recommends modifying the Angel and Early Stage Seed Investment Credits to combine their funding pools, broaden qualifying businesses, and allow the Angel Investment Credit to be transferred in order to enhance the value of the credit. The Governor further recommends targeting the Historic Rehabilitation Tax Credit, with an annual cap of \$10 million, to be awarded competitively on selected criteria emphasizing job creation potential, while also creating a repayment requirement if future job creation does not match the levels claimed when the credit is awarded. Finally, the Governor recommends increasing the allocation of Enterprise Zone Jobs Tax Credits from a maximum of 20 zones to 30 zones to continue this powerful program for attracting and retaining key businesses.

The Governor recommends the establishment of a sports and entertainment district to oversee the construction of a new facility in downtown Milwaukee for the use of the National Basketball Association, as well as for other entertainment purposes. With the Milwaukee Bucks' current lease with the Bradley Center expiring in 2017, the construction of a new facility will ensure the continued establishment of a major sports team in the state, as well as having an updated and modern facility for the enjoyment of Wisconsin's residents. This will preserve and potentially expand jobs and economic growth related to the facility. Funding for the new construction as well as required maintenance will be covered by issuing state appropriation bonds, which will be funded by the incremental growth in individual income tax imposed on the income of National Basketball Association players and employees who engage in commercial activity within the state established from the determined base year. As a result, there will be no current tax revenue diverted from its current use in order to fund the construction and establishment of the new arena.

Additionally, this budget provides \$15 million GPR in expenditure authority in fiscal year 2016-17 to support a city's economic development district where the district includes a community arts center and a mixed use development, provided that the city submits to the Department of Administration a financial plan demonstrating matching funding at least equaling the amount of the grant requested. The Governor intends to provide these funds to the Confluence Development Project in the city of Eau Claire to support development in the city's downtown, provided that the district meets the financial matching requirements.

Property Tax Relief

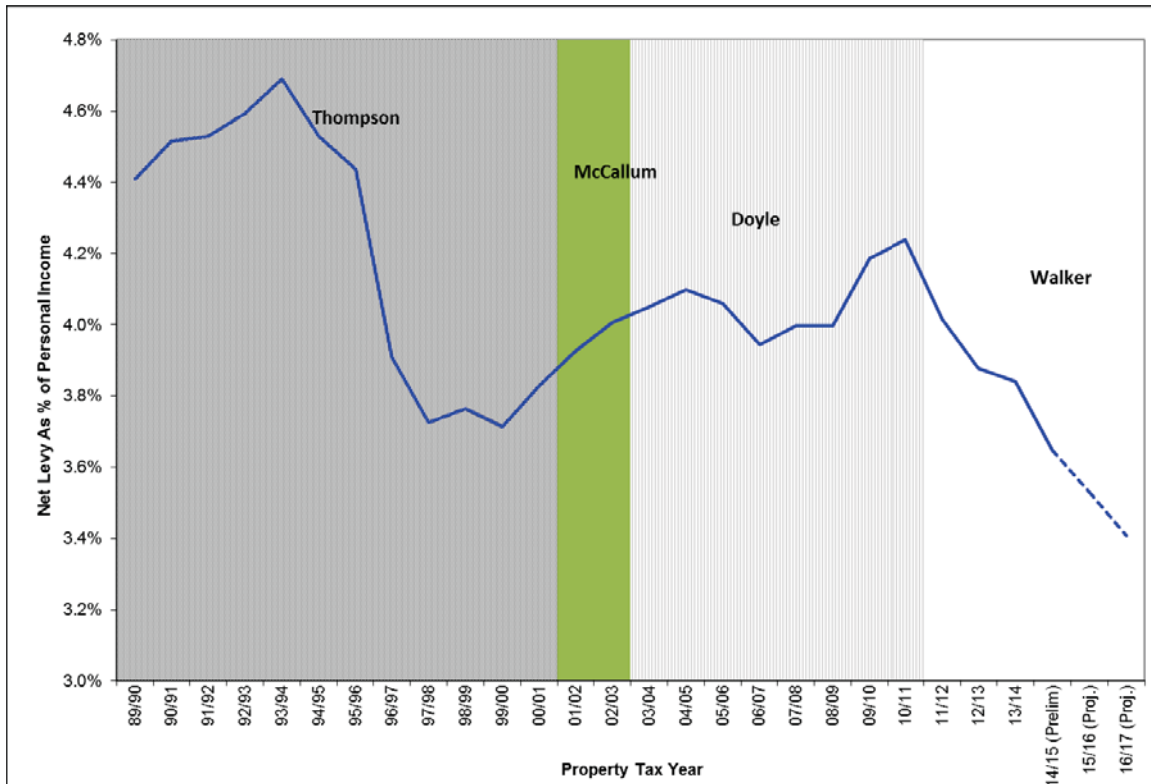
Property tax relief remains a top priority after four years of consecutive property tax declines for the typical homeowner. Since the 2010/11 property tax year, the typical homeowner has seen a decline of over \$130 in his or her tax bill, or about 4.4 percent. This has been achieved due to discipline on property tax controls that protect property taxpayers and significant property tax relief aid provided to school districts and technical college districts. In particular, property tax bills declined by nearly \$93 for the typical homeowner in 2014/15 due mainly to \$406 million provided annually to technical college districts by 2013 Wisconsin Act 145, which passed in March 2014.

The Governor remains committed to property tax relief in this biennium. To continue to protect property taxpayers, the Governor recommends maintaining current law property tax controls for school districts, counties, municipalities and technical college districts. For school districts, per pupil revenue limits will remain at current levels. For counties, municipalities and technical college districts, levies will be allowed to grow at the rate of the change in property values due to net new construction. All current law adjustments, such as those for referenda and debt service changes, will be maintained.

To further provide relief, the Governor recommends providing \$211.2 million over the biennium for increased funding to the school levy tax credit, which will reduce the amount owed by property taxpayers for their school district tax bills. Funding for the credit will be increased \$105.6 million in each property

tax year. Under current law, school levy tax credit payments are made in the fiscal year following the corresponding property tax year, which contributes to Wisconsin's deficit under generally accepted accounting principles (GAAP). In order to improve fiscal management, the Governor recommends providing funding for the payment relating to the 2016/17 property tax year to realize that cost in fiscal year 2016-17 instead of fiscal year 2017-18. This ensures that this additional funding is paid for in the same year in which its cost is incurred. The Governor further recommends providing \$104.1 million in general school equalization aids in fiscal year 2016-17, which will further reduce school levies in the 2016/17 property tax year.

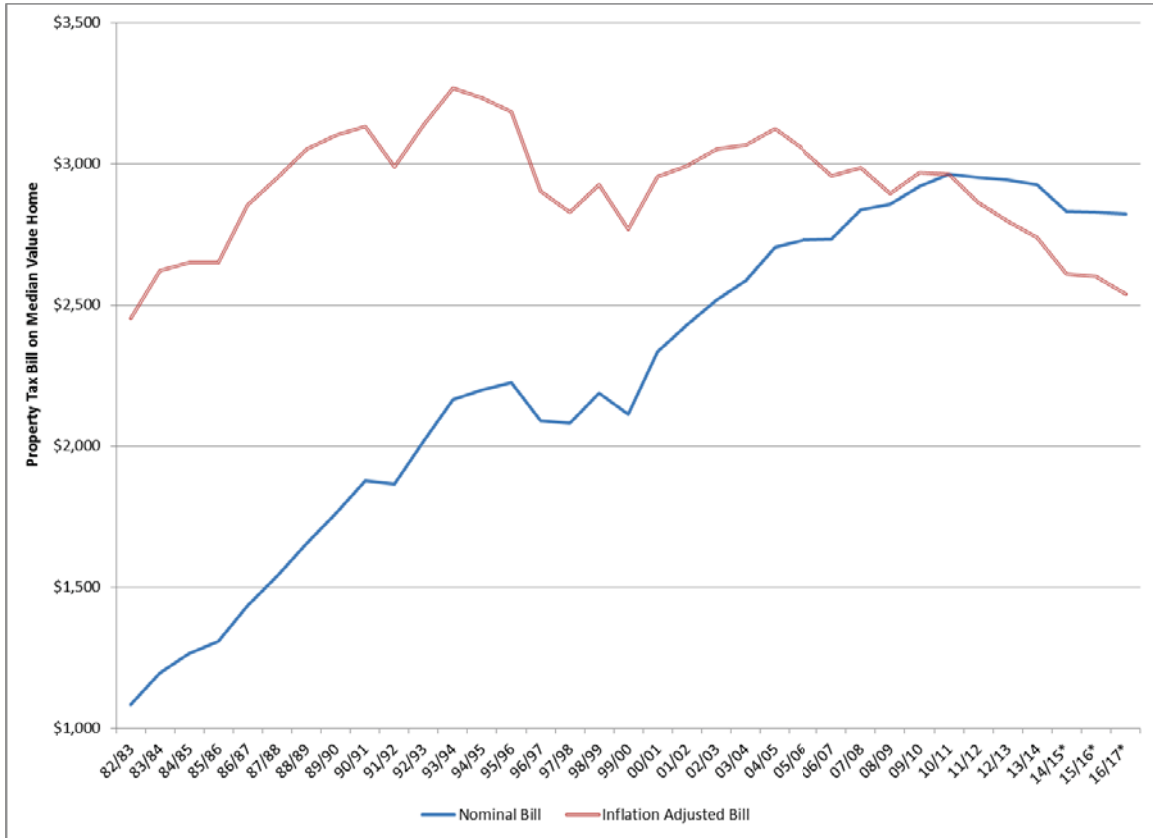
CHART 5: HOLDING THE LINE ON PROPERTY TAXES REVERSED TREND OF RISING BURDENS



With continued prudent property tax controls and additional funding for property tax relief, property taxes are projected to fall each of the next two years for the typical homeowner for an unprecedented six consecutive years of declines. As a percentage of personal income, property taxes will be at their lowest level in at least several decades. Adjusted for inflation, the tax bill on the median-valued home will be the lowest in 30 years.

To further improve the property tax climate in Wisconsin, the Governor recommends reforming the property value assessment system from a municipality-based system to a county-based system. These reforms would begin in 2016 and be completed by the 2017 property assessment year. Under this system counties, and larger municipalities that may opt out from consolidating assessment with the counties, would be required to annually assess each property at 100 percent of fair market value. Counties may form multicounty assessment regions at their discretion. Boards of review, except for larger municipalities that have opted out of the countywide system, would be consolidated at the county or regional level. The Department of Revenue would maintain oversight of the property assessment system, including licensing and standards for assessors. The Governor also recommends various reforms to assessor standards, including requiring uniform training and continuing education for assessors to ensure that assessors stay current on the latest information and practices.

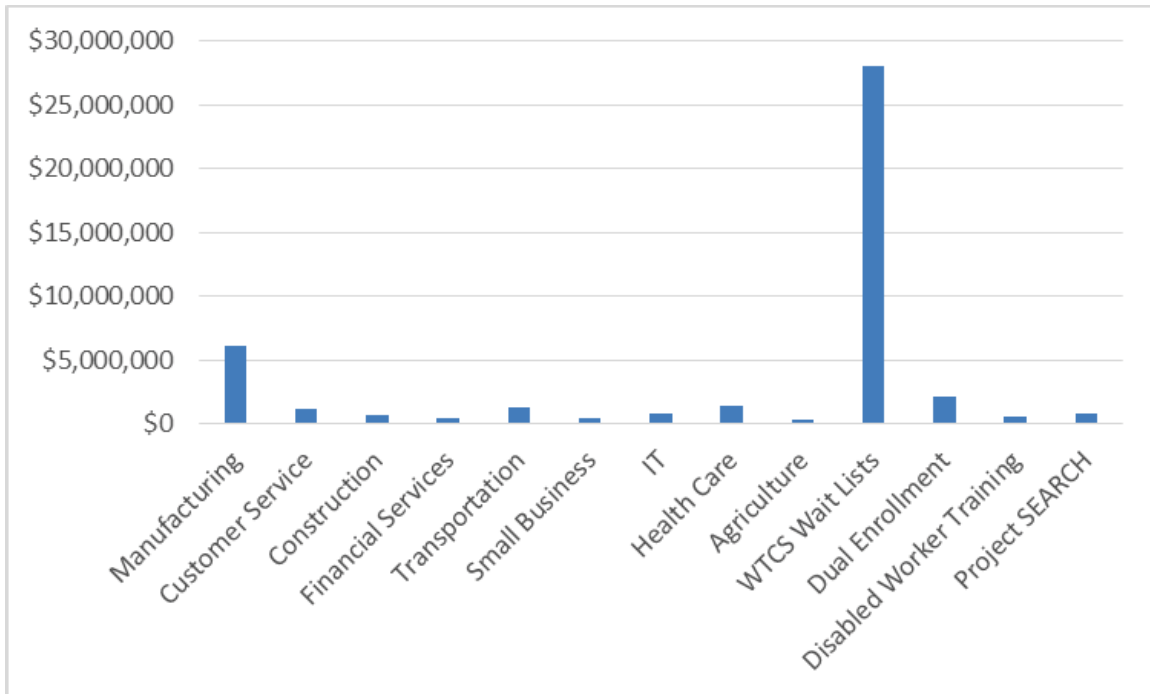
CHART 6: LOWEST INFLATION ADJUSTED PROPERTY TAX BILLS IN 30 YEARS



B. DEVELOPING THE WORKFORCE

The Governor's budget continues to make worker training and the workforce pipeline a top priority. The Wisconsin Fast Forward initiative, enacted in 2013 Wisconsin Act 9, provided \$15 million over the 2013-15 biennium for demand-driven worker training programs. This base funding will continue into the 2015-17 biennium. These funds have been awarded in a wide variety of industries. Supplemental *Blueprint for Prosperity* dollars helped reduce waitlists in high-need areas at the technical colleges.

CHART 7: FAST FORWARD DOLLARS WORKING ACROSS SECTORS



The budget builds on the success of this program by:

- Increasing funding by \$5.2 million in each year; and
- Widening the scope of projects eligible for funding. Under the expanded program, skilled apprentice training and hiring, local youth apprenticeship programs, and secondary school technical education proposals are eligible to apply for a grant under the program.

The Governor has heard from employers across the state that in many cases, the barrier to hiring a much-needed prospective employee is the individual's ability to pass a preemployment drug test. The budget includes provisions to increase workforce readiness of those receiving benefits by helping individuals become drug-free, including:

- Permitting employers who conduct preemployment drug screenings to report screening failures to the Department of Workforce Development;
- Requiring the screening and drug testing of unemployment benefit recipients for whom suitable work is only available in certain occupations that are federally approved for benefits eligibility testing;
- Upon amendment or overturn of overly restrictive federal regulations, requiring the screening and drug testing of unemployment benefit recipients for whom suitable work is only available in an occupation that regularly conducts drug testing, as determined by the Department of Workforce Development; and
- In any of the above cases, requiring an individual who fails a drug test to enter substance abuse treatment at the expense of the state, as well as a job training program. These individuals continue to be eligible for benefits during treatment and training, but subsequent drug test failures will result in loss of benefits with additional requalification requirements.

- For most participants in the Department of Children and Families' Transform Milwaukee, transitional jobs, Children First and Trial Employment Match Program, the budget requires drug testing and treatment, if needed. Any savings will be reinvested in those programs.
- In an effort to do more to remove barriers to employment and provide individuals the assistance they need to stay drug-free, or become drug-free, the Department of Health Services will seek approval from the U.S. Department of Agriculture to screen FoodShare Employment and Training participants for drug use as a condition of eligibility. Further, as part of a waiver amendment to the federal Department of Health and Human Services, the Department of Health Services will also seek approval to screen childless adults for drug use and provide treatment where indicated.

Because Wisconsin faces both short-term and long-term workforce challenges separately, the Governor's budget employs both short- and long-term strategies to address these critical issues.

In the 2013-15 biennium, the Department of Workforce Development began development and implementation of a robust and sophisticated labor market information system that will be at the forefront of state and national efforts to better understand the labor economy. The system will connect employers and job seekers in more dynamic ways, as well as provide up-to-date information on high-demand fields that can inform our state decision makers and education providers. Funding for this system is maintained in the 2015-17 budget and will be employed in the next biennium to assist in allocating and directing investments.

Additionally, this budget modifies job training programs at the Department of Children and Families in several ways. First, the Governor recommends reducing the lifetime Wisconsin Works (W-2) time limit from 60 months to 48 months to encourage more rapid placement in jobs and to help reduce dependence on government benefits.

Second, the budget fully funds current Temporary Assistance for Needy Families programs, including W-2 benefits and contracts, Wisconsin Shares child care subsidies and related programs, Transform Milwaukee and transitional jobs, grants to the Boys and Girls Clubs and Wisconsin Community Services, the earned income tax credit, and other services and payments for needy families. Funding estimates include newly reauthorized federal contingency funds, which will be used to serve these families.

As part of these provisions, the budget includes an increase to child care to fully fund a recent rate increase for providers and to fund the child care parent-pay project, under which parents will receive an electronic benefits card to pay providers directly beginning in fiscal year 2016-17. In addition, several statutory provisions were included in the budget that will improve collection of child support which can help reduce need for assistance.

Third, building off of the success of the Transitional Jobs Demonstration Project and Transform Milwaukee program, the Department of Children and Families will create similar job programs in Racine and Beloit, as well as in high-need rural areas of the state. Aimed at low-income people over the age of 18, these programs will serve groups that have not always had access to job training and assistance, including young adults, noncustodial parents, individuals on probation or parole, and many others.

Fourth, the budget will provide a significant infusion of additional state and federal funding to increase the amount of job training and employment assistance provided to adults receiving FoodShare benefits who are not participating in other employment programs. The budget also provides funding to implement program reforms that will improve the effectiveness of training and assistance services by improving the measurement of outcomes and competitively bidding for the provision of services. In addition, to encourage participation in these programs, the state will begin enforcing federal time limits on nutrition assistance benefits for able-bodied adults without dependent children who are not enrolled in an employment program offered by the Department of Health Services, Department of Children and Families, or Department of Workforce Development. Participation in the FoodShare Employment and Training Program for adults with dependent children, the elderly and people with disabilities will remain voluntary.

C. TRANSFORMING EDUCATION

Transforming Higher Education through Structural Reform

According to the National Center on Higher Education Management Systems, effective university systems are governed by policies recognizing differences in system institutions. Further, they are not micromanaged. Successful institutions are those that have a significant level of input related to curriculum, operations and budget – a local control model.

Under current state law, the University of Wisconsin System is a state agency subject to regulations and processes that do little to promote innovation. Policymakers and stakeholders recognize the system operates in an increasingly competitive higher education marketplace, but that it lacks adaptability. Since the Governor took office, proposals, such as granting personnel system autonomy to the system and creating limited flexibility within the state building program, have attempted to provide more autonomy while maintaining accountability. However, state decrees regarding the level of the system's autonomy do not provide true autonomy at all – it is a different form of micromanagement. The number and depth of reports required of the system have increased significantly; however, they neither have discernibly increased transparency beyond the pages of the reports nor resulted in identifiable reforms. Incremental state-driven changes are not producing a transformation that benefits students.

Therefore, the budget creates a University of Wisconsin System Authority, a new quasi-governmental entity that will have full autonomy with respect to personnel, procurement, capital projects and tuition. These flexibilities will allow the system and the individual institutions to find and redirect cost savings as needed, such as toward a new compensation structure that aligns with the system's goal of recruiting and retaining top-tier faculty and staff. The flexibilities also will be an advantage to taxpayers, as savings will be recognized in state appropriations to the system. Specifically, the Governor recommends the following:

- Effective July 1, 2016, create the new public authority for the system that has greater independence and, therefore, enhanced ability to compete for students, faculty and a continued reputation of excellence;
- Offset GPR reductions of \$300 million over the biennium by providing more flexibility to access state funding across fiscal years, while helping the state address budget challenges;
- Transfer all assets, liabilities and employees to the public authority, but permit employees to participate in the Wisconsin Retirement System and the Group Insurance Board health plan;
- Provide the public authority with control over tuition rates beginning with the 2017-18 school year, keeping tuition affordable in the short term, while allowing the public authority to plan for the future;
- Provide the public authority with control over bidding and managing construction projects that are built with non-general fund supported borrowing, but maintain accountability by requiring the Department of Administration to conduct the bidding process for project builders at no cost to the authority;
- Provide the public authority with control over revenues and interest earnings related to certain auxiliaries operations earned by the authority, but require the public authority to deposit net cash balances, except for gift and grant funds, in the local government investment pool;
- Authorize police powers for the public authority; and
- Provide a predictable and stable funding source for the public authority going forward by, beginning in the next biennium, designating base funding of \$753 million to the public authority from the sales tax, indexed to the change in consumer prices beginning in fiscal year 2018-19.

Flexibilities that result in cost savings and stability in state support will help to keep higher education affordable and the burden of student loan debt relatively low, consistent with past performance. The

public authority will also have the power to directly negotiate tuition reciprocity agreements with Minnesota or other states. With flexible, institution-level tuition policies, the public authority will be able to adjust tuition for all types of students to reflect costs, market and competitive factors, institution finances, and students' ability to pay.

CHART 8: STUDENT INDEBTEDNESS

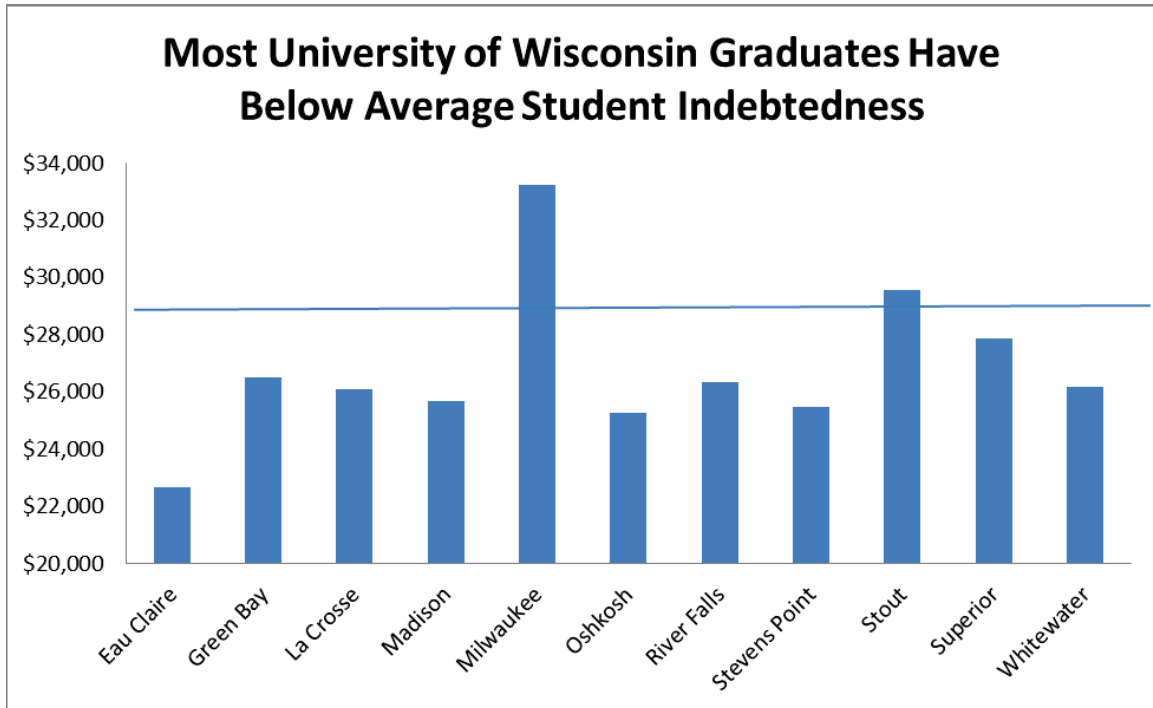
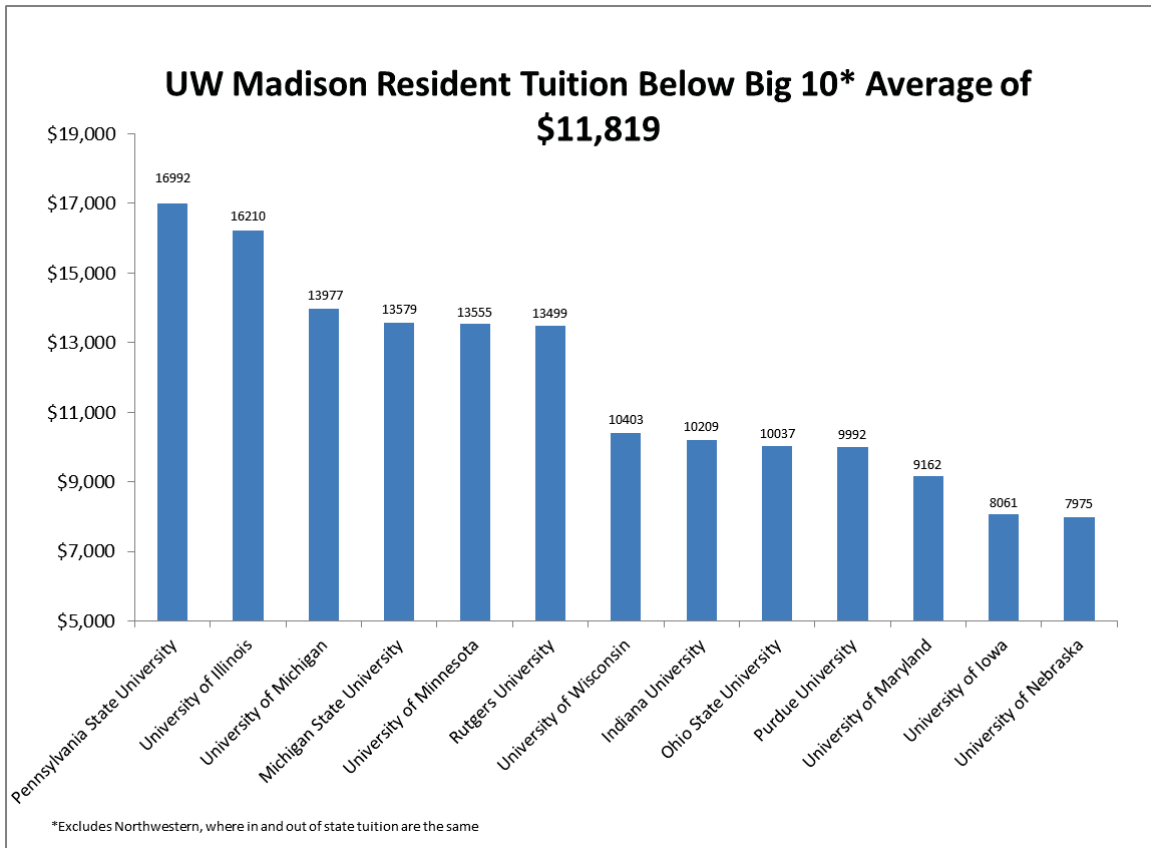


CHART 9: UNIVERSITY OF WISCONSIN-MADISON TUITION COMPARISON



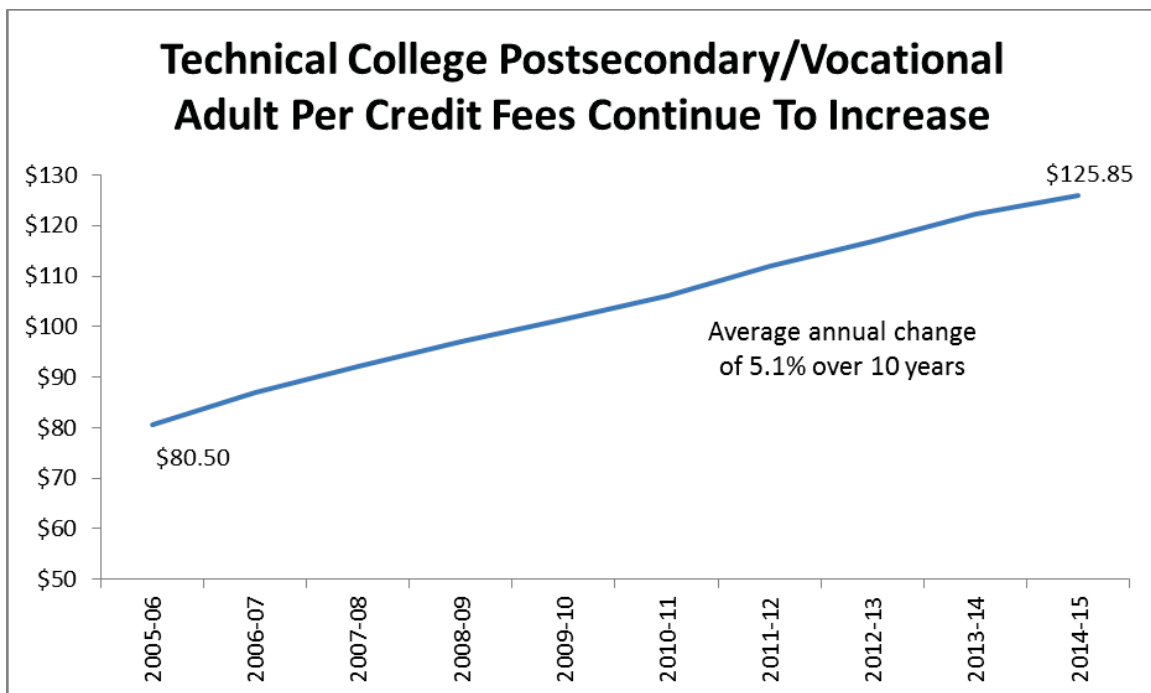
The budget includes the following additional provisions to maintain reasonable higher education costs in Wisconsin:

- Provide \$7 million over the biennium to fully fund the state's pledge under the Wisconsin Covenant Scholars program. These funds may be used by students who enroll at the new University of Wisconsin System Authority, any Wisconsin Technical College System campus, or by members of the Wisconsin Association of Independent Colleges and Universities.
- To decrease the regulatory and fiscal burden on private, for-profit schools, eliminate the Educational Approval Board. Schools requiring state authorization for federal financial aid purposes will be able to receive authorization from the Department of Financial Institutions and Professional Standards; otherwise, schools may operate without the impediment of a lengthy approval process. Student concerns and complaints will be handled by the Department of Agriculture, Trade and Consumer Protection, which will enforce consumer protection laws applicable to these schools.
- Maintain funding levels for all Wisconsin Grants programs.

Transforming Technical Education

In spring 2015, the Department of Workforce Development will have the ability to utilize the new labor market information system to discern and project the state's greatest workforce needs. The Governor recommends utilizing this enhanced knowledge to increase employment in high-need fields. The Department of Workforce Development will identify high-need fields for the Wisconsin Technical College System, which then will be required to freeze related program fees. Increasing affordability in these areas will encourage students to train for jobs that Wisconsin employers need filled in order to expand and grow.

CHART 10: PROGRAM FEES IN HIGH-NEED FIELDS



To further develop the state's workforce in high-need and middle-skilled areas that are the focus of the technical colleges, the Governor recommends:

- Incentivizing the technical colleges to focus on the state's priorities by increasing the percentage of general state aid distributed in accordance with performance factors. The percentage will be 10 percent in fiscal year 2015-16 and increase by 10 percent per year until fiscal year 2019-20. At that time 100 percent of general state aid will be distributed based on responsiveness to state needs.
- Providing \$2.6 million over the biennium for Technical Excellence Scholarships, which reward students who exhibit aptitude in technical classes in high school and plan to attend a technical college.
- Permitting school districts to compete for Wisconsin Fast Forward grants to support programs, curriculum or equipment designed to help pupils graduate with technical certifications.

Transforming Elementary and Secondary Education

In order to help schools identify areas in which to improve and help parents make informed educational choices for their families, the Governor proposes a school evaluation system based on objective and transparent criteria, rather than national education agendas or mandates. This proposal further ensures that educational standards against which schools will be measured are rooted in Wisconsin's tradition of local control. Similarly, the Governor believes an accountability system for schools should employ the most powerful tool available to effect school change – the ability for parents to evaluate all education options and choose accordingly and individually.

However, various proposals have continued to wrest school accountability from the purview of families, in favor of new bureaucracy. Instead, the Governor proposes comprehensive school accountability reforms designed to provide the best information for practical, kitchen table decision making. These reforms will make school report cards more transparent, honest and usable for the average family. Further, the reforms will ensure that Wisconsin students are assessed according to standards that align not only with college and career readiness but with the tradition and future needs of the state.

The Governor continues to seek ways to expand choices for parents. The Governor's 2011-13 budget included the first expansion of the parental choice program beyond Milwaukee since its inception in 1989. In the 2013-15 budget, a new statewide parental choice program was created, but capped at 500 students in the 2013-14 school year and 1,000 students in the 2014-15 school year. Demand for the statewide program exceeds these caps. This year, 3,407 students applied for the 1,000 available seats. High demand for education options is also shown in the enrollment trends in the Racine and Milwaukee parental choice programs.

CHART 11: MILWAUKEE PARENTAL CHOICE PROGRAM ENROLLMENT

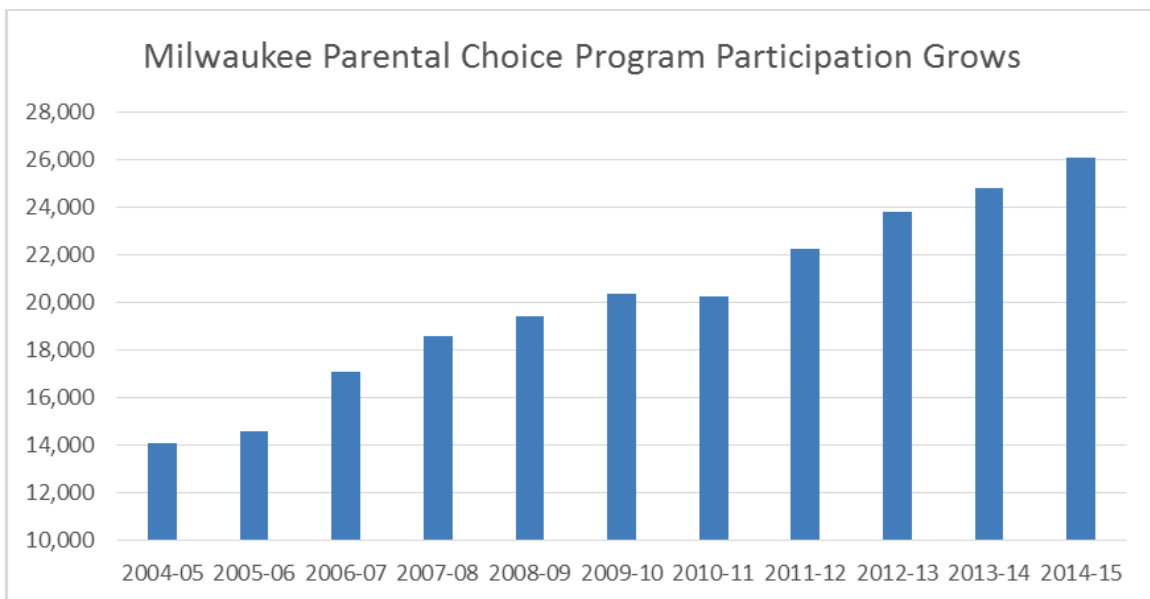
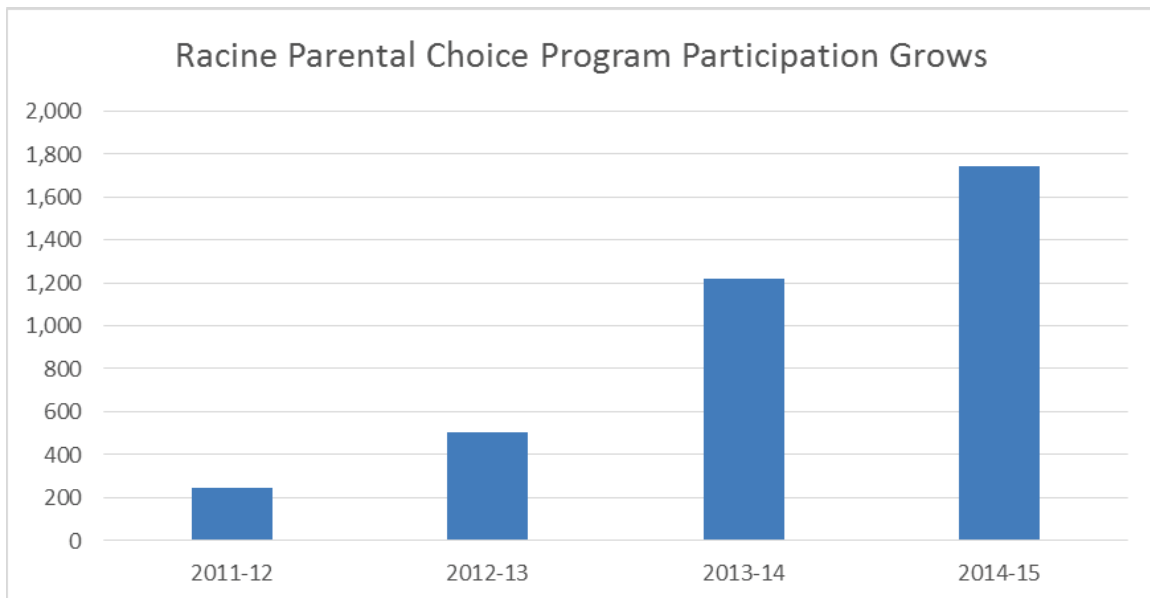


CHART 12: RACINE PARENTAL CHOICE PROGRAM ENROLLMENT



To further expand the options available to families across the state while maintaining affordability and transparency in funding, the Governor recommends:

- Closing enrollment in the current versions of the Racine and statewide choice programs, and modifying the statewide school choice program with respect to new students. Under the modified program, there would be no caps on total enrollment or school participants.
- Tailoring access to the modified school choice program to families most in need of expanded choice options – low-income families that previously were unable to enroll children in private school. The expansion limits participation to students with family incomes of no more than 185 percent of the federal poverty level. Additionally, enrollment is limited to students who:
 - Were enrolled in public school in the prior year;
 - Were not enrolled in school in the prior year;
 - Attended a private school through the statewide or Racine choice programs in the prior year; or
 - Are entering kindergarten, first grade or ninth grade.
- Enhance transparency and equity in the choice program funding model by having a district's per pupil state aid amount follow choice students to the choice school they attend. The Department of Public Instruction will withhold from the district's total aid payment that amount of aid attributable to the choice pupil. The department will then pool the state aid withheld and equally distribute it back to families. The department will issue a voucher to the pupil's family for use at a participating private school. This will ensure low-income families throughout the state are treated equally. Funding will follow the pupil, and districts will not receive aid for students who ultimately do not attend a district school.
- Maintaining current levels of per pupil funding for Milwaukee Parental Choice Program pupils and pupils participating in the Racine or statewide programs in the 2014-15 school year, as well as continuing the step-down of Milwaukee's share of the Milwaukee Parental Choice Program.

- Setting the course to a future in which each choice student is funded the same way, with his or her home district's per pupil allocation following the pupil to the school of choice by closing enrollment in the statewide and Racine programs.

In keeping with the Governor's efforts to increase parental choice and, therefore, accountability for all schools, one of the Governor's cornerstone initiatives is to create a new Charter School Oversight Board. The board will enable the further development of the independent charter school system while creating a new level of accountability for all levels of the system. The budget includes the following provisions:

- Create a Charter School Oversight Board to manage the authorization of local independent charter school authorizers. The new board will consist of 11 members, including two appointees of the Governor, six appointees of the Legislature, two appointees of the State Superintendent, and the State Superintendent or his or her designee.
- New independent charter school authorizers may be nonprofit, nonsectarian entities or groups of entities.
- To ensure accountability, applicant entities must provide the following items: a strategic plan for authorizing schools that meet identified educational needs and promote diversity of educational choices; a performance framework for school operators that includes student achievement, student growth, closing achievement gaps, attendance, postsecondary readiness, financial sustainability of the school and management principles; an assurance regarding accountability and transparency; a plan to address failing schools; a description of the types of schools and potential attendance areas; information about the financial viability of the school; and a plan for replication of successful schools. On an ongoing basis, authorizers are required to approve only high-quality school applications; monitor performance; and provide annual reports regarding contract nonrenewals, performance, operating costs and services provided to schools.
- To further ensure accountability, each charter or contract between an authorizer and a charter school governing board must specify performance requirements, provisions for expansion for successful school operators, methodologies for data collection, clarity regarding the rights and responsibilities of the parties to the charter, a parent-teacher conference requirement, reporting requirements, and training requirements.
- Because balancing accountability and flexibility is critical, and to ensure flexibility for charter school operators, provide that each school will have the express ability to receive and disburse funds, secure insurance, enter into contracts for various types of services, incur debt, pledge assets as collateral, accept gifts and grants, acquire real property, and otherwise act as a separate legal entity from the authorizer.

Wisconsin's rural schools face significant challenges. Declining enrollment leads to a decrease in both state aid and property tax revenue available to a school district, and our rural districts experience persistent declines. As noted by the Applied Population Laboratory at the University of Wisconsin-Madison, between the 2008-09 and 2013-14 school years, 59 percent of Wisconsin's school districts experienced declining enrollment, with particularly large declines for rural schools. Further, the laboratory projects that rural school district enrollment will continue to decline all the way through 2022. Rural pupils already have fewer academic opportunities than suburban and even urban schools. Declining enrollment and diminished fiscal resources will erode these opportunities further.

The Governor's budget recommends the following items, some of which are also recommended by the Assembly's Task Force on Rural Schools, to assist rural schools:

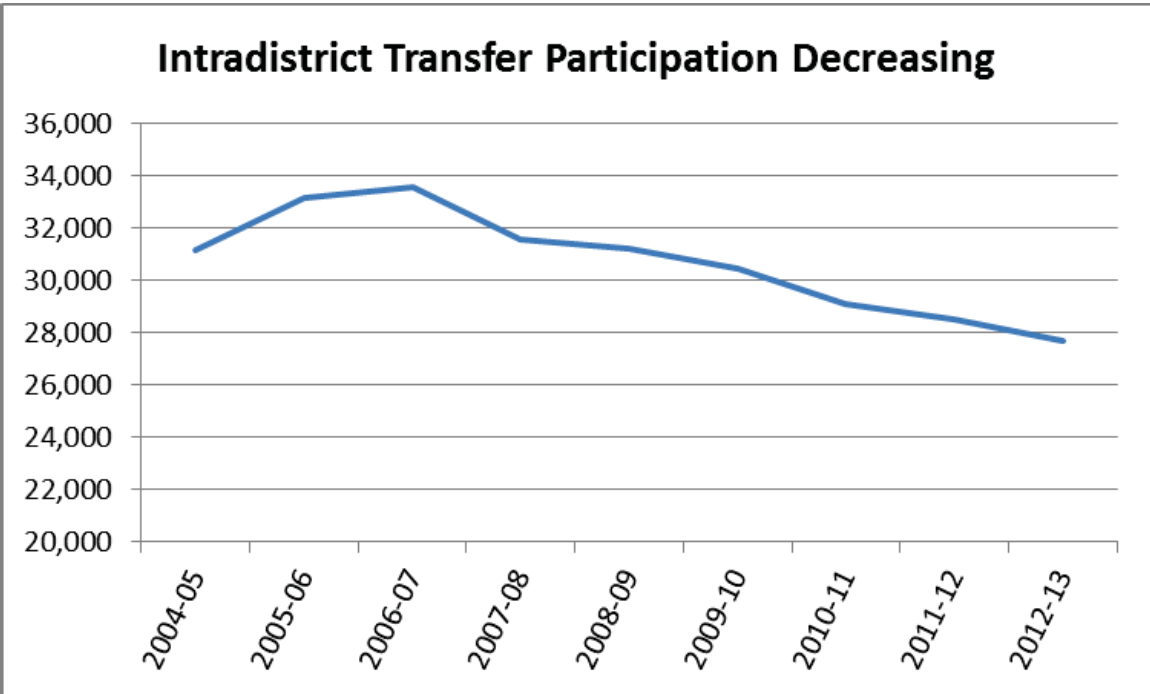
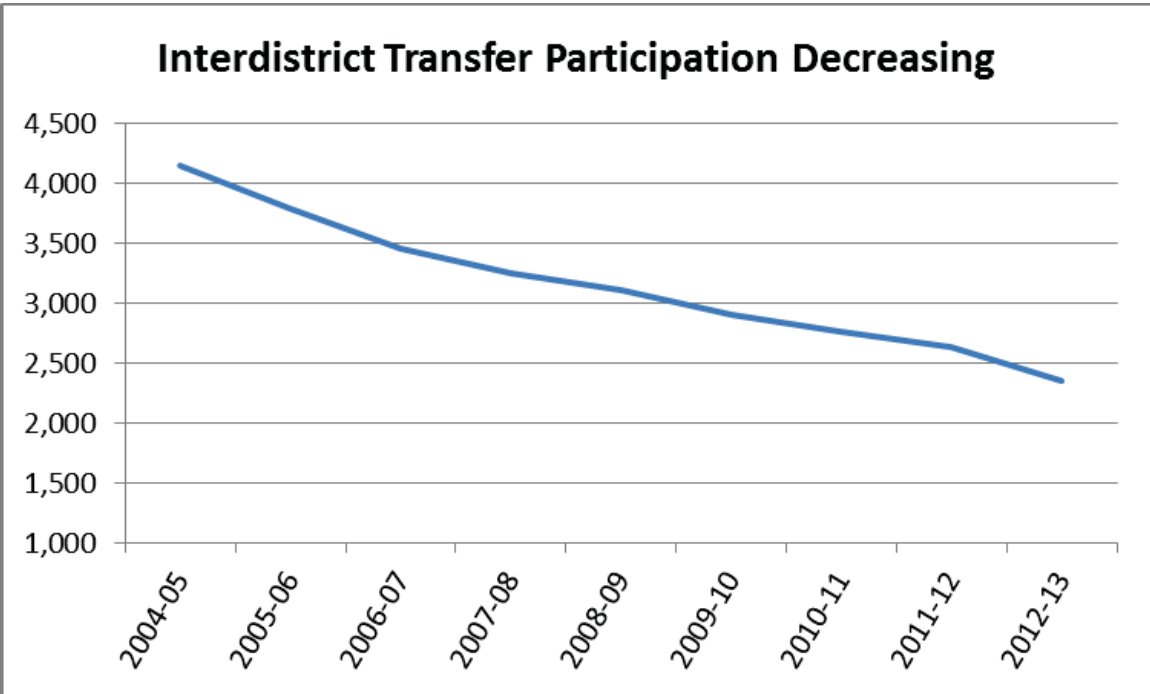
- Increasing funding for sparsity aid, a categorical aid program targeted to small school districts with at least 20 percent of pupils eligible for free and reduced-price lunches and less than 10 pupils per square mile within the district. The budget includes \$4.2 million in each year of the biennium to fully fund the statutory reimbursement rate of \$300 per student, which was prorated to \$236 per student in the 2014-15 school year.

- Increasing high-cost pupil transportation aid by \$2.5 million in each year of the biennium. Additionally, the Governor recommends increasing the reimbursement rate for pupils transported over 12 miles within the standard pupil transportation appropriation.
- Permitting school districts to enter into whole grade sharing agreements, allowing districts to pool costs and reallocate resources, and mitigating loss of state aid by providing a hold harmless for five years.
- Making participation in a cooperative educational service agency optional. Rural schools may select the most efficient cost or service pooling arrangement for them, and urban districts also may recognize savings.
- Expanding projects eligible for Technology for Educational Achievement (TEACH) program funding to include those that provide access to multiple data lines and video links.

The Governor further recommends the following additional elementary and secondary education reforms:

- Provide funding to cover cost increases associated with ACT testing, Dynamic Learning testing and BadgerLink contract costs.
- Provide \$104.1 million in fiscal year 2016-17 in the school aid formula with no revenue limit adjustment, plus \$141.9 million in a one-time per pupil categorical aid program. These provisions will hold the line on property taxes, but also provide school districts with flexibility in spending related to the per pupil aid.
- Create alternative teacher licensure, through which bachelor's degree holders tested for relevant knowledge and competency skills can teach related subjects. The license would be good for renewable three-year terms for teaching in grades 6 through 12.
- Close the Special Transfer, commonly known as Chapter 220, integration program to new students. Use of the Special Transfer program has declined significantly, and elimination of the program will direct an additional \$60 million of aid to districts statewide through the equalization formula.

CHARTS 13 and 14: CHAPTER 220 ENROLLMENT



D. REFORMING GOVERNMENT

One of the greatest challenges of government is it is much easier to create programs than it is to continuously run them efficiently, much less eliminate them if they are ineffective. Over time, state agencies and programs multiply, often becoming duplicative and not cost-effective.

One of the main goals of the Governor is to reduce the size and scope of government, while making it more efficient and accountable. The Governor has tackled this problem in many different ways since the beginning of his first term. Starting with the 2011 Wisconsin Act 10 changes, the Governor gave leaders at all levels of government more tools to manage their budgets and programs. The Governor's first two budgets and his Waste, Fraud and Abuse Elimination Task Force identified many opportunities for state government to achieve savings and become more efficient. This budget continues to reform government in fundamental ways by putting an emphasis on streamlining government and removing bureaucratic red tape.

Reshape Key State Agencies

The Department of Financial Institutions and Department of Safety and Professional Services have been consolidated into a new agency, the Department of Financial Institutions and Professional Standards, allowing for more integrated licensure and credentialing services in one agency, and providing the opportunity for the agency to identify further opportunities to reduce regulatory oversight. As part of the reshaping of the new agencies, certain functions have been transferred and consolidated under existing programs in the Department of Natural Resources and Department of Health Services, many services for businesses and industry have been consolidated into one agency, and other functions in state government have been significantly eliminated or reduced. The formation of the new agency results in an elimination of 46.26 FTE positions.

The Governor is also positioning the University of Wisconsin System to improve its ability to remain a world leader in research and instruction by restructuring the system as an independent public authority, with greater flexibility to manage compensation, human resources, tuition, procurement and capital projects. Greater independence will enhance the authority's potential for recruitment of top faculty and students, research and patent production, and to better serve Wisconsin's students, parents and businesses. As part of the changes to the system, the Veterinary Diagnostic Laboratory and State Laboratory of Hygiene, which perform critical roles in protecting animal welfare and public health, will be transferred to the Department of Agriculture, Trade and Consumer Protection, where they will better align with the mission of the department.

The budget creates the Forward Wisconsin Development Authority by combining the Wisconsin Economic Development Corporation and Wisconsin Housing and Economic Development Authority to provide greater coordination on economic development within a single authority. The board of the new authority will be reformed to include only private sector members to better focus the mission of the authority. The new authority will incorporate a variety of reforms to improve its functions and realize efficiencies.

Reduce the Size of State Government

The budget reduces a number of state FTE positions as a result of eliminating almost 200.0 FTE positions that have been vacant for one year or longer. The budget eliminates several programs as well, including the Educational Approval Board and the state's federal surplus property program, as efficiency measures. The budget also eliminates the Local Government Property Insurance Fund. The fund will be closed to new policies with the passage of the budget and existing policies will not be renewed after January 2016. When the fund was created many local units of government did not have access to property insurance. With Wisconsin's highly competitive insurance market, local units of government now have access to a wide array of property insurance products.

To the extent that savings can be achieved, the budget combines duplicative functions wherever possible. For example, to capitalize on existing expertise in insurance and adjudication, and to increase efficiency, Worker's Compensation functions are transferred from the Department of Workforce Development to the

Office of the Commissioner of Insurance and Department of Administration. In addition, the State Energy Office is being transferred to the Public Service Commission, in order to realize potential synergies relating to biomass development, energy statistics publication and energy efficiency. A third example is the consolidation of all food safety, recreational facility, lodging and food protection activities into the Department of Agriculture, Trade and Consumer Protection, creating efficiencies in regulation of these programs and putting oversight in one agency.

Implement Shared Service Approach

The budget embraces a shared services approach for back-office administrative functions for all state agencies. Wisconsin state government is quite decentralized compared to other states. While this allows maximum flexibility and control for individual state agencies, it is not the most cost-effective way to perform administrative functions that are common across the enterprise. Starting during the 2015-17 biennium, back office administrative functions, including human resources and payroll, budget and finance, procurement, and information technology will be performed centrally at the Department of Administration for all state agencies with fewer than 150.0 FTE positions, as well as the new Department of Financial Institutions and Professional Standards. In addition, the Department of Administration is best positioned to manage information technology security and desktop support centrally. The Department of Administration secretary will be given authority to transfer assets and positions of cabinet agencies to provide more consistent service and better security in order to limit the potential of a costly data breach. The Governor's intent is to expand this approach to all executive branch agencies in the 2017-19 budget. This approach, which is facilitated by the ongoing implementation of the enterprise resource planning system, will allow agencies to focus on what they do best, which is run programs that serve the public and not waste efforts on duplicating services that can be offered most cost-effectively centrally.

Similarly, the Governor will create an Office of Marketing within the Department of Tourism to utilize the expertise of the department in providing centralized marketing services to state agencies, so that they can reduce the staff dedicated to this function. In another example, the Governor recommends that the Department of Administration's Division of Hearings and Appeals conduct all administrative hearings for all state agencies with the sole exception of the Public Service Commission and Unemployment Insurance.

Reform Governmental Processes and Procedures

The Governor recommends changes to several governmental processes and procedures. For example, the budget increases thresholds for State Building Commission approval to reflect modern construction project costs. In addition, the budget includes modifications to the current approval processes of the State Building Commission based on the premise that the full Legislature has already approved the state building program as part of the state budget process. The goal of the reform is to maintain oversight by the commission, but to minimize duplicative approvals for enumerated projects and to focus the commission's review and approval on situations where there has been a substantial change in an enumerated project or a potential budget increase. Under the reformed process, review and approval of routine maintenance projects would be eliminated, but the Department of Administration would submit quarterly reports to the commission.

In another example, the Governor recommends modifying current law to allow the Department of Financial Institutions to require electronic submission of documents related to the operations of the current department. Additionally, exception procedures for those unable to file electronically will be established by the department to be consistent and customer friendly. These provisions will continue for the department's current customers when transferred to the new Department of Financial Institutions and Professional Standards.

Contain Cost Increases

As is true with many large organizations, fringe benefits costs constitute a large percentage of state agencies' operating budgets. While fully funding projected increases in fringe benefits costs, the budget assumes savings of \$25 million over the biennium related to containing costs in state employee health care. According to a recent report by the Pew Charitable Trusts, Wisconsin state employees have one of

the richest health insurance plans in the country, and pay among the highest premiums for that coverage. With that in mind, the Governor is requesting the Group Insurance Board, working with a recently hired benefit consultant, to make appropriate changes in order to realize efficiencies and savings within the program. One specific change included in the budget is to allow employees to receive a stipend if they elect to opt-out of the state health insurance plan.

E. INVESTING IN INFRASTRUCTURE

Having access to broadband has become increasingly important in today's society as it affects the economy, educational opportunity and quality of life. It drives where businesses choose to locate and where individuals choose to live. With the drive toward on-line programming, it dictates whether students have access to high quality educational programming or not. The Governor recognizes that this is a critical investment area for many parts of the state and has, therefore, included several provisions in his budget aimed at increasing resources for broadband expansion projects throughout Wisconsin.

The budget provides \$6 million in additional funding from a cash balance in the Universal Service Fund, creates additional flexibility for the Public Service Commission in using current funds over the biennium and redirects any future unused funds from other Universal Service Fund appropriations to the broadband expansion grant program.

The budget expands the Technology for Educational Achievement (TEACH) program, which offers broadband access to public schools and libraries at discounted rates by broadening the statutory language so that more schools can request access to multiple data lines and video links. This initiative will be funded with up to \$25 million of an E-rate cash balance. This would be in addition to the \$18 million to \$25 million currently spent each year to support libraries and school broadband services through state-contracted broadband providers.

These two investments are intended to support increased broadband connectivity in our communities across the state.

Transportation

In order to have a well-functioning transportation system, the Governor's budget ensures adequate investments are made in highways, freight rail and transit systems, while holding the line on taxes and fees.

The Governor recommends fully funding the 4 percent increase for general transportation aids and transit operating aids to local governments that was enacted in the 2013-15 biennial budget. Ensuring local governments have sufficient support to maintain roads and transit systems is integral to investing in the local infrastructure that citizens frequently interact with in their daily lives. Furthermore, the budget renames the elderly and disabled aids program and increases funding by \$438,000 to provide necessary transportation for senior citizens and citizens with disabilities in all 72 counties. The Governor's budget also includes a \$2 million annual increase for the Transportation Economic Assistance grant program. These grants are provided to local governments and private businesses to improve targeted infrastructure that either attracts new businesses to an area or retains current businesses.

The budget also maintains the state's critical investment in large-scale highway projects that are used to transport travelers to their destination and goods to market. It provides \$623.2 million in total funding to keep the Zoo Interchange project on schedule for completion in 2018. The majority of this funding will be devoted to work on the core interchange. In total, this represents a \$106.2 million funding increase for the Southeast Megaprojects program over 2013-15 budget levels. Recognizing limited state revenues available in the Transportation Fund, the Governor also recommends delaying the I-94 North/South project between Milwaukee and the Illinois border by one year.

This budget also provides a \$100 million funding increase to keep all major highway projects on schedule, including the widening of I-39/90 between Madison and the Illinois border. Expanding and upgrading

highways, such as this, will improve access between regional economic hubs within Wisconsin, as well as large markets, like Chicago, in other states. Total funding for Major Highway Program projects is \$836.1 million – an increase of \$108.4 million over 2013-15 funding levels.

The budget also holds funding for the State Highway Rehabilitation program steady. Projects in this program include vital maintenance activities, such as repaving, that prevent deterioration and costlier future repairs on the state highway grid. Total funding for rehabilitation projects is over \$1.6 billion.

The budget provides \$20 million for the Stillwater Bridge, as well as \$16.8 million for the Hoan Bridge, to complete work on two projects that are vital assets of Wisconsin's infrastructure. They will improve our economic growth as they carry travelers and goods across major bodies of water.

The budget also permits the use of an alternative bidding method called construction manager/general contractor for three pilot projects. Use of this method allows contractors involved in project construction to propose ideas in the design phase which can then be used to construct the project more efficiently. Other states that have employed this method have experienced cost savings as well as quicker project completion.

In addition to highways, a modern transportation network also requires investments in multimodal systems to ensure the efficient passage of goods. Accordingly, the Governor recommends repurposing \$43 million in unused general obligation bonds to continue investment in the Freight Rail Preservation Program. By acquiring and improving abandoned rail lines, the state will diversify its infrastructure holdings to provide multiple avenues for goods to get to market. With the recent boom in the fracking industry – of which Wisconsin sands play a key role – an upgraded freight rail network means better opportunities for Wisconsin businesses.

To improve the safety of Wisconsin highways, the Governor recommends funding an annual State Patrol recruit class. Trooper duties include patrolling state highways to monitor the safe movement of vehicles, providing assistance after accidents and escorting overweight/oversized vehicles to prevent significant road damage. Additionally, having more troopers will minimize the need for costly overtime and ultimately allow the department to deploy more resources into Wisconsin's transportation network.

Finally, the budget also transfers, on a one-time basis, \$21 million from the Petroleum Inspection Fund to the Transportation Fund in both fiscal year 2015-16 and fiscal year 2016-17.

Department of Transportation Initiatives

- Increase funding by \$438,000 SEG for elderly and disabled aids to local governments and nonprofits in order to provide vital transportation services for senior citizens and people with disabilities.
- Provide a total of \$623.2 million in funding to ensure the Zoo Interchange project remains on schedule for a 2018 completion date.
- Enumerate the I-94 East/West project to allow the department to begin substantive work on the project.
- Provide \$36.8 million over the biennium for the completion of the Stillwater and Hoan bridge projects. Of this funding, \$20 million would be provided to the Stillwater Bridge project and \$16.8 million to the Hoan Bridge project to ensure that drivers and goods are moved quickly and efficiently across the two great bodies of water – the Mississippi River and Milwaukee's lakefront.
- Increase funding for Transportation Economic Assistance grants by \$2 million SEG annually. These grants, coupled with private funding, upgrade targeted infrastructure to assist local businesses in creating jobs or keeping existing jobs in an area.
- Repeal state requirements that exceed federal law related to whether bicycle and pedestrian facilities be included in the construction of new highway projects, which will provide savings of \$7.4 million.

- Repeal state funding for the Transportation Alternatives Program resulting in savings of \$1 million SEG annually.
- Prohibit the Department of Transportation from funding Community Sensitive Design on highway projects, which will provide savings of \$7 million. Instead, allow local governments to cover these design costs if they so choose.
- Provide \$43 million for the Freight Rail Preservation Program over the biennium.
- Allow the Department of Transportation to collect advertising revenues at state-owned rail stations, which will provide an additional funding source for transportation projects.
- Pledge the motor fuel tax to the Transportation Revenue Bond program, which will increase the debt service coverage in the program and likely lead to a higher bond rating. Moreover, structure the pledge in a way that prevents motor fuel tax collections from being used for debt service.
- Provide \$836.1 million over the biennium to keep Major Highway Program projects such as the widening of I-39/90 on schedule.
- Provide \$1.6 billion in total funding over the biennium to hold funding for State Highway Rehabilitation projects flat.
- Allow the Department of Transportation to implement construction manager/general contractor bidding on three pilot projects to evaluate the potential of future design cost savings on unique highway projects.

Water Quality and Pollution Remediation

- Ensure the safety of Wisconsin's dams by providing \$4 million for dam repair, reconstruction and removal projects.
- Sunset the Petroleum Environmental Cleanup Fund Award program and reallocate existing fund balances to retirement of the variable debt for the program. This will enable the revenues received for the Petroleum Inspection Fund to be reexamined for reallocation for other purposes in the future.

F. IMPROVING MENTAL HEALTH PROGRAMS

In Wisconsin, the state and local governments work cooperatively to meet the needs of individuals with mental health needs. Under this joint system, the Department of Health Services provides counties state and federal funding and policy direction, while each county develops its own programs and budgets tailored to meet the needs of residents.

The previous budget made a significant investment in enhancing and expanding the services provided by state and local governments to address the most urgent needs of individuals with mental illness, based on proven, evidence-based strategies. The Governor made further strides in improving mental health services for Wisconsin residents by signing numerous pieces of legislation during the last legislative session providing funding and support to improve mental health services throughout the state.

This budget aligns the emergency detention process in Milwaukee County with other counties in the state and requires all counties to provide community-based crisis assessment by a mental health professional prior to an emergency detention to ensure that individuals are provided the appropriate mental health supports and services necessary in the least restrictive manner. The budget also allocates \$1.5 million to assist counties with this effort.

The budget streamlines mental health funding in Wisconsin by consolidating the funds into community aids to ensure flexibility and create efficiencies.

The budget also transfers the Office of Children's Mental Health to the Department of Health Services to improve mental health planning by consolidating expertise in the field.

G. HELPING VICTIMS OF DOMESTIC VIOLENCE

In recognition of the ongoing struggle of a person living with domestic abuse, the Governor's budget provides \$5 million in fiscal year 2016-17 to the Department of Children and Families for additional grants to shelters that help victims of domestic abuse and their families.

The Department of Children and Families currently provides funding for services, including basic core services in shelter and nonresidential programs, rural outreach services, children's programming, support services, services to underrepresented populations, the Refugee Family Strengthening Program, tribal programming, and training and technical assistance.

Additional funding was recommended in the 2014-2020 Long Range Plan for a Safe Wisconsin, created by the Wisconsin Governor's Council on Domestic Abuse and End Domestic Abuse Wisconsin. The additional funding will be used to help maintain, strengthen and expand core services to serve domestic violence victims and their children.

The Governor also recommends providing \$421,300 in each year for additional Global Positioning System Offender Tracking for individuals convicted of serious child offenses and those who violate domestic abuse or harassment temporary restraining orders.

H. REFORMING HEALTH CARE ENTITLEMENTS

Medicaid

Health insurance coverage and access to high quality affordable health care are essential components of maintaining healthy communities and increasing the quality and years of healthy life for all Wisconsin residents. These are areas where Wisconsin excels. Our state has long ranked among the top states for the quality of our health care providers, our uniquely competitive individual and small group health insurance markets, and the high percentage of state residents with health insurance coverage. However, among these local successes, it is indisputable that national challenges remain.

The Wisconsin Medicaid programs, including BadgerCare Plus, Family Care and SeniorCare, were created to be an essential safety net for low-income individuals and families who lose or cannot afford employer-sponsored health insurance. Medicaid is the main source of health care coverage for many people with significant disabilities and individuals in need of long-term care. The broad eligibility criteria and comprehensive benefits offered by the programs have helped Wisconsin maintain one of the highest rates of health insurance coverage in the country. In fact, among states that did not take the federal Medicaid expansion, Wisconsin is the only state in the nation with no health coverage gap.

CHART 15: ENROLLMENT IN MEDICAID CONTINUES TO GROW

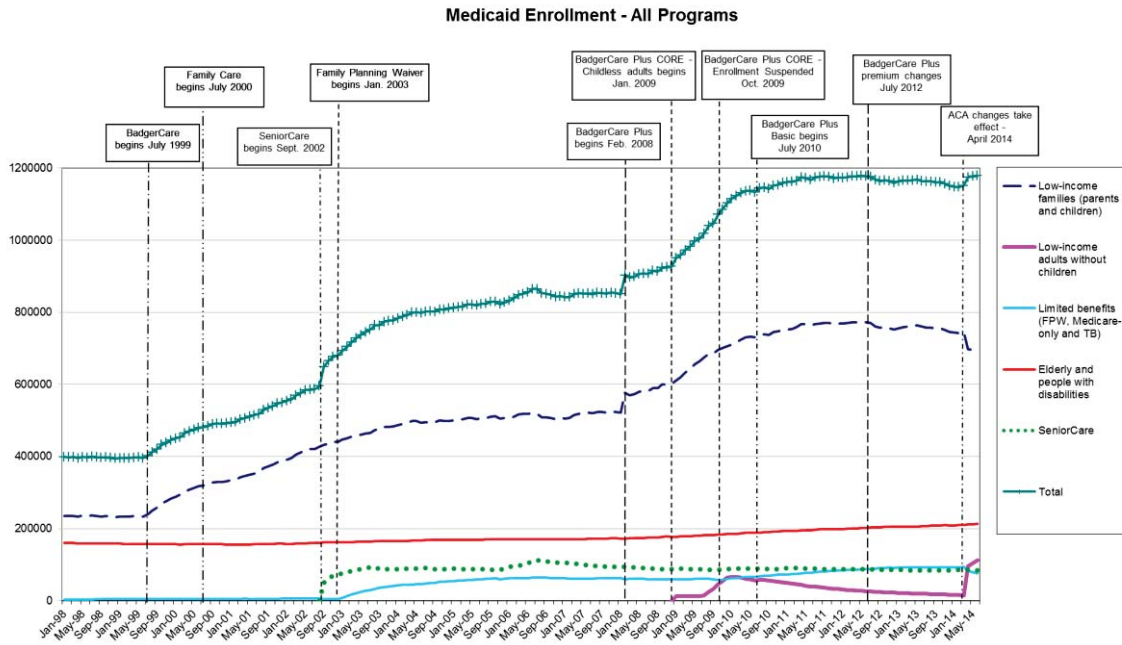


TABLE 7: MEDICAID AND BADGERCARE PLUS EXPENDITURES
(\$ in millions)

Medicaid and BadgerCare Plus Expenditures (\$ in millions)					
	2007-09	2009-11	2011-13	2013-15	2015-17
	Actual	Actual	Actual	Budgeted	Projected
General Purpose Revenue	\$2,836	\$2,733	\$3,936	\$4,771	\$5,624
Federal Revenue	\$6,785	\$9,636	\$8,340	\$9,023	\$10,241
Program and Segregated Revenue	<u>\$1,198</u>	<u>\$1,451</u>	<u>\$1,663</u>	<u>\$2,470</u>	<u>\$2,760</u>
All Funds	\$10,819	\$13,820	\$13,939	\$16,264	\$18,625
<i>Change over prior biennium</i>		28%	1%	17%	15%

Compared to the base budget, this increase totals \$657 million GPR over the biennium. The largest factors in this increase are the result of routine caseload, inflation and utilization changes. As compared to prior biennia, federal factors, including changes in the state's Federal Medical Assistance Percentage and Medicare Part D premiums, make up a smaller proportion of the overall increase.

The 2015-17 budget makes a number of changes to the state's Medicaid program in order to improve efficiency and reform service delivery:

- Eliminate the three-month waiting period for enrollment in BadgerCare Plus for certain children and pregnant women;
- Transfer up to an additional \$10 million annually from the University of Wisconsin for Medicaid health maintenance organization (HMO) claims;

- Treat promissory notes as countable resources for Medicaid eligibility purposes;
- Reimburse Wisconsin's Federally Qualified Health Centers at the Prospective Payment System rate;
- Make common sense reforms to the state's Funeral and Cemetery Aid program, requiring individuals with life insurance policies to be included in Estate Recovery and reducing reimbursements for decedents who own life insurance policies with a face value over \$3,000;
- Reimburse qualified pharmacists who immunize children enrolled in the Medicaid program for immunizations administered at a pharmacy and require pharmacists to update the Wisconsin Immunization Registry to ensure a feedback loop with primary care providers;
- Create a pilot that increases dental reimbursement under Medicaid to ensure individuals have access to and receive dental care;
- Require all individuals who apply for SeniorCare benefits to enroll in Medicare Part D if they are eligible; and
- Provide disproportionate share hospital payments to Wisconsin hospitals that see a high number of Medicaid patients.

Family Care

This budget institutes reforms for the Family Care program in an effort to improve outcomes for participants and streamline administrative functions in the Department of Health Services.

Family Care currently operates regionally in 57 counties of the state, with an additional seven counties to be operating the program in 2015. Long-term care services under Family Care are delivered through managed care organizations, with most participants receiving acute and primary care services through Medicaid fee for service.

This budget expands Family Care statewide and transitions the program to a new model providing long-term care, primary care and acute care services to participants through managed care organizations operating statewide.

FoodShare

Wisconsin's FoodShare population has more than doubled in the past ten years, particularly during the recent economic downturn. Beginning in 2015, able-bodied working adults without dependents will be required to comply with work requirements in order to receive FoodShare benefits.

This budget requires the Department of Health Services to seek a waiver from the U.S. Department of Agriculture to screen FoodShare Employment and Training participants for drug use as a condition of eligibility to provide individuals with the assistance they need to better themselves.

Childless Adults

The budget also makes meaningful reforms for childless adults in the Medicaid population. Under the budget, the Department of Health Services will seek a waiver from the federal Department of Health and Human Services for authority to impose monthly premiums and premiums for risky behaviors for childless adults enrolled in Medicaid. In addition, these individuals will be required to have a health risk assessment and to be screened for drug use to receive benefits. Further, enrollment for childless adults will be limited to no longer than 48 months. The changes will ensure these individuals receive the health care they need while ensuring careful use of state and federal resources.

I. PROTECTING WISCONSIN CITIZENS AND OUR MOST VULNERABLE

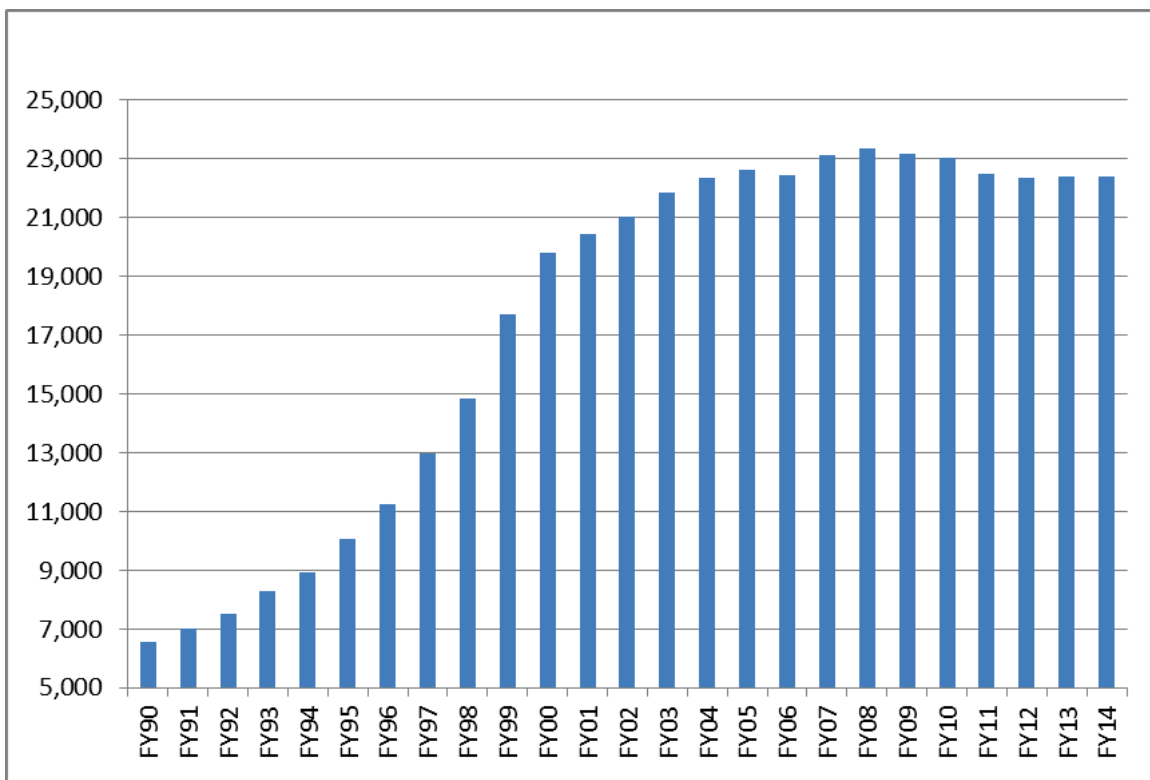
Public safety is a central tenet of the Governor's priorities and this budget increases the commitment to protecting people across the state, especially our most vulnerable.

Corrections

Ensuring adequate resources are provided for the safe oversight of our prisons and supervision of offenders in the community is achieved through several provisions included in the budget for the Department of Corrections. Funding is provided to cover expected costs of food, institutional supplies and health care costs. The average daily population was 22,405 in fiscal year 2013-14, and the populations are projected to be 22,288 in fiscal year 2015-16 and 22,415 in fiscal year 2016-17. The juvenile population is projected to be 315 in each fiscal year of the next biennium.

This budget also refocuses on services to youth in the juvenile justice system. The administrative responsibilities for Youth Aids, and related aids programs for juvenile offenders, will be transferred from the Department of Corrections to the Department of Children and Families, beginning on January 1, 2016. The Department of Children and Families will be able to provide continuity of care and services to the extent that there is overlap between the children and families served by current programs. In addition, the Department of Children and Families intends to update performance measures and goals in future Youth Aids programming, as it does currently with the Children and Family Aids program.

CHART 16: ADULT INSTITUTION POPULATION



Part of the mission of the Department of Corrections is to ensure the health and welfare of the prison population, and to provide treatments for addictions and related illnesses. This budget expands existing drug addiction programming by providing \$836,700 GPR in each year for a voluntary pilot program for eligible offenders with an opioid addiction-related conviction to receive medical treatments for their

addiction. This budget also includes \$888,600 GPR in each year for Hepatitis C treatments, which will reduce the likelihood of costly and painful liver failure for those suffering from Hepatitis C.

Other Corrections Initiatives

- Provide \$421,300 in each year for additional Global Positioning System Offender Tracking for individuals convicted of serious child offenses and those who violate domestic abuse or harassment temporary restraining orders.
- Create an interstate compact application fee for offenders under community supervision who wish to transfer to supervision in another state. The fee is expected to generate \$375,900 PR in each year to support the program.

Public Defender

For years, the Office of the State Public Defender has been challenged to meet its costs associated with payments to the private bar for attorney services. Private bar attorneys are needed when there is a conflict of interest with a current client, when additional expertise is required because of the circumstances of the case or when the caseload of staff attorneys can no longer be managed effectively. This budget adds resources to the office to assist in managing those costs.

First, a pilot program will be created in Milwaukee County through the creation of a Conflict Defender's Office, which will manage cases in Milwaukee, Waukesha and Racine counties. Second, this budget provides for additional staff resources statewide to expand caseload capacity. For these initiatives, the budget provides 10.75 FTE positions in each year, and \$709,600 GPR in fiscal year 2015-16 and \$830,900 GPR in fiscal year 2016-17 for the related salary and fringe benefits costs for the Conflict Defender's Office; and 35.0 FTE positions in each year and \$2,168,900 GPR in fiscal year 2015-16 and \$2,704,300 GPR in fiscal year 2016-17 for related salary and fringe benefits costs for the expanded caseload capacity. These additional resources will reduce costs for private bar attorney services by \$2,237,800 GPR in fiscal year 2015-16 and \$4,475,700 GPR in fiscal year 2016-17.

Justice Initiatives

- Refocus local justice programming and create accountability by consolidating various justice grant earmarks into one Justice Assistance Grant program, reducing costs by \$321,000 GPR and \$745,100 PR in each year.
- Transfer the Office of the State Prosecutors from the Department of Administration to the Department of Justice to consolidate administration of prosecution services into one agency.
- Create the Office of Solicitor General in the Department of Justice to provide in-depth representation for the state in state and appellate litigation. Provide 4.0 FTE positions in each year and \$443,200 PR in fiscal year 2015-16 and \$584,500 PR in fiscal year 2016-17 for this purpose.
- Revise statutory language relating to funding for the State Crime Laboratory to use \$558,100 PR in each year in DNA surcharge receipts, rather than penalty surcharge receipts, to support DNA testing in the laboratory and to address a deficit in the penalty surcharge appropriations.
- Provide \$2.3 million over the biennium for an annual State Patrol recruit class, which will reduce overtime costs and improve highway safety.

Public Safety and Child Welfare

The Governor recommends investments in programs designed to serve several vulnerable groups served by the Department of Children and Families. First, additional resources are provided to improve services to children in the child welfare system in Milwaukee County. In addition, the Bureau of Milwaukee Child Welfare will be elevated to a division to ensure it gets the time and attention of management that it needs.

The Governor has also increased funding for the ongoing implementation of the program supporting certain young adults who otherwise would have aged out of the foster care system.

The budget also provides \$2 million in fiscal year 2016-17 to the Department of Children and Families to increase services to child sex-trafficking victims, especially in rural areas of the state. The magnitude of the child sex-trafficking problem in Wisconsin and nationwide was documented in recent media reports. The Department of Children and Families currently has a pilot program in the Milwaukee area to treat these individuals, and the additional funding in the budget will allow the program to expand to other areas of the state. Children who have been victims of sex trafficking need specialized services to help them break free of the perpetrator's influence and to establish themselves in the community.

The Governor recommends transferring the administrative responsibilities for Youth Aids, and related aids programs for juvenile offenders, from the Department of Corrections to the Department of Children and Families, beginning on January 1, 2016. The Department of Children and Families will be able to provide continuity of care and services to the extent that there is overlap between the children and families served by its current programs. In addition, the Department of Children and Families intends to update performance measures and goals in future Youth Aids programming as it does currently with the Children and Family Aids program.

Finally, funding is included for the Fostering Futures: Connections Count initiative, which will support community connectors, who are trusted neighbors or community leaders, to interact with vulnerable families with children up to age five and connect the families with formal and informal community supports.

Courts

- Generate flexibilities in the Supreme Court and Circuit Courts by converting designated GPR appropriations into a single appropriation.
- Eliminate surcharge exemptions for certain offenses to ensure all violations subject to fines are included, creating fairness. This is expected to generate an additional \$3,242,900 annually in revenue for the justice system.
- Create a Judicial Compensation Commission to review the salaries of judges and justices, enabling the courts to have the opportunity to determine fair compensation for participation in protecting citizens of the state.
- Consolidate the Judicial Commission into the Director of State Courts Office and eliminate the Judicial Council, streamlining court operations.

J. SUPPORTING OUR VETERANS

The State of Wisconsin has a long history of providing assistance and support to state veterans to supplement the benefits provided by the federal government. These state programs help veterans complete their educations, obtain health care services, overcome barriers to employment, receive support in emergency situations and obtain federal benefits for which they are qualified.

In support of the sacrifices made by so many individuals, the Governor signed several pieces of legislation during the last legislative session to assist and honor state veterans:

- Established an income tax exclusion for income received by an armed forces member who dies on active duty, while serving in a combat zone or as a result of wounds, disease or injury incurred while serving in a combat zone (2013 Wisconsin Act 19).
- Allowed veterans to choose to have their status as a veteran displayed on their driver's license or identification card (2013 Wisconsin Act 17).

- Required the Department of Natural Resources to treat recipients of a Purple Heart medal as residents for purposes of obtaining hunting, trapping or fishing licenses. Allowed residents who are Purple Heart recipients to purchase a conservation patron license at a significantly reduced fee and allow out-of-state Purple Heart recipients to purchase a conservation patron license at the same rate as a resident (2013 Wisconsin Act 55).
- Honored our veterans by designating the route of State Trunk Highway 128 in Pierce and St. Croix counties as the "128th Infantry Memorial Highway" (2013 Wisconsin Act 180).
- Increased opportunities for veterans by giving them priority in registering for courses at any University of Wisconsin campus (2013 Wisconsin Act 560).
- Increased accountability by requiring departments and detachments of the Marine Corps League to be incorporated under state law. Such corporations are subordinate to the national Marine Corps League and must meet reporting requirements (2013 Wisconsin Act 102).
- Added the construction of the John R. Moses Skilled Nursing Facility, at the Wisconsin Veterans Home at King, to the 2013-15 Authorized State Building Program (2013 Wisconsin Act 187).
- Established a special distinguishing license plate displaying the words "In God We Trust," with all special fees received, in excess of initial production costs, to be deposited into the Wisconsin Veterans Home's member care appropriation (2013 Wisconsin Act 188).
- Created a new grant program administered by the Department of Veterans Affairs. Under the program, the department may make up to a total of \$250,000 in grants to nonprofit organizations that provide financial assistance or other services to veterans and their families. In addition, established new, general recordkeeping and audit requirements applicable to the department (2013 Wisconsin Act 190).
- Established a program under which participating employees in the Wisconsin Retirement System may purchase years of creditable service under the system for years of active service in the U.S. armed forces (2013 Wisconsin Act 191).
- Replaced indefinite language in prior law, regarding the portion of procurement, certain construction projects and debt underwriting paid to disabled veteran-owned businesses, with a specific, percentage based, goal (2013 Wisconsin Act 192).

This budget continues to build on these achievements to ensure returning service members have the support they need to successfully reintegrate into civilian life and to honor and care for our older veterans in need.

Veterans Employment and Education Initiatives

The Governor recommends consolidating most programs and benefits designed to increase employment and educational attainment among veterans at the Department of Veterans Affairs. This consolidation will ensure veterans are provided with the widest range of services in one place. These provisions include:

- Transferring the state Disabled Veterans Outreach Program and Local Veterans Employment Representative Program from the Department of Workforce Development to the Department of Veterans Affairs to strengthen the veterans-specific focus of these programs, while ensuring the programs maintain strong cooperation with other workforce development strategies; and
- Transferring the Veterans Grant program from the Department of Workforce Development to the Department of Veterans Affairs to enhance program awareness and efficiency.

The Governor has also created a position within the new Division of Personnel Management at the Department of Administration that will focus on recruiting and supporting disabled veterans within state

employment. The division will develop specific performance measures designed around increasing employment of veterans and veterans with service-connected disability ratings consistent with Executive Order 137.

Funding for Veterans Services

The financial solvency of the Veterans Trust Fund continues to be of great concern to Wisconsin veterans because it is used to provide essential veterans' benefits, including education and retraining grants, emergency assistance grants, transitional housing, transportation, and assistance obtaining health care. The fund also supports grants to Veterans Service Officers and organizations, the operations of the state Veterans Museum and state Veterans Cemeteries, and some general operations of the department.

In the next biennium, the condition of the Veterans Trust Fund will be further impacted by a transfer of expenditure authority and positions from the Mortgage Loan Repayment Fund. Due to a moratorium on the issuance of new mortgages and historically-low interest rates, the Mortgage Loan Repayment Fund is no longer generating sufficient interest to support current expenditures. The transfer is based on the recommendations of a bond consulting company, and it will eliminate any potential risk of future bond default.

In the 2011-13 budget, the Governor provided \$5.5 million GPR to support the Veterans Trust Fund and to repay a prior administration's raid on the fund. In the 2013-15 budget, an additional \$5.3 million GPR was provided to support the fund. The Veterans Trust Fund continues to struggle to maintain solvency. However, rather than rely on a transfer from the general fund, the Department of Veterans Affairs will be able to use authority provided in the last budget to transfer unallocated program revenue balances from the appropriation that supports operations of the veterans homes to the Veterans Trust Fund. The department's focus on improving and expanding the skilled nursing facility operations at the state Veterans Homes, and the success of the privately-operated skilled nursing facility in Chippewa Falls, has allowed the department to generate excess funding that can be used to support improvements to the programs and services provided to state veterans.

The Wisconsin Veterans Homes are one of the longest running services the state provides to veterans. The Wisconsin Veterans Home at King was first established in 1887 and originally called the Soldiers' Home. Ensuring that the care and services provided to our veterans in the State Veterans Homes are of the highest quality is a top priority of the Governor and the Department of Veterans Affairs. As with all skilled nursing facilities, the acuity of residents and resident care needs have continued to increase over time.

Honoring Our Veterans

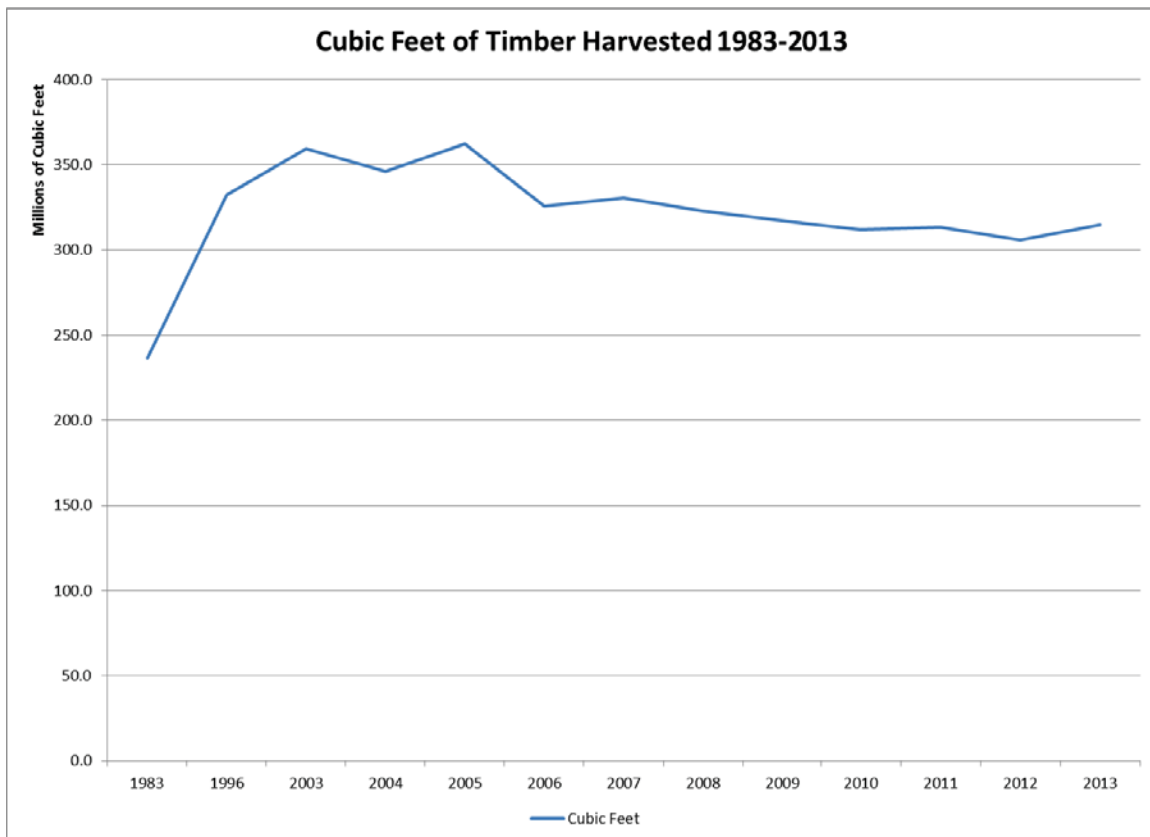
Providing military honors at funerals is an important way the state honors our veterans. This budget clarifies eligibility for the Military Funeral Honors Program to ensure military personnel on active duty; members of the Selected Reserve; former military members who served on active duty and were discharged under conditions other than dishonorable; former members of the Selected Reserve and National Guard, who served at least one term of enlistment or period of initial obligated service and were discharged under conditions other than dishonorable; and former members of the Selected Reserve and National Guard, who were discharged due to a service-related disability, will all receive the honors they deserve.

Veterans who give their time to appear at events provide a great service to the state and to the Department of Veterans Affairs. This budget provides the secretary of the Department of Veterans Affairs the authority to reimburse travel expenses incurred by veterans appearing at the request of, or on behalf of, the state.

K. PRESERVING WISCONSIN'S HERITAGE

Parks and forests have long been part of Wisconsin's recreational and economic heritage. The Governor recognizes having a sustainable timber harvest supports job creation for the state. In order for the timber industry to continue to meet the demand for wood products, it is important to have sensible laws which balance the needs of the forest products industry, while preserving the state's woods and forests for public enjoyment. This budget streamlines the process needed to prepare and review proposed timber harvests on managed forest land, while still maintaining the proper stewardship of the land. The Governor has also directed the Department of Natural Resources to develop a plan to move the headquarters of the Division of Forestry to a northern area near the majority of the state's forest land, to develop better partnerships between the department and the forestry industry.

CHART 17: FOREST HARVEST



In addition, the Governor recommends providing additional resources to ensure continued management of the forests of the state, including:

- Provide \$110,200 SEG in each year for master lease payments for field data recorders and ruggedized computers for forestry operations.
- Permitting urban forestry grants to be used for removing, saving and replacing trees that have been damaged by emergency events or insect infestations.
- Protecting our forestry resources by reducing \$481,200 SEG in each year in grant earmarks and refocusing on general forest operations support.

Several properties have been purchased over the years using the Knowles-Nelson Stewardship Program, and it is important to maintain these properties for the enjoyment of outdoor enthusiasts across the state. At the same time, the Governor recognizes that debt service for the program is not sustainable. As a result, this budget puts a moratorium on land acquisition purchases until the level of debt service is no greater than \$1 for every \$8 in overall land acquisition costs incurred since the program's inception. This will result in an estimated decrease in annual debt service payments of \$13 million annually over current levels by fiscal year 2027-28. For the immediate future, the program will continue to fund property development, including repair and maintenance of roads and boat access sites, and the renovation of the Kettle Moraine Fish Hatchery, which is vital to the state's sport fishing success.

Conservation and Animal Health

- Provide \$150,000 SEG in each year to support the opening and expansion of several new facilities at parks and southern forests across the state to assist the millions of visitors to Wisconsin state parks each year.
- Support the law enforcement program at the Department of Natural Resources through increased funding of \$288,500 SEG in each year to fund master lease payments for tablets and docking stations, and \$180,000 SEG in each year for overtime.
- Ensure the safe and legal harvest of ginseng by transferring \$25,000 SEG into the fish and wildlife account for ginseng enforcement activities.
- Redirect \$6,668,800 GPR in each year for other state purposes, while maintaining support for state parks and forest roads through increased use of camping and annual parks vehicle sticker fees.
- Ensure the long-term viability of the all-terrain vehicle account by reducing \$297,000 SEG in each year in program earmarks.
- Transfer administration of the Kickapoo Reserve Management Board and the Lower Wisconsin Riverway Board to the Department of Natural Resources to better align programs with the partnering agency.
- Transfer the Veterinary Examining Board from the Department of Safety and Professional Services and the Veterinary Diagnostic Laboratory from the University of Wisconsin System to the Department of Agriculture, Trade and Consumer Protection to consolidate all activities related to animal health under one department.

Air and Water Quality

- Protect our lakes and rivers and improve water quality in Wisconsin by providing \$24 million over the biennium to reduce nonpoint source water pollution through increased nutrient and runoff management planning, contaminated sediment removal and other pollution abatement practices.
- Expand the use of contaminated sediment funding to allow the funds to be used for contaminated sediment remediation projects located outside of the Great Lakes basin.
- Establish an agricultural water-quality initiative using \$250,000 SEG annually in existing soil and water management grants for the implementation of nonpoint source pollution abatement practices.
- Provide continuing support to nonpoint source abatement projects through a one-time transfer from the Agricultural Chemical Cleanup Fund. Revenues would be reallocated temporarily, resulting in no overall fee increase.

- Transfer the Private On-site Water Treatment System program from the Department of Safety and Professional Services to the Department of Natural Resources, centralizing oversight of all septage systems into one agency and increasing support to the Environmental Fund.
- Modernize the Environmental Improvement Program to permit privately-owned or nonprofit public water systems to be eligible for loans, expand eligibility for the loan program for eligible communities, and provide the Department of Administration and Department of Natural Resources more flexibility in administering the loans, potentially reducing debt service over the biennium.
- Protect our water resources by reducing \$407,500 SEG in each year in grant earmarks to refocus on general water management programs.
- Extend the state's diesel truck idling reduction grant program by five years, to continue promoting alternative technologies to reduce air emissions.

**Economic
Assumptions and
Revenue Estimates**

V. ECONOMIC ASSUMPTIONS AND REVENUE ESTIMATES

NATIONAL ECONOMY

The Legislative Fiscal Bureau's 2015-17 revenue estimates are based on the January 2015 national economic forecast from IHS Economics. IHS Economics forecasts strengthening economic growth in 2015 as lower gasoline prices, strong business investment and recovering residential investment drive the recovery. Moderate economic growth is expected to continue in 2016 and 2017, reflecting self-sustaining growth in employment and business investment.

- Real Output Growth. Real Gross Domestic Product (GDP) will increase by 3.1 percent in 2015, 2.7 percent in 2016 and by 2.7 percent in 2017.
- Employment. Employment is projected to continue to grow moderately over the next few years with growth in total nonfarm payrolls of 2.0 percent in 2015, 1.8 percent in 2016 and 1.2 percent in 2017. Private payrolls are expected to be slightly stronger at 2.4 percent growth in 2015, 2.0 percent growth in 2016 and 1.3 percent growth in 2017.
- Inflation. Inflation is projected to remain modest. Consumer prices are expected to rise by 0.1 percent in 2015, 2.3 percent in 2016 and 2.4 percent in 2017.
- Profits. Corporate profits are expected to decelerate in the coming years. Before-tax profits are projected to grow by 5.5 percent in 2015, edge lower by 0.1 percent in 2016 and decline by 5.8 percent in 2017.
- Incomes. Personal income growth will be moderate over the next few years with growth of 4.4 percent in 2015, 5.0 percent in 2016 and 5.5 percent in 2017.
- Retail Sales. Retail sales growth is expected to generally grow in line with incomes over the next few years with projected growth of 3.1 percent in 2015, 5.2 percent in 2016 and 5.1 percent in 2017.

TABLE 8: SUMMARY OF THE NATIONAL ECONOMIC OUTLOOK

Economic Indicators	Actual		2015	Forecast	
	2013	2014		2016	2017
Gross Domestic Product					
Nominal GDP	3.7	4.0	4.9	4.6	4.6
Real GDP	2.2	2.4	3.1	2.7	2.7
Prices and Wages					
GDP Deflator	1.5	1.6	1.8	1.9	1.9
Consumer Price Index	1.5	1.6	0.1	2.3	2.4
Compensation Per Hour	1.1	2.4	2.7	3.7	4.0
Production and Other Measures					
Total Nonfarm Employment	1.7	1.8	2.0	1.8	1.2
Industrial Production	2.9	4.3	3.4	3.7	3.0
Housing Starts (Millions)	0.930	0.994	1.163	1.349	1.497
Light Vehicle Sales (Millions)	15.52	16.41	16.89	17.24	17.49
Retail Sales	4.2	4.1	3.1	5.2	5.1
Profits and Income					
Corporate Profits Before Tax	4.6	9.1	5.5	-0.1	-5.8
Personal Income	2.0	3.9	4.4	5.0	5.5

All numbers are annual percent change except as noted.

WISCONSIN ECONOMY

In 2014, Wisconsin's economy continued on a path of moderate and sustained growth. Wisconsin's unemployment rate remained below the national rate, with Wisconsin's rate averaging 5.7 percent in 2014 compared to the national average of 6.2 percent in 2014.

TABLE 9: SUMMARY OF THE WISCONSIN ECONOMIC OUTLOOK

Economic Indicators	Actual		2015	Forecast	
	2013	2014		2016	2017
Total Nonfarm Employment (in thousands)	2,820.4	2,860.0	2,894.2	2,936.8	2,969.5
Percent Change	1.2	1.4	1.2	1.5	1.1
Unemployment Rate – Percent of Labor Force	6.8	5.7	5.5	5.2	5.1
Personal Income Percent Change	2.7	3.1	4.3	4.7	5.3

For the coming biennium, Wisconsin's economy is expected to continue to improve, at a rate comparable to the rest of the country.

- **Employment.** The state's overall employment changes will be somewhat below national employment changes. In 2015, total nonfarm employment will increase by 1.2 percent. In 2016 and 2017, employment growth will be 1.5 percent and 1.1 percent, respectively. The state's unemployment rate is expected to remain below the national rate, but follow the same projected trend. Wisconsin's unemployment rate is expected to decline to 5.5 percent in 2015, 5.2 percent in 2016 and 5.1 percent in 2017. In comparison, the national unemployment rate is expected to decrease to 5.5 percent in 2015, 5.3 percent in 2016 and 5.2 percent in 2017.
- **Income.** Wisconsin's personal income growth will also be similar to the national trend. Wisconsin's total personal income should increase by 4.3 percent in 2015, 5.3 percent in 2016 and 5.7 percent in 2017. This compares to national income growth estimates of 4.4 percent in 2015, 5.0 percent in 2016 and 5.5 percent in 2017.

REVENUE ESTIMATES

TABLE 10: GENERAL PURPOSE REVENUE ESTIMATES
(\$ in millions)

<u>Current Law Estimates</u>	Actual FY14	Estimate FY15	Estimate FY16	Estimate FY17
Individual Income	\$7,061.4	\$7,350.0	\$7,845.0	\$8,255.0
General Sales and Use	4,628.3	4,880.0	5,030.0	5,190.0
Corporation Franchise and Income	967.2	935.0	970.0	960.0
Public Utility	361.0	377.9	366.8	373.4
Excise				
Cigarette	573.0	556.5	551.0	545.5
Liquor and Wine	67.7	69.3	71.4	73.6
Tobacco Products	49.0	47.6	48.6	49.6
Beer	9.0	8.8	8.6	8.4
Insurance Companies	165.8	176.0	181.0	187.0
Miscellaneous	<u>65.8</u>	<u>68.7</u>	<u>73.9</u>	<u>76.3</u>
Total GPR Taxes	\$13,948.2	\$14,469.8	\$15,146.3	\$15,718.8
Change Over Prior Year				
Amount		\$521.6	\$676.5	\$572.5
Percent		3.7%	4.7%	3.8%

Detail may not add due to rounding.

The Governor recommends significant efforts to improve tax law enforcement as well as several measures to clarify the treatment of existing law.

**TABLE 11: GENERAL PURPOSE REVENUE ESTIMATES UNDER
GOVERNOR'S RECOMMENDATIONS**
(\$ in millions)

<u>Current Law Estimates</u>	Actual FY14	Estimate FY15	Estimate FY16	Estimate FY17
Individual Income	\$7,061.4	\$7,350.0	\$7,848.3	\$8,268.3
General Sales and Use	4,628.3	4,880.0	5,054.2	5,224.1
Corporation Franchise and Income	967.2	935.0	986.9	1,021.0
Public Utility	361.0	377.9	366.8	373.4
Excise				
Cigarette	573.0	556.5	551.0	545.5
Liquor and Wine	67.7	69.3	71.4	73.6
Tobacco Products	49.0	47.6	48.6	49.6
Beer	9.0	8.8	8.6	8.4
Insurance Companies	165.8	176.0	181.0	187.0
Miscellaneous	<u>65.8</u>	<u>68.7</u>	<u>73.9</u>	<u>76.3</u>
Total GPR Taxes	\$13,948.2	\$14,469.8	\$15,190.7	\$15,827.2
Change Over Prior Year				
Amount		\$521.6	\$720.9	\$636.5
Percent		3.7%	5.0%	4.2%

Detail may not add due to rounding.

Reference Section

VI. REFERENCE SECTION

GLOSSARY OF TERMS AND ABBREVIATIONS

Adjusted Base Year: The legislatively authorized total level of funding in the second year of a biennium for an appropriation, program or agency, which becomes the base and starting point for funding changes in the upcoming budget.

Aids to Individuals and Organizations: State payments made directly to or on behalf of an individual or private organization.

Annual Appropriations: Authorization for expenditures only up to the amount shown in the Chapter 20 appropriations schedule and only for the fiscal year for which they are appropriated. Unused funds in annual appropriations lapse to the fund of origin at the close of each fiscal year.

Base Level Reallocations: A means of transferring existing budgeted dollars from lower to higher priority activities.

Base Year Reconciliation: The documentation of adjustments to agency budgets at the appropriation level throughout the current biennium which have an effect on the base year (the second year of the current biennium).

Biennial Appropriations: Authorization for expenditures for the biennium for which they are appropriated. Dollar amounts shown in the Chapter 20 appropriations schedule represent the most reliable estimates of the amounts which will be expended in each fiscal year. Amounts can be expended in any fashion between the two years of the biennium.

Bond Revenue: Monies resulting from the contracting of public debt as authorized by the Legislature for specific purposes.

Continuing Appropriations: Authorization for expenditures from an appropriation until the appropriation is fully depleted or repealed by subsequent action of the Legislature. The appropriation for any given year consists of the previous fiscal year ending balance together with the new Chapter 20 appropriation authority granted during the current fiscal year.

Fiscal Year (FY): The year between July 1 and the following June 30 which corresponds to the state's budget and accounting period. A fiscal year is usually expressed as FY13 for fiscal year 2012-13, for example.

Full-Time Equivalent (FTE) Position: Designates the number (down to 0.1) of authorized positions affected by an action. A 1.0 FTE position represents full-time authority for 2,080 hours of employment, 0.5 FTE position represents 1,040 hours, etc.

General Purpose Revenue (GPR): Monies consisting of general taxes (sales, income, excise, inheritance, etc.), miscellaneous receipts and revenues collected by state agencies which are paid into the general fund, lose their identity and are then available for appropriation for any purpose by the Legislature.

General Purpose Revenue-Earned (GPR-E): Miscellaneous revenues collected by agencies that are deposited in the general fund and interest earnings on general fund balances.

Lapse: For annual appropriations, any budgeted funds that remain unspent at the end of each fiscal year revert or lapse back to the fund (general fund, transportation fund, conservation fund, etc.) from which they were appropriated. For biennial appropriations, a lapse occurs only in the second fiscal year of each biennium. There is no lapse from continuing appropriations.

Limited Term Employee (LTE): Individuals employed by the state for temporary positions, which are limited by law to 1,044 hours per 26 consecutive pay periods, and are not part of the state's civil service system.

Local Assistance: Appropriations made to or on behalf of units of local government in Wisconsin to help pay costs which would otherwise be borne by local governments.

Mission Statement: The overall purpose of a governmental organization. In many cases specific legislative direction is given to an agency and serves as the principal purpose of the agency.

One-Time Financing: The provision of funds for a cost that will not recur in future years.

Permanent Positions: All positions, classified and unclassified, which are not LTE or project positions and which do not have a termination date. Most position numbers are expressed as full-time equivalent (FTE). This would represent one person working full-time as one FTE position and two persons each working half-time as one FTE position.

Program Goal: A broadly based statement of anticipated results.

Program Revenue – Federal (PR-F): Monies received from the federal government and deposited as program revenues in the general fund.

Program Revenue – Other (PR or PR-O): Monies credited by law to a specific general fund appropriation to finance a particular agency, program or activity. They generally represent monies from user charges such as license and inspection fees, receipts from product sales or reimbursement for the cost of services provided to an individual or organization which is not another state agency.

Program Revenue – Service (PR-S): Monies credited by law to a specific general fund appropriation to finance a particular agency, program or activity when the service is provided to another state agency or the funding is received from another state agency.

Program Structure: The building blocks of an agency's budget are as follows:

Program: A broad category of similar services for an identifiable group or segment of the population for a specific purpose.

Subprogram: A breakdown of a program into units which identify more specific services or a more specific segment of the population.

Program Element: A breakdown of a subprogram into units which further program objectives by contributing to a specific output or group of related outputs described by a service or target group.

Program Summary: The same information as the department summary but at the program and subprogram levels.

Project Positions: A position with a fixed termination date and with a maximum duration of four years.

Segregated Revenue – Federal (SEG-F): Monies received from the federal government and deposited as revenues in a segregated fund.

Segregated Revenue – Local (SEG-L): Monies received from local governments which are used in conjunction with state and/or federal funds on transportation projects with a local component.

Segregated Revenue – Other (SEG or SEG-O): Monies which, by law, are deposited into funds other than the general fund. The funds retain their interest earnings and are available for predesignated purposes.

Segregated Revenue – Service (SEG-S): Monies which are credited by law to a specific segregated fund appropriation to finance a particular agency, program or activity when the service is provided to another state agency.

Standard Budget Adjustments: Technical adjustments to the base which are needed to accurately reflect the current level of funding on an annualized basis.

State Operations: Expenditures which are not local assistance or aids to individuals that fund the administrative operations of state agencies and the University of Wisconsin.

Sum Certain Appropriations: Authorization for expenditures from the indicated source in the specific amounts appropriated in the Chapter 20 schedule.

Sum Sufficient Appropriations: Authorization for expenditures from the indicated source in the amounts necessary to accomplish the purpose specified. Dollar amounts shown in the Chapter 20 appropriation schedule represent the most reliable estimate of the amounts which will be needed; however, they are not controlling.

Turnover: A reduction to the salary budget to reflect the savings realized when positions become vacant and when experienced employees are replaced with those who earn only the minimum salary in their classification.

Unclassified Positions: Permanent positions which are not filled through the civil service and which have no civil service protection.

Appendices

APPENDIX 1
Summary of All Funds Appropriations
Governor's Recommendations - FY16

	<u>FY15 Base</u>	<u>FY16 Recommended</u>	<u>Change From Base (Amt)</u>	<u>Change Percent</u>
Administration, Department of	935,195,400	976,232,800	41,037,400	4.4
Agriculture, Trade and Consumer Protection	97,074,100	94,030,900	-3,043,200	-3.1
Bd. for People w/ Developmental Disabilities	1,413,400	1,399,100	-14,300	-1.0
Board of Commissioners of Public Lands	1,565,700	1,650,800	85,100	5.4
Board on Aging and Long-Term Care	2,858,000	2,935,700	77,700	2.7
Building Commission	50,266,700	43,828,800	-6,437,900	-12.8
Child Abuse and Neglect Prevention Board	3,011,000	3,041,200	30,200	1.0
Children and Families, Department of	1,154,491,300	1,209,241,600	54,750,300	4.7
Circuit Courts	95,836,200	97,703,000	1,866,800	1.9
Corrections, Department of	1,296,401,200	1,250,937,500	-45,463,700	-3.5
Court of Appeals	10,407,200	10,677,700	270,500	2.6
District Attorneys	49,814,800	47,394,800	-2,420,000	-4.9
Educational Communications Board	19,919,700	19,772,400	-147,300	-0.7
Employee Trust Funds, Department of	42,854,200	44,968,700	2,114,500	4.9
Employment Relations Commission	1,504,900	1,534,800	29,900	2.0
Employment Relations, Office of State	6,107,800	0	-6,107,800	-100.0
Environmental Improvement Program	46,824,500	30,941,800	-15,882,700	-33.9
Financial Inst. and Prof. Standards, Dept. of	0	32,843,700	32,843,700	0.0
Financial Institutions, Department of	18,381,400	9,313,800	-9,067,600	-49.3
Forward Wisconsin Development Authority	0	0	0	0.0
Fox River Navigational System Authority	125,400	125,400	0	0.0
Government Accountability Board	6,639,900	6,786,800	146,900	2.2
Governor, Office of the	3,788,800	3,976,500	187,700	5.0
Health and Educational Facilities Authority	0	0	0	0.0
Health Services, Department of	10,430,855,000	11,162,542,700	731,687,700	7.0
Higher Educational Aids Board	145,027,300	148,917,900	3,890,600	2.7
Historical Society	22,148,400	22,872,400	724,000	3.3
Insurance, Office of the Commissioner of	108,901,200	124,269,400	15,368,200	14.1
Investment Board	46,853,600	46,853,600	0	0.0
Judicial Commission	292,700	0	-292,700	-100.0
Judicial Council	70,400	0	-70,400	-100.0
Justice, Department of	124,135,500	125,744,100	1,608,600	1.3
Legislature	76,733,900	75,790,100	-943,800	-1.2
Lieutenant Governor, Office of the	322,100	287,100	-35,000	-10.9
Lower Wisconsin State Riverway Board	211,100	227,200	16,100	7.6
Medical College of Wisconsin	9,966,200	10,198,300	232,100	2.3
Military Affairs, Department of	104,666,400	106,217,800	1,551,400	1.5
Miscellaneous Appropriations	138,287,700	124,469,100	-13,818,600	-10.0
Natural Resources, Department of	574,854,600	554,345,300	-20,509,300	-3.6
Program Supplements	7,879,400	4,841,000	-3,038,400	-38.6
Public Defender Board	84,200,500	87,745,300	3,544,800	4.2
Public Instruction, Department of	6,402,758,500	6,398,077,200	-4,681,300	-0.1
Public Service Commission	24,668,100	33,495,400	8,827,300	35.8
Revenue, Department of	186,988,500	208,633,700	21,645,200	11.6
Safety and Professional Services, Dept. of	51,898,800	24,544,800	-27,354,000	-52.7
Secretary of State	513,500	268,400	-245,100	-47.7
Shared Revenue and Tax Relief	2,406,113,400	2,418,639,800	12,526,400	0.5
State Fair Park Board	22,579,700	24,381,800	1,802,100	8.0
Supreme Court	31,528,700	29,765,500	-1,763,200	-5.6
Technical College System Board	557,264,700	556,747,400	-517,300	-0.1
Tourism, Department of	17,874,900	17,177,200	-697,700	-3.9
Transportation, Department of	3,016,551,900	3,286,267,000	269,715,100	8.9
Treasurer, State	549,700	173,300	-376,400	-68.5
University of Wisconsin System	6,015,091,500	5,929,420,500	-85,671,000	-1.4
Veterans Affairs, Department of	137,763,400	142,877,900	5,114,500	3.7
Wisconsin Economic Develop. Corp.	55,550,700	47,650,700	-7,900,000	-14.2
WHEDA	0	0	0	0.0
Workforce Development, Department of	370,608,200	335,035,900	-35,572,300	-9.6
TOTALS	35,018,191,800	35,937,815,600	919,623,800	2.6

APPENDIX 2
Summary of All Funds Appropriations
Governor's Recommendations - FY17

	FY16	FY17	Change From	Change
	<u>Recommended</u>	<u>Recommended</u>	<u>FY16 (Amt)</u>	<u>Percent</u>
Administration, Department of	976,232,800	1,523,508,300	547,275,500	56.1
Agriculture, Trade and Consumer Protection	94,030,900	143,618,000	49,587,100	52.7
Bd. for People w/ Developmental Disabilities	1,399,100	1,401,000	1,900	0.1
Board of Commissioners of Public Lands	1,650,800	1,652,900	2,100	0.1
Board on Aging and Long-Term Care	2,935,700	3,173,100	237,400	8.1
Building Commission	43,828,800	51,466,000	7,637,200	17.4
Child Abuse and Neglect Prevention Board	3,041,200	3,041,200	0	0.0
Children and Families, Department of	1,209,241,600	1,284,778,100	75,536,500	6.2
Circuit Courts	97,703,000	97,703,000	0	0.0
Corrections, Department of	1,250,937,500	1,202,417,900	-48,519,600	-3.9
Court of Appeals	10,677,700	10,706,500	28,800	0.3
District Attorneys	47,394,800	47,923,000	528,200	1.1
Educational Communications Board	19,772,400	19,708,100	-64,300	-0.3
Employee Trust Funds, Department of	44,968,700	44,925,500	-43,200	-0.1
Employment Relations Commission	1,534,800	1,536,900	2,100	0.1
Employment Relations, Office of State	0	0	0	0.0
Environmental Improvement Program	30,941,800	26,715,800	-4,226,000	-13.7
Financial Inst. and Prof. Standards, Dept. of	32,843,700	65,613,200	32,769,500	99.8
Financial Institutions, Department of	9,313,800	0	-9,313,800	-100.0
Forward Wisconsin Development Authority	0	103,150,700	103,150,700	0.0
Fox River Navigational System Authority	125,400	125,400	0	0.0
Government Accountability Board	6,786,800	6,495,200	-291,600	-4.3
Governor, Office of the	3,976,500	3,976,500	0	0.0
Health and Educational Facilities Authority	0	0	0	0.0
Health Services, Department of	11,162,542,700	11,527,817,900	365,275,200	3.3
Higher Educational Aids Board	148,917,900	143,598,700	-5,319,200	-3.6
Historical Society	22,872,400	23,266,000	393,600	1.7
Insurance, Office of the Commissioner of	124,269,400	137,871,300	13,601,900	10.9
Investment Board	46,853,600	46,853,600	0	0.0
Judicial Commission	0	0	0	0.0
Judicial Council	0	0	0	0.0
Justice, Department of	125,744,100	126,121,600	377,500	0.3
Legislature	75,790,100	75,621,400	-168,700	-0.2
Lieutenant Governor, Office of the	287,100	287,100	0	0.0
Lower Wisconsin State Riverway Board	227,200	227,400	200	0.1
Medical College of Wisconsin	10,198,300	10,201,400	3,100	0.0
Military Affairs, Department of	106,217,800	106,212,900	-4,900	0.0
Miscellaneous Appropriations	124,469,100	151,951,400	27,482,300	22.1
Natural Resources, Department of	554,345,300	550,324,300	-4,021,000	-0.7
Program Supplements	4,841,000	4,841,000	0	0.0
Public Debt	0	0	0	0.0
Public Defender Board	87,745,300	85,196,400	-2,548,900	-2.9
Public Instruction, Department of	6,398,077,200	6,666,387,800	268,310,600	4.2
Public Service Commission	33,495,400	27,256,000	-6,239,400	-18.6
Revenue, Department of	208,633,700	210,374,000	1,740,300	0.8
Safety and Professional Services, Dept. of	24,544,800	0	-24,544,800	-100.0
Secretary of State	268,400	268,400	0	0.0
Shared Revenue and Tax Relief	2,418,639,800	2,629,225,900	210,586,100	8.7
State Fair Park Board	24,381,800	23,949,900	-431,900	-1.8
Supreme Court	29,765,500	29,813,100	47,600	0.2
Technical College System Board	556,747,400	556,760,100	12,700	0.0
Tourism, Department of	17,177,200	17,135,500	-41,700	-0.2
Transportation, Department of	3,286,267,000	3,084,313,300	-201,953,700	-6.1
Treasurer, State	173,300	173,300	0	0.0
University of Wisconsin System	5,929,420,500	990,621,200	-4,938,799,300	-83.3
Veterans Affairs, Department of	142,877,900	143,286,400	408,500	0.3
Wisconsin Economic Develop. Corp.	47,650,700	0	-47,650,700	-100.0
WHEDA	0	0	0	0.0
Workforce Development, Department of	335,035,900	333,621,700	-1,414,200	-0.4
TOTALS	35,937,815,600	32,347,215,300	-3,590,600,300	-10.0

APPENDIX 3
Summary of GPR Appropriations
Governor's Recommendations - FY16

	<u>FY15 Base</u>	<u>FY16 Recommended</u>	<u>Change From Base (Amt)</u>	<u>Change Percent</u>
Administration, Department of	414,704,300	418,394,600	3,690,300	0.9
Agriculture, Trade and Consumer Protection	26,954,900	26,947,400	-7,500	0.0
Bd. for People w/ Developmental Disabilities	59,100	47,000	-12,100	-20.5
Board on Aging and Long-Term Care	1,132,800	1,227,700	94,900	8.4
Building Commission	44,443,200	42,353,800	-2,089,400	-4.7
Child Abuse and Neglect Prevention Board	997,900	995,000	-2,900	-0.3
Children and Families, Department of	358,110,500	403,052,300	44,941,800	12.5
Circuit Courts	95,603,500	97,470,300	1,866,800	2.0
Corrections, Department of	1,180,721,200	1,134,643,800	-46,077,400	-3.9
Court of Appeals	10,407,200	10,677,700	270,500	2.6
District Attorneys	46,296,100	43,829,600	-2,466,500	-5.3
Educational Communications Board	7,970,700	5,259,400	-2,711,300	-34.0
Employee Trust Funds, Department of	216,600	205,400	-11,200	-5.2
Employment Relations Commission	1,401,600	1,381,500	-20,100	-1.4
Environmental Improvement Program	38,824,500	22,941,800	-15,882,700	-40.9
Forward Wisconsin Development Authority	0	0	0	0.0
Government Accountability Board	2,836,200	2,909,200	73,000	2.6
Governor, Office of the	3,788,800	3,976,500	187,700	5.0
Health and Educational Facilities Authority	0	0	0	0.0
Health Services, Department of	3,365,929,100	3,628,890,900	262,961,800	7.8
Higher Educational Aids Board	142,224,800	146,115,400	3,890,600	2.7
Historical Society	14,330,500	14,956,100	625,600	4.4
Insurance, Office of the Commissioner of	0	262,500	262,500	0.0
Judicial Commission	292,700	0	-292,700	-100.0
Judicial Council	70,400	0	-70,400	-100.0
Justice, Department of	48,431,300	51,337,900	2,906,600	6.0
Legislature	74,708,400	73,622,100	-1,086,300	-1.5
Lieutenant Governor, Office of the	322,100	287,100	-35,000	-10.9
Medical College of Wisconsin	9,718,700	9,950,800	232,100	2.4
Military Affairs, Department of	26,407,400	26,877,700	470,300	1.8
Miscellaneous Appropriations	107,789,700	93,282,400	-14,507,300	-13.5
Natural Resources, Department of	136,943,600	117,188,000	-19,755,600	-14.4
Program Supplements	5,873,200	4,841,000	-1,032,200	-17.6
Public Defender Board	82,894,300	86,397,400	3,503,100	4.2
Public Instruction, Department of	5,532,551,000	5,421,427,900	-111,123,100	-2.0
Revenue, Department of	92,271,000	107,064,500	14,793,500	16.0
Safety and Professional Services, Dept. of	2,413,500	0	-2,413,500	-100.0
Shared Revenue and Tax Relief	2,147,065,600	2,142,747,100	-4,318,500	-0.2
State Fair Park Board	3,476,200	3,361,800	-114,400	-3.3
Supreme Court	14,991,600	15,893,200	901,600	6.0
Technical College System Board	519,336,500	519,316,400	-20,100	0.0
Tourism, Department of	5,307,300	5,264,100	-43,200	-0.8
Transportation, Department of	136,280,600	123,394,800	-12,885,800	-9.5
University of Wisconsin System	1,142,371,800	996,722,900	-145,648,900	-12.7
Veterans Affairs, Department of	2,070,300	2,002,100	-68,200	-3.3
Wisconsin Economic Develop. Corp.	32,774,700	24,874,700	-7,900,000	-24.1
WHEDA	0	0	0	0.0
Workforce Development, Department of	47,859,600	43,084,700	-4,774,900	-10.0
TOTALS	15,929,175,000	15,875,476,500	-53,698,500	-0.3

APPENDIX 4
Summary of GPR Appropriations
Governor's Recommendations - FY17

	FY16	FY17	Change From	Change
	<u>Recommended</u>	<u>Recommended</u>	<u>FY16 (Amt)</u>	<u>Percent</u>
Administration, Department of	418,394,600	812,197,600	393,803,000	94.1
Agriculture, Trade and Consumer Protection	26,947,400	36,718,300	9,770,900	36.3
Bd. for People w/ Developmental Disabilities	47,000	47,900	900	1.9
Board on Aging and Long-Term Care	1,227,700	1,381,000	153,300	12.5
Building Commission	42,353,800	48,979,700	6,625,900	15.6
Child Abuse and Neglect Prevention Board	995,000	995,000	0	0.0
Children and Families, Department of	403,052,300	454,005,900	50,953,600	12.6
Circuit Courts	97,470,300	97,470,300	0	0.0
Corrections, Department of	1,134,643,800	1,080,303,800	-54,340,000	-4.8
Court of Appeals	10,677,700	10,706,500	28,800	0.3
District Attorneys	43,829,600	44,422,700	593,100	1.4
Educational Communications Board	5,259,400	5,186,400	-73,000	-1.4
Employee Trust Funds, Department of	205,400	173,200	-32,200	-15.7
Employment Relations Commission	1,381,500	1,383,600	2,100	0.2
Environmental Improvement Program	22,941,800	18,715,800	-4,226,000	-18.4
Forward Wisconsin Development Authority	0	80,374,700	80,374,700	0.0
Government Accountability Board	2,909,200	2,920,500	11,300	0.4
Governor, Office of the	3,976,500	3,976,500	0	0.0
Health and Educational Facilities Authority	0	0	0	0.0
Health Services, Department of	3,628,890,900	3,765,705,300	136,814,400	3.8
Higher Educational Aids Board	146,115,400	140,796,200	-5,319,200	-3.6
Historical Society	14,956,100	14,928,700	-27,400	-0.2
Insurance, Office of the Commissioner of	262,500	525,000	262,500	100.0
Judicial Commission	0	0	0	0.0
Judicial Council	0	0	0	0.0
Justice, Department of	51,337,900	51,422,000	84,100	0.2
Legislature	73,622,100	73,530,400	-91,700	-0.1
Lieutenant Governor, Office of the	287,100	287,100	0	0.0
Medical College of Wisconsin	9,950,800	9,953,900	3,100	0.0
Military Affairs, Department of	26,877,700	26,861,100	-16,600	-0.1
Miscellaneous Appropriations	93,282,400	121,012,300	27,729,900	29.7
Natural Resources, Department of	117,188,000	114,476,400	-2,711,600	-2.3
Program Supplements	4,841,000	4,841,000	0	0.0
Public Defender Board	86,397,400	83,848,200	-2,549,200	-3.0
Public Instruction, Department of	5,421,427,900	5,687,677,300	266,249,400	4.9
Revenue, Department of	107,064,500	108,571,400	1,506,900	1.4
Safety and Professional Services, Dept. of	0	0	0	0.0
Shared Revenue and Tax Relief	2,142,747,100	2,351,865,600	209,118,500	9.8
State Fair Park Board	3,361,800	3,287,400	-74,400	-2.2
Supreme Court	15,893,200	15,929,300	36,100	0.2
Technical College System Board	519,316,400	519,322,500	6,100	0.0
Tourism, Department of	5,264,100	5,264,100	0	0.0
Transportation, Department of	123,394,800	106,564,900	-16,829,900	-13.6
University of Wisconsin System	996,722,900	990,621,200	-6,101,700	-0.6
Veterans Affairs, Department of	2,002,100	1,697,800	-304,300	-15.2
Wisconsin Economic Develop. Corp.	24,874,700	0	-24,874,700	-100.0
WHEDA	0	0	0	0.0
Workforce Development, Department of	43,084,700	43,584,700	500,000	1.2
TOTALS	15,875,476,500	16,942,533,200	1,067,056,700	6.7

APPENDIX 5
Summary of All Funds Positions
Governor's Recommendations - FY16

	<u>FY15 Base</u>	<u>FY16 Recommended</u>	<u>Change From Base (FTE)</u>
Administration, Department of	1,004.03	1,094.08	90.05
Agriculture, Trade and Consumer Protection	623.89	609.79	-14.10
Bd. for People w/ Developmental Disabilities	6.75	6.75	0.00
Board of Commissioners of Public Lands	9.50	7.50	-2.00
Board on Aging and Long-Term Care	37.00	37.00	0.00
Building Commission	0.00	0.00	0.00
Child Abuse and Neglect Prevention Board	6.00	6.00	0.00
Children and Families, Department of	803.11	798.01	-5.10
Circuit Courts	527.00	527.00	0.00
Corrections, Department of	10,211.02	10,101.32	-109.70
Court of Appeals	75.50	75.50	0.00
District Attorneys	434.95	424.95	-10.00
Educational Communications Board	56.68	48.18	-8.50
Employee Trust Funds, Department of	266.20	267.20	1.00
Employment Relations Commission	9.01	9.01	0.00
Employment Relations, Office of State	49.95	0.00	-49.95
Environmental Improvement Program	0.00	0.00	0.00
Financial Inst. and Prof. Standards, Dept. of	0.00	328.10	328.10
Financial Institutions, Department of	141.54	0.00	-141.54
Forward Wisconsin Development Authority	0.00	0.00	0.00
Fox River Navigational System Authority	0.00	0.00	0.00
Government Accountability Board	48.75	37.75	-11.00
Governor, Office of the	37.25	37.25	0.00
Health and Educational Facilities Authority	0.00	0.00	0.00
Health Services, Department of	6,195.05	6,156.05	-39.00
Higher Educational Aids Board	11.00	7.00	-4.00
Historical Society	129.04	111.04	-18.00
Insurance, Office of the Commissioner of	153.30	219.50	66.20
Investment Board	166.35	166.35	0.00
Judicial Commission	2.00	0.00	-2.00
Judicial Council	1.00	0.00	-1.00
Justice, Department of	675.74	674.74	-1.00
Legislature	777.97	777.97	0.00
Lieutenant Governor, Office of the	4.00	4.00	0.00
Lower Wisconsin State Riverway Board	2.00	2.00	0.00
Medical College of Wisconsin	0.00	0.00	0.00
Military Affairs, Department of	456.77	452.10	-4.67
Miscellaneous Appropriations	0.00	0.00	0.00
Natural Resources, Department of	2,642.04	2,574.95	-67.09
Program Supplements	0.00	0.00	0.00
Public Defender Board	579.85	625.60	45.75
Public Instruction, Department of	647.26	640.05	-7.21
Public Service Commission	146.00	136.25	-9.75
Revenue, Department of	1,096.28	1,202.28	106.00
Safety and Professional Services, Dept. of	262.60	0.00	-262.60
Secretary of State	4.00	2.00	-2.00
Shared Revenue and Tax Relief	0.00	0.00	0.00
State Fair Park Board	48.00	46.00	-2.00
Supreme Court	220.75	222.75	2.00
Technical College System Board	64.50	46.00	-18.50
Tourism, Department of	35.00	34.00	-1.00
Transportation, Department of	3,512.04	3,498.54	-13.50
Treasurer, State	4.00	1.00	-3.00
University of Wisconsin System	35,099.71	35,059.51	-40.20
Veterans Affairs, Department of	1,292.70	1,286.20	-6.50
Wisconsin Economic Develop. Corp.	0.00	0.00	0.00
WHEDA	0.00	0.00	0.00
Workforce Development, Department of	1,779.76	1,591.05	-188.71
TOTALS	70,356.84	69,952.32	-404.52

APPENDIX 6
Summary of All Funds Positions
Governor's Recommendations - FY17

	FY16	FY17	Change From
	<u>Recommended</u>	<u>Recommended</u>	<u>FY16 (FTE)</u>
Administration, Department of	1,094.08	1,094.08	0.00
Agriculture, Trade and Consumer Protection	609.79	1,049.04	439.25
Bd. for People w/ Developmental Disabilities	6.75	6.75	0.00
Board of Commissioners of Public Lands	7.50	7.50	0.00
Board on Aging and Long-Term Care	37.00	40.00	3.00
Building Commission	0.00	0.00	0.00
Child Abuse and Neglect Prevention Board	6.00	6.00	0.00
Children and Families, Department of	798.01	792.01	-6.00
Circuit Courts	527.00	527.00	0.00
Corrections, Department of	10,101.32	10,101.32	0.00
Court of Appeals	75.50	75.50	0.00
District Attorneys	424.95	424.95	0.00
Educational Communications Board	48.18	48.18	0.00
Employee Trust Funds, Department of	267.20	267.20	0.00
Employment Relations Commission	9.01	9.01	0.00
Employment Relations, Office of State	0.00	0.00	0.00
Environmental Improvement Program	0.00	0.00	0.00
Financial Inst. and Prof. Standards, Dept. of	328.10	326.10	-2.00
Financial Institutions, Department of	0.00	0.00	0.00
Forward Wisconsin Development Authority	0.00	0.00	0.00
Fox River Navigational System Authority	0.00	0.00	0.00
Government Accountability Board	37.75	37.75	0.00
Governor, Office of the	37.25	37.25	0.00
Health and Educational Facilities Authority	0.00	0.00	0.00
Health Services, Department of	6,156.05	6,121.05	-35.00
Higher Educational Aids Board	7.00	7.00	0.00
Historical Society	111.04	111.04	0.00
Insurance, Office of the Commissioner of	219.50	219.50	0.00
Investment Board	166.35	166.35	0.00
Judicial Commission	0.00	0.00	0.00
Judicial Council	0.00	0.00	0.00
Justice, Department of	674.74	674.74	0.00
Legislature	777.97	777.97	0.00
Lieutenant Governor, Office of the	4.00	4.00	0.00
Lower Wisconsin State Riverway Board	2.00	2.00	0.00
Medical College of Wisconsin	0.00	0.00	0.00
Military Affairs, Department of	452.10	452.10	0.00
Miscellaneous Appropriations	0.00	0.00	0.00
Natural Resources, Department of	2,574.95	2,574.95	0.00
Program Supplements	0.00	0.00	0.00
Public Defender Board	625.60	625.60	0.00
Public Instruction, Department of	640.05	634.05	-6.00
Public Service Commission	136.25	136.25	0.00
Revenue, Department of	1,202.28	1,197.28	-5.00
Safety and Professional Services, Dept. of	0.00	0.00	0.00
Secretary of State	2.00	2.00	0.00
Shared Revenue and Tax Relief	0.00	0.00	0.00
State Fair Park Board	46.00	46.00	0.00
Supreme Court	222.75	222.75	0.00
Technical College System Board	46.00	46.00	0.00
Tourism, Department of	34.00	34.00	0.00
Transportation, Department of	3,498.54	3,493.54	-5.00
Treasurer, State	1.00	1.00	0.00
University of Wisconsin System	35,059.51	0.00	-35,059.51
Veterans Affairs, Department of	1,286.20	1,286.20	0.00
Wisconsin Economic Develop. Corp.	0.00	0.00	0.00
WHEDA	0.00	0.00	0.00
Workforce Development, Department of	1,591.05	1,576.05	-15.00
TOTALS	69,952.32	35,261.06	-34,691.26

APPENDIX 7
Summary of GPR Positions
Governor's Recommendations - FY16

	<u>FY15 Base</u>	<u>FY16 Recommended</u>	<u>Change From Base (FTE)</u>
Administration, Department of	95.84	63.29	-32.55
Agriculture, Trade and Consumer Protection	211.00	207.60	-3.40
Bd. for People w/ Developmental Disabilities	0.00	0.00	0.00
Board on Aging and Long-Term Care	15.73	16.23	0.50
Building Commission	0.00	0.00	0.00
Child Abuse and Neglect Prevention Board	1.00	0.00	-1.00
Children and Families, Department of	220.90	231.92	11.02
Circuit Courts	527.00	527.00	0.00
Corrections, Department of	9,636.87	9,564.77	-72.10
Court of Appeals	75.50	75.50	0.00
District Attorneys	383.95	383.95	0.00
Educational Communications Board	35.14	12.00	-23.14
Employee Trust Funds, Department of	0.00	0.00	0.00
Employment Relations Commission	9.01	9.01	0.00
Environmental Improvement Program	0.00	0.00	0.00
Forward Wisconsin Development Authority	0.00	0.00	0.00
Government Accountability Board	19.30	12.80	-6.50
Governor, Office of the	37.25	37.25	0.00
Health and Educational Facilities Authority	0.00	0.00	0.00
Health Services, Department of	2,624.91	2,552.09	-72.82
Higher Educational Aids Board	11.00	7.00	-4.00
Historical Society	93.65	80.32	-13.33
Insurance, Office of the Commissioner of	0.00	0.00	0.00
Judicial Commission	2.00	0.00	-2.00
Judicial Council	0.50	0.00	-0.50
Justice, Department of	392.58	393.18	0.60
Legislature	758.17	758.17	0.00
Lieutenant Governor, Office of the	4.00	4.00	0.00
Medical College of Wisconsin	0.00	0.00	0.00
Military Affairs, Department of	80.63	79.33	-1.30
Miscellaneous Appropriations	0.00	0.00	0.00
Natural Resources, Department of	277.20	231.52	-45.68
Program Supplements	0.00	0.00	0.00
Public Defender Board	574.85	620.60	45.75
Public Instruction, Department of	253.43	250.47	-2.96
Revenue, Department of	870.53	968.53	98.00
Safety and Professional Services, Dept. of	1.00	0.00	-1.00
Shared Revenue and Tax Relief	0.00	0.00	0.00
State Fair Park Board	0.00	0.00	0.00
Supreme Court	114.50	116.50	2.00
Technical College System Board	23.25	18.75	-4.50
Tourism, Department of	30.00	26.00	-4.00
Transportation, Department of	0.00	0.00	0.00
University of Wisconsin System	18,432.76	18,432.76	0.00
Veterans Affairs, Department of	0.00	0.00	0.00
Wisconsin Economic Develop. Corp.	0.00	0.00	0.00
WHEDA	0.00	0.00	0.00
Workforce Development, Department of	148.38	148.17	-0.21
TOTALS	35,961.83	35,828.71	-133.12

APPENDIX 8
Summary of GPR Positions
Governor's Recommendations - FY17

	<u>FY16</u>	<u>FY17</u>	<u>Change From</u>
	<u>Recommended</u>	<u>Recommended</u>	<u>FY16 (FTE)</u>
Administration, Department of	63.29	63.29	0.00
Agriculture, Trade and Consumer Protection	207.60	342.36	134.76
Bd. for People w/ Developmental Disabilities	0.00	0.00	0.00
Board on Aging and Long-Term Care	16.23	18.18	1.95
Building Commission	0.00	0.00	0.00
Child Abuse and Neglect Prevention Board	0.00	0.00	0.00
Children and Families, Department of	231.92	231.92	0.00
Circuit Courts	527.00	527.00	0.00
Corrections, Department of	9,564.77	9,564.77	0.00
Court of Appeals	75.50	75.50	0.00
District Attorneys	383.95	383.95	0.00
Educational Communications Board	12.00	12.00	0.00
Employee Trust Funds, Department of	0.00	0.00	0.00
Employment Relations Commission	9.01	9.01	0.00
Environmental Improvement Program	0.00	0.00	0.00
Forward Wisconsin Development Authority	0.00	0.00	0.00
Government Accountability Board	12.80	12.80	0.00
Governor, Office of the	37.25	37.25	0.00
Health and Educational Facilities Authority	0.00	0.00	0.00
Health Services, Department of	2,552.09	2,545.73	-6.36
Higher Educational Aids Board	7.00	7.00	0.00
Historical Society	80.32	80.32	0.00
Insurance, Office of the Commissioner of	0.00	0.00	0.00
Judicial Commission	0.00	0.00	0.00
Judicial Council	0.00	0.00	0.00
Justice, Department of	393.18	393.18	0.00
Legislature	758.17	758.17	0.00
Lieutenant Governor, Office of the	4.00	4.00	0.00
Medical College of Wisconsin	0.00	0.00	0.00
Military Affairs, Department of	79.33	79.33	0.00
Miscellaneous Appropriations	0.00	0.00	0.00
Natural Resources, Department of	231.52	231.52	0.00
Program Supplements	0.00	0.00	0.00
Public Defender Board	620.60	620.60	0.00
Public Instruction, Department of	250.47	250.47	0.00
Revenue, Department of	968.53	963.53	-5.00
Safety and Professional Services, Dept. of	0.00	0.00	0.00
Shared Revenue and Tax Relief	0.00	0.00	0.00
State Fair Park Board	0.00	0.00	0.00
Supreme Court	116.50	116.50	0.00
Technical College System Board	18.75	18.75	0.00
Tourism, Department of	26.00	26.00	0.00
Transportation, Department of	0.00	0.00	0.00
University of Wisconsin System	18,432.76	0.00	-18,432.76
Veterans Affairs, Department of	0.00	0.00	0.00
Wisconsin Economic Develop. Corp.	0.00	0.00	0.00
WHEDA	0.00	0.00	0.00
Workforce Development, Department of	148.17	148.17	0.00
TOTALS	35,828.71	17,521.30	-18,307.41

ABOUT THE BUDGET DOCUMENTS

The 2015-17 budget appears in four components: Executive Budget, Budget in Brief, Summary of Tax Exemption Devices and Budget Message.

The Executive Budget presents each agency's budget request, accompanied by the Governor's recommendations and initiatives. The Budget in Brief gives an overview of the Governor's revenue and expenditure priorities and serves as the state's fiscal plan. The Governor's Budget Message provides the text of the speech the Governor delivers to the Legislature at the time the budget is introduced, laying out the Governor's budget priorities and plans for the state. These documents were prepared by the Division of Executive Budget and Finance in the Department of Administration.

Summary of Tax Exemption Devices, written by the Division of Research and Policy in the Department of Revenue, explains current Wisconsin tax law provisions that decrease state revenue by exempting certain persons, income, goods or property from the impact of established taxes. It includes data on the fiscal impact of each exemption device for fiscal year 2013-14.

The Executive Budget, Budget in Brief and Budget Message can be found on the Internet at: www.doa.state.wi.us/executivebudget.

The Summary of Tax Exemption Devices can be found on the Internet at: <http://www.revenue.wi.gov/report/index.html>.

The state's Publishing Services Center printed and bound the documents.